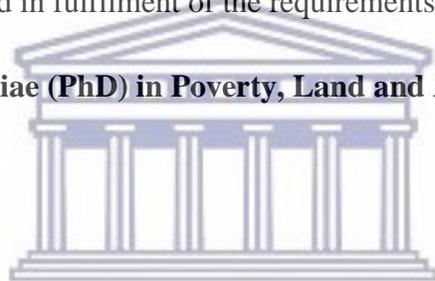


**Agricultural Investments in the Communal Areas of the
Eastern Cape: The Impacts of Joint Ventures on Livelihoods
and Land Rights**

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A thesis submitted in fulfilment of the requirements for the degree of
Doctor Philosophiae (PhD) in Poverty, Land and Agrarian Studies



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Key Words

Joint Ventures, Inclusive Business Models, Agricultural Investments, Class Dynamics, Social Differentiation, Social Reproduction, Sharemilking, Dairy Farming, Communal Land, Land and Agrarian Reform.



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Abstract

A major and unresolved challenge facing South Africa's post-apartheid government, is how best to overcome the historical injustices of land dispossession and the resultant poverty now found in the communal areas of the former 'homelands'. In line with the South African government's hybrid of neo-liberal and social welfare approaches to development, one important strategy for addressing these challenges has so far been the promotion of inclusive business models such as joint ventures (JVs), especially in the context of land restitution claims, but also in communal areas. This study explores the impacts of the JV model on livelihoods and land rights and use, and engages with key debates regarding the dynamics of class formation in the former 'homelands' of South Africa.

The study undertakes a comparative analysis of two Joint Venture (JV) dairy farms, involving the same agribusiness partner, Amadlelo Agri. The farms are located on irrigation schemes in the former Ciskei of South Africa's Eastern Cape Province. The JVs involve residents from the rural settlements of Keiskammahoek and Shiloh, as both landowners and workers. The comparative case study presented here illustrates quite divergent outcomes when the same JV model is implemented in different rural settlements, most powerfully because of differences in the class structure of each settlement.

Class analysis helps to explain the more intense intragroup conflicts that have emerged around the JV in Shiloh. Intragroup dynamics and conflicts, which have historical roots extending beyond the implementation of the JV intervention, are also critical to understanding divergent outcomes. A class-analytic approach assists in understanding the tensions that the JV model of capitalist farming generates in relation to household reproduction, in a class-differentiated manner.

The sole focus in much of the literature on agricultural investments has been on relationships between agribusiness, and what are too often portrayed as homogenous 'communities'. However, this thesis illustrates that this approach is misleading when applied to analysis of the real politics on the ground. Struggles over jobs, dividends and land take place within highly differentiated communities. Investigating the inter- and intra-household distribution of JV benefits and risks is central to understanding the impacts of the JV on livelihoods and incomes, and also the emerging contentions and conflicts. To this end, I explore how class interacts with other aspects of social

difference, particularly gender, kinship, ethnicity, race, generation and religious affiliation.

A class-analytic approach is significant because it illuminates the emerging agrarian class structure that a JV-type intervention both reflects and in turn conditions, in dialectical fashion. It thus allows exploration of the implications of the JV model for wider processes of agrarian change in South Africa. Although there is evidence of livelihood benefits being derived by some households, as well as limited opportunities for accumulation, the JV model does not appear to stimulate the emergence of a class of productive black farmers. Significantly, the study could not identify any households as 'middle farmers', reliant on 'accumulation from below', which many authors consider to be a more progressive, dynamic and desirable pathway of agrarian reform. The JV model is at risk of equating 'black emerging farmers' with a group of customary landowners, who are in reality workers and 'passive recipients' of JV dividends and land rents.



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Declaration

I declare that *Agricultural Investments in the Communal Areas of the Eastern Cape: The Impacts of Joint Ventures on Livelihoods and Land Rights* is my own work, and that it has not been submitted for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

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Date: 19 November 2018

Signature:



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List of Acronyms and Abbreviations

ANC	African National Congress
ANOVA	Analysis of Variance Test
BBBEE	Broad-Based Black Economic Empowerment
BFAP	Bureau for Food and Agricultural Policy
CEO	Chief Executive Officer
CLS	Centre for Law and Society
CPA	Communal Property Association
DAFF	Department of Agriculture Forestry and Fisheries
DLA	Department of Land Affairs
DPME	Department of Performance Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
EU	European Union
FAO	Food and Agricultural Organisation of the United Nations
GDP	Gross Domestic Product
GEAR	Growth Employment and Redistribution
Ha	Hectare
HH	Household
IFAD	International Fund for Agricultural Development
IIED	International Institute for Environment and Development
ILO	International Labour Organisation
IMF	International Monetary Fund
JV	Joint Venture
LBPL	Lower-Bound Poverty Line
LRAD	Land Redistribution for Agricultural Development
MPO	Milk Producers Organisation
NDP	National Development Plan
NGO	Non-Governmental Organisation
NIE	New Institutional Economics
NRF	National Research Foundation of South Africa
PCP	Petty Commodity Producer
PhD	Doctor Philosophiae
PLAAS	Institute for Poverty, Land and Agrarian Studies
PLAS	Proactive Land Acquisition Strategy
PMG	Parliamentary Monitoring Group
ReCap	Recapitalisation and Development Programme
RDP	Reconstruction and Development Programme
SADT	South African Development Trust
SCP	Simple Commodity Production
SLAG	Settlement and Land Acquisition Grant
StatsSA	Statistics South Africa
UBPL	Upper-Bound Poverty Line
Ulimocor	Ciskei Agricultural Corporation

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Chapter 1. Agricultural ‘Joint Ventures’ in the Communal Areas of the Former Homelands

1.1 Introduction

A major and unresolved challenge facing South Africa’s post-Apartheid Government is how best to overcome the historical injustices of land dispossession and the resultant poverty now found in the communal areas of the former 'homelands', where most victims of forced removals were relocated. The former 'homeland's or Bantustans'¹ are a key legacy of the 1913 and 1936 land acts, which reserved only 13 % of the land area of the country for ownership by black South Africans. These regions continue to suffer from a legacy of poverty and underdevelopment that has sharpened in recent years, due to the failure of post-apartheid land and agrarian reform to address land hunger, tenure insecurity and impoverished livelihoods (Cousins and Walker 2015; Claassens 2015).

Many rural households maintain the strong linkages to urban areas that were forged under apartheid, and often 'rural settlements' are, in reality, homes for displaced urban workers. Classical notions of 'the countryside' filled with 'rural people' are often inappropriate for describing rural South Africa (Murray 1995). Wage labour and remittances have long been the dominant income sources for rural households. However, a growing crisis of unemployment in recent years has meant that the livelihood contributions of formal employment are declining, and social grants have become increasingly central to meeting household reproduction needs. Along with increased dependence on off-farm income and state grants, as well as population increase, the ability of rural households to engage in farming has been compromised (Cousins 2013; Neves and du Toit 2013; Hebinck and van Averbeké 2013). Yet post-apartheid government policy continues to focus on the revival of agriculture as key to poverty reduction (DRDLR 2011; National Planning Commission 2013).

In line with the South African Government’s hybrid of neo-liberal and social welfare approaches to development, one important strategy for addressing the challenges facing smallholder farmers and land reform beneficiaries has so far been the promotion of inclusive business models² such as joint ventures (JVs) (Tapela 2005; Lahiff *et al.* 2012). JVs typically involve collaboration between 'agribusiness' investors and 'small farmers' (Cotula *et al.* 2009; IFAD 2012) or local people with existing land rights (Mayson 2003). IFAD (2012:9) defines JV arrangements as follows:

“Joint ventures entail co-ownership of a business venture by two independent market actors, such as an agribusiness and a farmers’ organization. A joint venture involves sharing of financial risks and benefits, and in most, but not all cases, shared decision-making authority in proportion to the equity share”.

¹ There were 10 'homelands' designated for different South African 'tribes' (Claassens 2015). The Ciskei, which is the focus of this study, was one of four homelands that became 'nominally independent states' and was designated for the Rharhabe Xhosa (Switzer 1993).

² The term 'inclusive business model' is used to refer to a host of arrangements that aim to involve poor people in agricultural value chains as owners, producers or employees, including joint ventures, contract farming, lease contracts, farm worker share-equity schemes and management contracts (Vermeulen and Cotula 2010; Cotula 2013; IFAD 2012).

Since around 2005, JVs have been promoted as one key model in land and agrarian reform in South Africa (Pieterse *et al.* 2017; Lahiff *et al.* 2012). The JV model's success to date, however, is questionable. Research in South Africa has illustrated that many JVs have struggled to take off, and have collapsed after major losses for both investors and communities (van Koppen *et al.* 2018; Cousins and Gumede 2017; Bitzer and Bijman 2014; Davis 2014; Lahiff *et al.* 2012; Aliber and Maluleke 2010; Pellizzoli 2009; Tapela 2005). Despite mounting evidence of unfavourable outcomes, these models continue to be posited as potential 'win-wins' for both small farmers and agribusiness, if they are structured in appropriate ways, in both the South African and the international literature (Pieterse *et al.* 2017; Vermeulen and Cotula 2010; Liversage 2010; IFAD 2012).

Critics of 'inclusive business models' have cautioned that the model may be a new way for agribusiness to exploit black farmers and landowners, while retaining their dominance of the market and benefiting from improved political credibility (Tapela, 2005; Lahiff *et al.*, 2012). They highlight how these models tend to promote large-scale commercial farming as the only viable option within land and agrarian reform. This has been exacerbated by the unwillingness of government to sub-divide land for smallholder production, as a possible alternative model (Cousins, 2011/5; Aliber and Hall, 2012). Many authors highlight the negative consequences of these approaches for social reproduction, given that they attempt to integrate small farmers and the rural poor into circuits of capitalist relations (Murray Li, 2011; Manenzhe, 2015).

A strong focus on JVs in the South African context has thus tended to exclude other ways of promoting improved agricultural production in both communal areas and in land reform contexts, for example, through subsistence production or promotion of a differentiated smallholder sector targeting both formal and informal markets (Lahiff *et al.*, 2012; Pellizzoli, 2009; Tapela, 2005; Mayson, 2003). Alternatively, other authors like Manenzhe (2018) suggest that we should be considering farming systems, which can bring together the complementarity of large-scale and household production. However, the specific nature of the agricultural commodity being produced (e.g. livestock, dryland crops or irrigated fruit and vegetables) must also be considered when promoting new avenues for black emerging farmers to enter the agricultural sector, and when envisioning alternatives to JVs.

When we situate the JV model of agricultural development within a political economy analysis of relations of land, labour and capital in South Africa, it becomes clear why a model in which private sector actors lead development has become so dominant. Since Africans have been historically marginalised in the agriculture sector, concerns have abounded regarding the 'viability' of supporting a differentiated small to medium-scale sector of black farmers. This has led to the belief that promoting equity ownership of existing farms and other agricultural enterprises, alongside secure employment, is a more pragmatic solution (Cousins and Scoones 2010; Davis 2014).

The prevalence of a 'one-size-fits-all' JV model can also be explained by a tendency among both policy makers and researchers to assume that the destructive effects of the colonial and

apartheid eras resulted in a 'linear process of proletarianisation' among former homeland residents (Levin and Neocosmos 1989). The state's increasingly discriminatory policies are believed to have eroded opportunities for accumulation among the African peasantry, uniformly transforming it into a proletariat. This process is seen as a crucial mechanism through which white agrarian capital emerged in South Africa (Morris 1976; Wolpe 1972). Empirical evidence presented in this thesis, however, points to the reality that rural communities in contemporary South Africa are in fact highly differentiated. This is evident in the diverse socially reproductive strategies pursued by households and quite distinct responses to the same JV business model, both between and within different settlements in the former Ciskei homeland. This thesis challenges dominant assumptions of homogeneity, exploring the underlying class dynamics that help explain these differences. Dynamics of social differentiation were found to be a key explanation for divergent outcomes at different JV farms and are thus a strong focus of this thesis.

In this thesis, I propose an approach for exploring the class dynamics of rural social change. The approach is based on application of the methodology that Patnaik (1987) developed for investigating class relations in rural India, using a 'labour exploitation criterion', together with relevant adjustments that take into account the character of class relations in South Africa's communal areas. I draw on class typologies developed by Cousins (2010) and Levin *et al.* (1997) for South Africa, but I also draw on those proposed by Neocosmos (1987) for Swaziland and by Scoones *et al.* (2012) and Cousins *et al.* (1992) for Zimbabwe. These authors have all considered, to differing degrees, the complex interrelations between class differences in agriculture and social reproduction strategies located largely, or entirely, off-farm.

Patnaik's (1987) conceptual framework distinguishes between rural classes on the basis of a key variable - the degree to which one employs others, works for others or works for oneself. In this study I combine this principal indicator of 'labour exploitation' with a range of other variables, such as the income contributions of social grants, levels of ownership of farming assets and livestock, and the contribution of agricultural production, to simple or expanded reproduction (Cousins 2010) to issues of class analysis. I argue that making use of this approach is illuminating of key processes and political dynamics in my case study sites. Employing a class-analytic illustrates how the JV model of capitalist farming generates a range of tensions and contradictions within processes of social reproduction engaged in by diverse households (Murray Li, 2011/14; Manenzhe, 2018; Mackintosh, 1989; Pellizzoli, 2009; Davis, 2014). These tensions in turn engender complex intragroup conflicts, which are framed by narratives of belonging and identity politics. The implications of this type of analysis is that 'changing the terms' of JV contracts and improving their 'governance', the focus of much of the literature on JVs to date, will not fundamentally reverse the types of negative impacts documented by research. These contradictions, it will be argued, emerge from within the logic of the model itself.

However, I caution, as do many other authors, that class dynamics are not the only ones at work in contexts such as these, since they are intermeshed with many other 'determinations', and are thus complex, contingent and subject to processes of constant change. Employing a

typology based on only some key variables always involves a degree of reductionism, and on its own explains only some aspects of social reality (Scoones *et al.* 2012; Cousins 2010; Bernstein 2010). This thesis thus explores how class intersects with gender, ethnic, religious, racial and other lines of social difference, and how these identities shape the distribution of benefits and risks associated with the JVs (and vice versa). I also investigate the relations between these socially differentiated communities and both agribusiness firms and the state. I look at how the social relations of production that the JV model entails can be theorized and the character of its governance and financial relations. How benefits and risks are distributed between these actors has important implications for the relative livelihood outcomes of customary landowners and labour. These various levels of analysis aim to build a richer picture of the significance of these JV investments for agrarian change in South Africa.

1.2 Rationale for the study of Joint Ventures and of Amadlelo Agri's Sharemilking projects in Keiskammahoek and Shiloh

In this thesis, I explore the potential impacts of JVs through a concrete comparative case study of two JV dairy farms involving the same agribusiness partner, Amadlelo Agri. Amadlelo Agri³ is an agribusiness firm whose stated mission is 'to contribute to transformation by creating profitable, sustainable, black empowered Agri Business'. They have established seven dairy JV farms in the Eastern Cape and KwaZulu-Natal provinces. This thesis involves a comparative case study of two of these farms which are both located in the former homeland of the Ciskei in the Eastern Cape Province of South Africa. *Keiskammahoek 'Seven Stars Trust'* was established in 2010 and the *'Shiloh Dairies Trust'* were established in 2011.

The rationale for focusing on JVs in this study derives from the model's prominence in government's rural development strategies. It is therefore critical that we subject the model to a thorough evaluation, to understand its impacts on livelihoods and land rights and to clarify under which contexts it may or may not be an appropriate way of organising agricultural production. While much research has already documented experiences with JVs in relation to South Africa's land restitution programme, comparatively less research has focused on the communal areas of the former homelands. Overall, however, since JVs are a relatively new inclusive business model, evidence of its impacts on livelihoods and land rights remain patchy. Recently there has been a proliferation of JV models in the communal areas. The drivers of this model and its potential impacts on livelihoods, land rights and agrarian change deserve further attention and it is hoped this PhD can contribute to this.

A review of the literature has revealed that contrasting conceptual schools of thought maintain very diverse and often opposing discourses on inclusive business models. The conceptual basis of these models emerged from *mainstream economics* approaches and the *international development and livelihoods approach*. However, there are relatively few analyses, especially of JVs, from within a Marxist political economy approach (see Manenzhe, 2015; Davies, 2014; Aliber and Maluleke, 2010; Pellizzoli, 2009). This stands in contrast, for example to contract farming, which has a much longer history of implementation and a much more prolific

³ Amadlelo Agri's shareholders include: Vuwa Investments (a black empowerment company) which has a 35.1 % share, Amadlelo Milk Producers Investment Company (owned by 50 white commercial dairy farmers) which has a 49.9 % share and the Amadlelo Empowerment Trust (500 workers from 50 commercial farms) who own a 15 % share.

literature. Much of the existing literature on JVs thus provides only a partial picture of the full significance of these investments for the questions of interest to Marxist political economy. The rationale behind interrogating JVs from within a political economy lens is that this framework illuminates class dynamics and the tensions between capitalist accumulation and social reproduction, which are all central to understanding the potential impacts of JVs on agrarian change in South Africa.

Both the Shiloh and the Keiskammahoek farms are located on the site of homeland-era irrigation schemes, originally established in 1976 at Keiskammahoek and in the mid 1960s at Shiloh (and subsequently revitalised in 1979). At Keiskammahoek commercial dairy production was the focus and was undertaken by households, alongside some marginal crop production. While at Shiloh only a few households (15-17) were engaged in commercial dairy production, while the majority of households had food plots primarily for household subsistence and some commercial vegetable production was undertaken by a group farm. After the Ciskei Agricultural Corporation (Ulimocor) was liquidated in 1997 (van Averbek 1998; Holbrook 1996), both schemes fell out of full commercial production, although some marginal production continued at Keiskammahoek. Both irrigation schemes were later resuscitated through the Recapitalisation and Development Programme (ReCap)⁴, when Amadlelo Agri was identified as the strategic partner.

The similar contexts and time frames allow for some common features in these schemes that facilitate comparison, however they also differ in fundamental ways. For example, the much larger group of 395 customary landowning households at Shiloh, with rights to relatively small irrigation plots (+ 1 hectare), is sharply contrasted to the historical context at Keiskammahoek, where land consolidation (12-20 hectares) benefited only 35 households. Most of the 35 households at Keiskammahoek have private title to their land (or are in the process of finalising their titles), unlike Shiloh, where irrigation plots are held under a form of communal tenure (van Averbek *et al.* 1998).

The Amadlelo Agri JV model is based on a '50/50 sharemilking' agreement, a model which they have adapted from that developed first in New Zealand (see Blunden *et al.* 1997; Pepper 2013; Gardner 2011; NZDairy, 2016). In Amadlelo's version of sharemilking, the community, through government investment, brings the fixed assets to the business including the land, irrigation and the milking parlour. These assets are owned by different community cooperatives, in this study the Mayime Cooperative at Shiloh and the Seven Stars Cooperative at Keiskammahoek. Amadlelo Agri brings the cows and other movable assets. Each JV sharemilking farm has an operating company in the form of a Trust (Keiskammahoek Seven Stars Trust and Shiloh Dairies Trust). The Trusts are governed by representatives from both Amadlelo Agri and the community cooperatives.

Amadlelo Agri is responsible for the day-to-day running of the farms. After a 10 % management fee has been deducted, profits from milk sales are split on a 50/50 basis between

⁴ Government has made access to ReCap funding conditional upon beneficiaries entering into an arrangement with a 'strategic partner' (DRDLR 2013). There is thus pressure placed on both communities and agribusiness to enter into JVs if they want to access scarce government funding (Lahiff *et al.* 2012).

Amadlelo Agri and households affiliated to the farming cooperatives. This thesis analyses the changes Amadlelo Agri has made to New Zealand's sharemilking model and its implications for the share of benefits and risks between the two parties. I also provide a framework for theorising 'sharemilking' JVs by drawing on existing theories (Blunden et al. 1997; Kerr and Layton, 1983; Cheung, 1969; Gardner, 2011), my own empirical research, and the key concepts of Marxist political economy, particularly Patnaik's (1983) application of theories of capitalist rent to sharecropping.

The comparative case study illustrates how implementation of the same business model has produced quite divergent outcomes. At Keiskammahoek, the fewer households benefiting and the larger scale of production, means the dividend for irrigation plot holders is substantially larger than at Shiloh. However, besides this more obvious explanation, divergent outcomes are also the result of different historical and contemporary processes of class formation, and how these intersect with land ownership and the wider crisis of unemployment in each rural locality. An investigation of the character of decision-making and politics within community cooperatives provides yet a further lens that together explains divergent outcomes.

There are a number of motivations that led me to selecting Amadlelo Agri's JV farms as the specific case studies in this PhD. After investigating a number of JVs during the preliminary stages of fieldwork Amadlelo Agri appeared to offer both the most interesting and important case. The scale of the investment is one important factor. The agribusiness firm has established seven dairy JV farms, and in addition has investments in piggery and macadamia JVs. These dairy schemes involve the use of valuable irrigation resources in communal areas and sizeable government funding has been invested. Amadlelo Agri reports that government investment in fixed assets across all of their projects to date has amounted to R197 million, while they have invested R 92 million in dairy animals and movable equipment. The scale of the investment along with the 'political popularity' of the model, which appears set to be replicated across other communal areas and land reform projects, motivated the choice of Amadlelo Agri as a case study of the JV model⁵.

1.3 Research Questions and Design

This thesis makes use of a case study approach. Case studies involve investigating one or a number of situations or social entities. Case studies are useful in identifying the various aspects of a phenomenon, which is to be studied. They reveal the ways these aspects relate to one another within a complex whole (Baxter and Jack, 2008). A case study approach is useful when research aims to answer why and how questions. Case studies also assist where contextual conditions are either pertinent to explaining certain phenomenon or where the distinction between the context and the phenomenon is not clear (Yin, 2003 in Hornby, 2014). A case study approach was chosen for this PhD to illuminate the different ways in which JVs impact land rights and livelihoods where different sets of variables are present. The logic behind

⁵ See Chapter 4 for more detail on why and how I selected Amadlelo's JV farms, along with information on other JVs that were researched during preliminary fieldwork.

focusing on a comparative case study is to identify contingent causal relations that may assist in explaining different outcomes in particular contexts.

The research design for this PhD thesis is discussed in full in Chapter 4. It involved an open and iterative process, whereby the research design and questions were reflexively revised and data collection, analysis and writing did not follow a linear process (Terre Blanche and Durrheim, 2002). I did not commence the research with a specific hypothesis, because that kind of approach to research is not in line with the ‘critical realist’ approach that I have adopted. Sayer (1992: 244), for example, notes that:

“Instead of specifying the entire research design and who and what we are going to study in advance we can, to a certain extent, establish this as we go along, as learning about one object or from one contact leads to others with whom they are linked, so that we build up a picture of the structures and causal groups of which they are a part”.

I can, however, identify broad phases within the research process as a whole. I began the PhD in March 2015 and commenced with an intensive yearlong reading programme on agrarian studies with my NRF reading group. This allowed me to think broadly about how abstract theory related to my research study and prepared me to ask the ‘right’ questions in the field. Instead of having a set period of ‘block fieldwork’ to collect data, I instead stretched the fieldwork over 15 months, between September 2015 and December 2016. I would go into the field for a period of time and then I would return, analyse the field data, write up my findings and make decisions about how the research design or questions needed to be adjusted in light of what I had learnt. After I had ‘finished the fieldwork’ I dedicated myself to analysing the data, reading widely and writing up the thesis.

This thesis attempts to answer the following research questions:

1. How are agricultural investments structured as joint ventures, in relation to financial arrangements, property rights, production systems, capital-labour relations and governance arrangements and what are the effects of the differences among case studies?
2. How have local residents, both prior and since the implementation of the joint venture, pursued their livelihoods and what is the class and gendered character of local livelihood systems?
3. What is the nature of residents’ land rights both prior and since the implementation of the joint venture and how is common property governed, including the role of traditional authorities?
4. What is the current performance of joint ventures in agricultural production and what are their prospects for success- in relation to both capital’s interests and the impacts on local residents, in terms of the distribution of costs and benefits and shaping of class and gender relations?

5. How can the impacts of JVs on the livelihoods and land rights of local residents be explained, with particular emphasis on the social relations of production, the structure of property rights, discourses of 'custom' and the character of decision-making and power?
6. What are the wider political and policy lessons that can be drawn from these cases of large-scale agricultural investments in communal areas? And how can the study contribute to understanding processes of agrarian change in contemporary South Africa, in particular, the changing role and significance of communal areas and former reserves in the wider political economy of South Africa?

To answer these questions, I made use of both intensive and extensive methods. The former identifies significant relations of connection and explores causal processes. The latter identifies common patterns and characteristics of a population and produces statistical categories or taxonomic groups (Sayer, 1992). My research questions entailed a longitudinal analysis of livelihoods, land rights and land use. The current status of these aspects was revealed through a household livelihood survey, together with intensive enquiry. To understand the livelihoods of people prior to the intervention, I drew on existing research findings, my own life-history interviews, and what historical records I could obtain. At the Amadlelo Agri JV farms the fieldwork included a household survey of 121 households, 122 unstructured and semi-structured interviews, 29 life histories and 2 focus groups.

Critical realism asserts that it is not possible to perceive reality solely through empirical observation, all observation is theory laden. In other words, we require theory to bring together 'appearances' and 'reality' (Sayer, 1992). Throughout the research process I thus subjected my empirical data to a critical process of analysis, making use of relevant theory, drawn mostly from the key concepts of political economy. This also means that the research questions and the focus of analysis have been reflexively revised throughout the research process.

1.4 Background and Context: Land and Agrarian Reform in South Africa

In 1994 the agrarian landscape inherited by the democratic government was characterised by extreme inequality, an outcome of centuries of the violent dispossession that colonialism had wrought on indigenous populations. As a result, the 'land question' in South Africa carries 'tremendous symbolic and moral force' (Hart, 2002:11) and generates tremendous 'political heat' (Walker and Cousins, 2015: 1). The democratic government faced the unenviable task of undoing a process that had relegated the majority population of black South Africans to 13 % of the land, in overcrowded reserves or Bantustans. This legacy has meant that the majority population were (and largely continue to be) excluded from enjoying the benefits of the country's most productive agricultural land and from historical processes of accumulation that were the exclusive reserve of white farmers (Walker and Cousins, 2015).

Today, the inequalities of land ownership between white and black remain glaring. However the exact extent of this inequality is unclear because statistics on land ownership in South

Africa are notoriously poorly kept. The state land audit⁶ claims that 79% of land in South Africa is privately owned, 14% is state land (including communal areas of the former homelands), and the status of the remaining 7% of the land is unclear (DRDLR, 2017; Merten, 2017). However, the accuracy and usefulness of the land audit has been questioned. Cousins (2018) notes that “it can’t identify the racial, gender and national identity of the 320 000 companies, trust and community based organisations that own 61% of all privately owned land”. Furthermore it does not enable government to “identify zones of need and opportunity for land reform” (Cousins, 2018), which would be critical to inform a more effective land and agrarian reform policy. Furthermore, StatsSA does not distinguish farms by either their value of output or size, and official data on smallholder farming is anything but comprehensive (Cousins, 2018).

Noting these shortcomings in official data sets, we can nevertheless note some key changes to South Africa’s agrarian structure since 1994. The outcomes of land and agrarian policy are noted to be seriously at odds with the direction previously envisaged by policy-makers (Cousins, 2015). There is a growing trend of concentration of agricultural production under a few highly productive white capitalist farmers. In 1994 there were around 60, 000 white farms, which by the 2002 *Census of Commercial Agriculture* amounted to only 45, 000 (in Bernstein, 2015). The 2012 Quarterly Labour Force Survey reported that only 34 905 remain (in Liebenberg and Kirsten, 2013). Concentration of production is evidenced in how 80 % of total agricultural turnover is produced by the top 20 % of farmers - around 7000 *white* farm owners (Cousins, 2015). The dairy sector in South Africa represents an extreme version of the concentration trend: in 1994 there were around 9000 dairy farmers but only 1683 remain as of 2016 (LACTO Data, 2016).

Concentration has proceeded in the context of a number of processes including: integration of the agricultural sector into global markets, decreased protection, growing competition, the growth of prosperous enterprises achieving economies of scale and scope, and the success of some enterprises supplying lucrative niche markets (Cousins, 2015). Those farming enterprises that manage to survive and prosper, in spite of severe competitive pressures, do so through the increasing management of farms as businesses, mechanisation, technological innovation, adoption of farming techniques that are less labour-intensive, and a focus on understanding markets (Genis, 2012). Cousins (2015) estimates that around 10, 000 black farmers have entered the commercial farming sector, and between 100, 000 and 250, 000 rural households have benefited from land transfers⁷. Genis (2012), however, warns that the new realities of the commercial farming sector pose daunting challenges for these new entrants. Declining profit margins, concentration and extreme competition, allow only the most competitive farming enterprises to survive.

⁶ The first of which surveyed state land and the second privately owned land, published in November 2017.

See: <http://www.ruraldevelopment.gov.za/publications/land-audit-report/file/6126> and

<http://www.ruraldevelopment.gov.za/phocadownload/Cadastral-Survey-management/Booklet/land%20audit%20booklet.pdf>

⁷ Although existing data sources don’t distinguish clearly between those who nominally received land and those actually residing on land and using it.

These changes to the agrarian structure have had notable impacts on farm labour. Wages for farmworkers have increased, due in no short measure to struggles on the part of labour itself. However, unexpected results of legislation enacted to protect the tenure rights of farmworkers, has also resulted in evictions and an increased incidence of casual and seasonal work (Hall et al., 2013; Aliber and Simbi, 2000). This however depends on the nature of the agricultural commodity. In the dairy sector, the incidence of permanent wage labour, as compared to casual or seasonal, is higher due to the production requirements. On the other hand however, intense competition in the dairy sector has led to widespread mechanisation, which allows for milking very large herds with very few labourers (Midgley, 2016; MPO, 2015). Overall, the agricultural sector is becoming increasingly less labour-intensive. In 2007 430, 000 labourers were recorded in permanent employment and 365, 000 in casual and seasonal employment (StatsSA, 2007; Cousins, 2015) compared to 1.2 million permanent and casual jobs recorded in 1990. Although official data on farm employment is unreliable, it is estimated that between 1993 and 2006, around 40% of farmworkers lost their jobs (Bernstein, 2015).

How important are land and agrarian reform for addressing South Africa's development challenges?

Many authors question the role that land and agrarian reform can realistically play in addressing the crisis of social reproduction which classes of labour face in South Africa (Bernstein, 2013; Cousins, 2015). Bernstein asserts that what is needed to improve the wellbeing of South Africa's rural and urban classes of labour is a much broader and "radical political and macroeconomic project centred on public investment and redistribution". Since the end of Apartheid urbanisation has rapidly increased. This begs the question of the relative importance of rural land and agrarian livelihoods to meeting the country's development challenges. In 1980, 57% of the population were classified rural. However, by 2001 this trajectory had inverted with 57% classified urban, and by 2014 this had increased further to 63% (Walker and Cousins, 2015). The urban population is expected to grow to 80% by 2050. Moreover, only 4.6% of people derive employment from agriculture (ILO, 2014). Currently the rural population comprises around 20 million people, of which 16 -17 million continue to live in the former Bantustans (Walker and Cousins, 2015).

In rural areas, it is only among a tiny minority that agriculture comprises a *main* livelihood source. The vast majority of people rely on wages, remittances and social grants (Neves and du Toit, 2013; Walker and Cousins, 2015). The service sector has become increasingly dominant as the main source of capital accumulation, accounting for 60% of GDP (StatsSA, 2014). This does not, however, mean that agriculture is an insignificant component of the economy. Although South Africa is not a predominantly agrarian society, like its neighbours elsewhere on the continent, ensuring a supply of cheap food to the population remains important to the concerns of capital and the state. Agriculture also continues to make a sizable (although reduced) contribution to employment in rural areas. Moreover, for households in the former Bantustans, small-scale farming remains crucial as a food security strategy. Agrarian livelihoods are thus critical in securing the reproduction of some of the poorest classes of labour living in the former homelands and the 'white' countryside (Walker and Cousins, 2015).

There is however widespread agreement that post-apartheid rural development and land reform policies have made a minimal impact on addressing systemic poverty (Cousins, 2015). Empirical evidence indicates that around half of rural land reform projects have improved the livelihoods of beneficiaries; although impacts are often marginal and very few cases involve successful production by the new enterprises (Hebinck and Cousins, 2013; Cousins and Dubb, 2013). The few success stories (Hornby, 2012) usually involve significant capital investment by government, but are sadly the exception and have thus done little to alter the agrarian structure. Cousins (2015: 255) concludes that “overall, the major beneficiaries of processes of agrarian change have been the owners of large-scale commercial farming and agribusiness enterprises”.

What shape *should* land and agrarian reform take?

Despite disappointing outcomes to date, land reform involving the establishing of ‘productive’ agriculture on redistributed land and in communal areas, continues to be a focus of efforts to create jobs and improve rural livelihoods, as is emphasised in the National Development Plan of 2011 (Cousins, 2015). The NDP asserts that in the agriculture, agro-processing and related sectors government should aim to create an additional 643 000 direct jobs and 326 500 indirect jobs by 2030. Among the strategies for achieving this is extending the current 1.5 million hectares under irrigation by an additional 500, 000. The NDP claims that this can be achieved through more efficient use of existing water resources, along with establishing new irrigation schemes⁸ (National Planning Commission, 2012).

Cousins (2015) has argued that the key focus of agrarian reform in South Africa, should be a programme that focuses on large-scale redistribution of water and land rights to a ‘nascent class of small- to medium-scale market-oriented farmers’. He envisions this precipitating a process of ‘agricultural accumulation from below’. The beneficiaries of this redistribution programme would be those households already engaging in agriculture who are ‘market-oriented’. They comprise an estimated 200, 000 households, who with their dependants amount to about a million people. Controversially, yet arguably a pragmatic caveat is Cousins’ (2015) argument that the top 20 % of large-scale commercial agriculture operations should be excluded from land redistribution in the short to medium term. This he argues would safeguard agricultural production and food security for around two decades, and allow agrarian reform to proceed around the productive core of agricultural operations.

The literature raises some concerns regarding supporting a small to medium-scale sector of farmers. One such doubt is that because historically agrarian capital was concentrated in white capitalist farmers and agribusiness, and Africans were marginalized, the viability of a programme of agrarian reform aimed at previously disadvantaged groups remains at question (Davis, 2014). Research and policy is thus often concerned with whether there is an adequate level of interest in farming and agricultural skill amongst former Bantustan residents to justify targeting them for land and agrarian reform, or whether people themselves prefers secure

⁸ The proliferation of the Amadlelo Agri model of dairy farming onto a number of irrigation schemes must be contextualised within this policy context.

employment (Levin and Weiner, 1997). However, more recent research emphasizes that skilled and productive black smallholder farming does exist. However, the extent of this capacity and the viability of supporting a smallholder sector in South Africa's highly concentrated agrarian landscape remains a subject of contestation (see Cousins, 2011/5; Aliber and Hall, 2012; Davis, 2014; Sender and Johnston, 2004; Levin and Weiner, 1997). Cousin's (2015) suggestion would seem to address this concern because it targets those smallholders already engaged in production.

The New Growth Path envisions expanding the smallholder sector from 200,000 to 500,000 by 2020 (EDD, 2010). However, the South African government's policy towards smallholders has been marred by confusion, and tends to pay lip service to the idea of supporting a smallholder sector. In reality, interventions are favoured which focus on de-racialising existing agrarian capital through strategic partnerships, usually entailing the promotion of large-scale capitalist farming enterprises. This perhaps has its roots in misperceptions regarding what constitutes a 'smallholder', as well as an unclear vision for developing the smallholder sector. Aliber and Hall (2012) for example note that government policy has been characterised by a bias towards policies that seek to transform 'small-scale farmers' into large-scale commercial farmers.

The Department of Agriculture, Forestry and Fisheries, has however since 2010/11 begun differentiating the sector into 'subsistence', 'smallholder' and 'commercial' farmers, to bring some clarity to their strategies (DAFF, 2010:2). Cousins (2013) provides a different and useful typology to differentiate smallholders that also considers the types of value-chains producers target. This includes subsistence-oriented smallholders, market-oriented smallholders in loose value chains, market-oriented smallholders in tight value chains, and small-scale black capitalist farmers.

Questions remain as to what policies are viable, given limited resources and capacity of government, to support the very different needs of these diverse smallholders and what form agrarian reform of the smallholder sector should take. Aliber and Hall (2012) identify three viable strategies. Firstly, focusing on promoting food security for a large number of poor households. Secondly, providing opportunities for a select few better-off farmers to graduate to commercial farmers, which they refer to as 'accumulation for the few'. Finally, a much more radical programme of 'accumulation from below', whereby a large number of the existing population of subsistence and smallholders are supported to maximise and diversify their production to develop into 'sustainable commercial smallholders'. It is the latter proposal, which they promote.

Apart from an initial period of policy support for smallholders, in the first years of the land reform programme, the South African government in practice continues to define viability in terms of the large-scale commercial farming model (Aliber and Cousins, 2013; Cousins and Scoones, 2010). Since 2004 the appetite in South African land and agrarian reform has clearly leant towards the dominant market-based development paradigm. This sees private sector involvement and market-oriented strategies as the primary means for achieving social justice, while avoiding negative outcomes for productivity and profit levels that might result if land

were subdivided. The Joint Venture model has thus been adamantly promoted as a means to ensure the continuity of pre-existing models of large-scale commercial production on land being transferred to restitution claimants (Davis, 2014; Lahiff et al., 2012; Spierenburg et al., 2012; Brinkerhoff, 2002; Aliber et al., 2008; Hellum and Derman, 2008; Derman et al., 2006). I will now discuss South Africa's land reform programme since 1994, to situate the elements of agrarian change discussed above into the broader policy context.

South Africa's Land Reform Programme

The underlying tenets of the land reform programme were the outcomes of the 'negotiated settlement', preceding the first democratic election in 1994. The African National Congress (ANC) surprisingly entered these pivotal negotiations with no decisive analysis of the agrarian question or a clear vision for land reform- a reflection of the urban bias of the organisation itself (Bernstein, 1997; de Villiers, 2003). On the other hand white agrarian capital in South Africa had strategically positioned itself for the transition (Bernstein, 1997) and had pragmatically aligned itself with the interests of global capital inherent in the policy proposals of the World Bank (Steyn & Bosch, 1994). The World Bank's proposal for a market-based land reform was accepted by the 'Government of National Unity'. Some commentators have concluded that these historic compromises made during the transition period have limited the transformative potential of land reform and is in part to blame for the slow pace of land reform to date (du Toit et al., 2011; DRDLR, 2011).

The legal basis for South Africa's land reform programme was first laid out in Chapter Two of the 'South African Constitution, 1996', in Section 25 of the Bill of Rights (RSA, 1996). This outlined the notorious 'property clause'⁹ (Aliber, 2015). The Land Reform Programme was later formalised in detail in the 1997 'White Paper on South African Land Policy'. It stipulated a three-pronged strategy to achieve equitable redress of land rights based on land restitution, redistribution and tenure reform¹⁰ (DLA, 1997; Lahiff et al., 2012; Bunce, 2013). Each aspect of the programme can be explained as follows:

“...A *land redistribution programme*, aimed at broadening access to land among the country's black majority; a *land restitution programme* to restore land or provide alternative compensation to those dispossessed as a result of racially discriminatory laws and practices since 1913; and a *tenure reform programme* to secure the rights of people living under insecure arrangements on land owned by others, including the state (in communal areas and the former 'Coloured' rural reserves) and private landowners (farmworkers, farm dwellers and labour tenants). A less high profile programme to improve systems of land administration was also proposed.” (PLAAS, 2016).

Government's initial target for redistribution of agricultural land to black South Africans was 30% or 86 million hectares by 1999. DPME's (2017) mid-term view report indicated that as of

⁹ See the Bill of Rights for the full section. “ (2) Property may be expropriated only in terms of law of general application— (a) for a public purpose or in the public interest; and (b) subject to compensation, the amount of which and the time and manner of payment of which have either been agreed to by those affected or decided or approved by a court.”

¹⁰ The tenure reform programme is of most significance to this research since this PhD looks at agricultural investments based in the former homelands.

31 March 2017, 8.7 million hectares, or 10.6% of all privately owned farmland, rather than the targeted 30%, had been transferred to black South Africans. This has cost government R62 billion, all-inclusive. In line with the National Development Plan, government now hopes to reach the original target of 30% by 2030. However, it has been estimated that the state would need to settle claims and redistribute land five times as fast as it has to date (Manenzhe 2018; Selebalo, 2018).

Land Restitution claims have suffered from backlogs. The original claims period closed on December 31 1998 with 79, 696 claims lodged. Despite the fact that some of the original claims lodged before 1998 have yet to be finalised, the *Restitution of Land Rights Amendment Act (2014)* beckoned the reopening of restitution claims. Parliament's *High Level Panel report*, published in November 2017, highlights some key concerns regarding the current trajectory of land restitution:

"There are still more than 7 000 unsettled, and more than 19 000 unfinalised, 'old order' claims (claims lodged before the initial cut-off date of 1998). At the present rate of finalising 560 claims a year, it will take at least 35 years to finalise all old order claims; new order claims (lodged in terms of the now repealed Restitution of Land Rights Amendment Act of 2014) that have already been lodged will take 143 years to settle; and if land claims are reopened and the expected 397 000 claims are lodged, it will take 709 years to complete Land Restitution" (HLP, 2017: 238).

The reopening of claims has been criticised by civil society organisations, academics and land activists for putting thousands of existing claims, yet to be settled or implemented, in jeopardy. However, for now the claims will allegedly be "kept in abeyance pending finalisation of all pre 1998 land claims or introduction of a new legislation" (Manenzhe, 2018: 14).

The reopening of restitution claims has been judged by some commentators as an attempt by the ANC government to garner electoral support. The new claims process also opens the doors for claims by traditional leaders. This process, alongside the unclear policy position on communal land, puts the land rights of millions of South Africans living in the former homelands in the balance (Claassens, 2015; Walker, 2015). However there seems to be a chasm between government rhetoric on fast-pacing land reform and actual implementation. Hall's (2018) analysis of the government's budget for land reform and restitution, for example, demonstrates how the budget for settling restitution claims has in fact declined over the last four years.

The only foreseeable way in which a more 'cost-effective' approach could be adopted is if the government is successful in advancing expropriation with below-market compensation, or without compensation (Hall, 2018). In the former case, this could be done by making full use of the 'just and equitable compensation'¹¹ clause in section 25(3) of the constitution (Aliber, 2015). In the latter case, there has been on-going debate about possibly amending the constitution. Following Cyril Ramaphosa's appointment as President of South Africa in

¹¹ This clause in the *Constitution of the Republic of South Africa* states that, "the amount of the compensation and the time and manner of payment (for an expropriated property) must be just and equitable, reflecting an equitable balance between the public interest and the interests of those affected, having regard to all relevant circumstances" (Republic of South Africa, 1996).

February 2018 and his expressed commitment to implement expropriation, there has been a flurry of debate around the land question. On 27th February 2018, parliament overwhelmingly passed a motion to explore whether or not there is a need to amend the Constitution and the property clause, to allow for expropriation of land without compensation. This marks a break in previous rhetoric of the ANC-led government to pursue the ‘just and equitable’ principle. It looks likely that we will see a more radical land reform programme emerge in the years to come, but this remains to be seen (Claassens, 2018; Hall, 2018; Gerber, 2018¹²).

Up until now, however, no drastic break in land reform policy has been implemented. The formulation of certain bills may however allow the government to take tangible action in the future. The promulgation of the Property Valuation Bill of 2013 provides for an office of a Valuer-General to hasten land reform, through valuation of property aimed at driving down prices (Aliber, 2015). The Expropriation Bill of 2016 furthermore sets the stage for alternative means of expropriation, beyond the market-based approach followed to date. Hall (2018) notes that the most promising sign of a more radical land reform programme emerging is the increase in funding designated to the Office of the Valuer General in the 2018 budget.

However, not everyone agrees that it is necessary or wise to amend the constitution. Many suggest that it would be prudent to instead increase the budget for land reform and make full use of the ‘just and equitable principle’. This would allow the state to pay compensation below market rates and in certain cases, where deemed ‘just’, to not pay anything at all (Hall, 2018; Cousins, 2018¹³; Claassens, 2018¹⁴; Selebalo, 2018¹⁵). Moreover Claassens (2018) warns that expropriation together with the Traditional and Khoi-San Leadership Bill pose dangers often ignored in the mainstream debate: “It is not white title deeds that are in jeopardy in South Africa. It is the property rights of those who bore the brunt of forced removals and Bantustan rule”. The insecure land rights of people living for example in informal settlements, on farms, or in the communal areas (the latter whose rights remain vested in the state) could be jeopardised by expropriation (Claassens, 2018; Hall, 2018).

The failures of tenure reform: The shaky ground on which Joint Ventures are built in the former homelands

Tenure reform has been the most unsuccessful of the three-pronged land reform programme. Prior to 1994 the rights to occupy and use land in the rural areas of the former homelands were not recognised sufficiently in law. Many people only had conditional permits in the form of ‘Permission to Occupy’ (PTO) certificates. These were however usually granted to men, leaving widows and divorcees vulnerable to eviction. Since 1994, tenure insecurity has escalated because pre-existing systems of land administration have virtually collapsed. In the absence of clear directives, land administration procedures have become ad hoc and unclear. Confusion also reigns, as to the relative responsibility of traditional authorities vis-à-vis local

¹² See: <https://www.news24.com/SouthAfrica/News/breaking-national-assembly-adopts-motion-on-land-expropriation-without-compensation-20180227>

¹³ See: <https://theconversation.com/land-debate-in-south-africa-is-clouded-by-misrepresentation-and-lack-of-data-93078>

¹⁴ See: <https://www.dailymaverick.co.za/article/2018-03-04-op-ed-ramaphosas-speech-to-the-house-of-traditional-leaders-betrays-sonas-promises-on-mining/#.WqFcVJPwals>

¹⁵ see: https://www.businesslive.co.za/bd/opinion/2018-02-20-this-is-what-the-budget-would-look-like-if-it-took-people-seriously/?utm_content=bufferbe6e9&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer

government, in allocating land for residence and development. This is creating tensions between the two, in which local people often pay the price (PLAAS, 2016; Cousins, 2012). The Bill of Rights, (1996), section 25, subsection 6 and 9, explicitly outlines the government's legal obligation to providing secure tenure:

“(6) A person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to tenure which is legally secure or to comparable redress...
(9) Parliament must enact the legislation referred to in subsection (6)”

More recently the *National Development Plan* also includes targets concerning tenure reform such as creating “tenure security for communal farmers, especially women”. However, in reality there is yet to be any effective legislation that secures the land rights of people living in communal areas of the former homelands. 60% of the population have informal rights that are neither recorded nor secure (Hornby et al., 2017). Parliament's *High Level Panel* (2016) emphasised the imperative for effective policy to urgently secure their tenure rights (Hall, 2018).

The Interim Protection of Informal Land Rights Act (IPILRA) was passed in 1996 as an interim measure however, in the absence of any law, it has been renewed annually. IPILRA is, however, limited to ensuring that informal rights holders be consulted before any agreements to dispose of land are made (PLAAS, 2016). The *White Paper* of 1997 (see DLA, 1997: 57–8) set out some underlying principles that could in fact guide a national programme of tenure reform in line with the constitution. Furthermore, in 1998/9 a draft *Land Rights Bill* provided a promising and comprehensive approach to securing communal land rights. Unfortunately, it was rejected by the new Minister Thoko Didiza, who came to the conclusion that it was too complex and would require too much state support to implement (PLAAS, 2016). The *Land Rights Bill* embraced the complexity of socially embedded land rights, which are characteristic of the communal areas:

“Protected rights would vest in the individuals who use, occupy or have access to land, but would be relative to those shared with other members, as defined in agreed ‘group rules’... Procedures were set out for people to choose which local institution would manage and administer land rights on their behalf.” (PLAAS, 2016: 46).

The Minister instead started anew on a policy that resulted in the *Communal Land Rights Act of 2004* (CLRA). Since then, there has been a package of new policies and acts introduced including the Traditional Leadership and Governance Framework Act (2004), The Traditional Courts Bill (2008), Communal Land Tenure Policy (2013), The Traditional and Khoisan Leadership Bill (2015) and The Communal Land Tenure Bill (2017) However, not all of them have been adopted as some have failed to pass constitutional muster. Some authors have argued that what all the policies and acts have had in common is the vesting of authoritarian powers in traditional leaders (Claassens, 2013/15/18; Cousins, 2013b). Part of the problem with the failure to produce effective laws is that in the post-Apartheid era, we are seeing a

perpetuation of colonial ‘rule-bound’ stereotypes of customary law (Claassens, 2013; Cousins, 2013b). Claassens (2013) argues that policy and law to support the land rights of people in communal areas (particularly women), should be rooted in recognition of custom as “the changing practices and values of ordinary people”, which is consistent with the idea of ‘living customary law’. However, in practice the content of this ‘living law’ is difficult to prove. It is thus common to see lawyers and the state resorting to the ‘official customary law’, embodied in the rigid codified old texts of the colonial era (Claassens, 2013).

Claassens (2013) describes how the roles and powers of traditional leaders in post-Apartheid South Africa are playing out as contestations over the content and status of customary law, and who gets to define it. These contestations are taking place in two distinct spaces- Parliament and the Constitutional Court. They each propose radically disparate ideas of customary law and tenure, and the role of traditional leaders. The Constitutional Court affirms the jurisprudence of *living customary law*. This involves democratising the customary space to ensure the participation of ordinary people in developing and defining custom relevant to their changing needs (Claassens, 2013).

In sharp contrast, Parliament has taken steps to centralise power over customary land and people in the former homelands, under the exclusive jurisdiction of traditional leaders through the package of new policies and acts. In this regard, the many reports of state-supported corruption involving traditional leaders, especially on land with rich mineral endowments are especially concerning (Claassens and Matlala, 2014; Capps and Mwanza, 2015). Less well documented are the threats posed by intensification of agricultural investments in the communal areas. This PhD, however, will demonstrate that the focus needs to extend beyond traditional leaders, to elite capture in general, which also reflects processes of social differentiation inherent to different contexts.

I will now very briefly review the content and implications of the host of laws relevant to the communal areas of the former homelands. The Traditional Leadership and Governance Framework Act (2004), allowed for the establishment of Traditional Councils, which are supposedly ‘transformed’ versions of the Apartheid Tribal Authorities created under the Bantu Authorities Act 68 of 1951 (Cousins, 2013b). These Traditional Councils entrenched the controversial boundaries of chiefdoms established during Apartheid. The Act does not provide roles and powers for traditional leaders as such, but rather stipulates that provinces need to enact their own laws within the provided framework (Claassens, 2013). The Act stipulates that 40% of its members must be elected, however, traditional leaders may appoint the remaining 60%. These are commonly family members, giving traditional leaders exceptional sway (Jara, 2011). The Act stated that 30% of the members must be women, however, in objection to this provision traditional leaders won a waiver that the quota can be reduced where ‘insufficient women are available’. Claassens (2013: 75) points out the insidious nature of this given “the fact that 59 % of the population in the former homelands is female.”

The Communal Land Rights Act (CLRA) (2004) was struck down by the constitutional court in 2010 on procedural grounds. Its approach to tenure reform involved transferring ownership of land in the former homelands from the state to communities (represented by traditional

councils). The CLRA would have transferred ownership of land within apartheid-era boundaries to chiefs and traditional councils, who were then charged with registering individual rights within a community land register and administering ‘community rules’ (Cousins, 2013b; Ntsebeza, 2004; Claassens, 2005; Lund, 2012). Claassens (2015, 2013) particularly emphasises the negative consequences this act would have had for historically independent groups (with title deeds held by a communal property association or trust), who would be subsumed within tribal boundaries.

The *Communal Land Tenure Policy* (CLTP) of 2013 sought to replace CLRA, however, it shared many similarities with the rejected act. The CLTP proposed allocating freehold title deeds to traditional councils. This would have effectively downgraded people’s current customary land rights into a weaker form of ‘institutionalised use rights’ (Bunce and Ngubane, 2015). Relevant to JVs, it gave traditional councils responsibility for investment, development and natural resource management, including for agriculture and forestry investments (Lund, 2013; Shabane, 2013). A deep concern was that this policy might lead to land and resource grabbing through the state, to the benefit of traditional leaders (Loate, 2014). Communities would, however, be able to choose a governance structure (CPA, Traditional Council or Trust). This constituted a shift in government thinking. It might have reflected nervousness about the constitutionality of the CLTP, bearing in mind that CLRA was struck down by the Constitutional Court in 2010 (Bunce and Ngubane, 2015).

The Communal Land Tenure Bill replaced the policy in 2017 and is supposedly informed by public engagements and submissions. It proposes the transfer of state owned communal land to ‘communities and members of communities’. In the new formulation, it is either a Traditional Council or CPA that becomes the title-holder. The bill requires that ‘community rules’ be adopted with a 60% quorum among households. The chosen governance entity will allegedly only hold “communally owned portions of land... reserved for collective and individual enterprise and industrial sector activities, including, but not limited to grazing, cropping, forestry, mining, tourism, infrastructure and manufacturing”. However, the *High Level Panel’s Diagnostic Report on Land Reform* notes that in reality it would become the title-holder for the ‘entire cadastral unit’. The authors note some additional concerns relevant to JVs:

“These owners will be empowered to enter into business arrangements with external investors through ‘investment and development entities’ and joint ventures. Critics have argued that this approach to communal tenure reform runs the risk of encouraging unaccountable traditional leaders and councils to agree to business deals that privilege local and external elites and provide few benefits to ordinary community members, as is often the case at present in relation to mining” (PLAAS, 2016:14).

The Traditional Courts Bill was originally introduced in 2008, but faced opposition from civil society and Parliament and was referred to the National Council of Provinces. Four provinces rejected it, and another four provinces proposed contradictory amendments (Claassens, 2013). It was reintroduced in 2011, and subsequently discussed at a number of provincial public hearings in 2012. However, it was subsequently withdrawn before the 2014 elections (PLAAS,

2016). The bill violated the principle of ‘separation of powers’, by making the traditional court at once the lawmaker, judge and prosecutor (Jara, 2011).

The Traditional and Khoisan Leadership Bill of 2015 was introduced to replace the Framework Act. This allows for Khoi-San claimants to be included as traditional leaders, and become government paid Khoi-San councils. This bill once again re-entrenches Apartheid era boundaries, which remain deeply contested and obviously problematic (PLAAS, 2016; Clark and Luwaya, 2017). Clark and Luwaya (2017)¹⁶ highlight the problem with how the TKLB draws a distinction between the authority of a traditional council in the former homelands vis-à-vis Khoi-San councils. In the case of the former, their authority is derived through the jurisdiction of a piece of land (according to apartheid boundaries). In contrast, Khoi-San councils derive their legitimacy through voluntarily affiliation. Clark and Luwaya (2017: 15) also draw attention to the dangers this policy poses in terms of mining and other investments, because traditional councils are not required to consult community members before entering into agreements.

In relation to communal land, the *National Development Plan* aims to “convert some under-used land in communal areas and land reform projects into commercial production” (National Planning Commission, 2012: 197). Just exactly what is understood as ‘under-used’, however, remains unclear. It raises red flags regarding protecting the land rights of households and communities, to which land may make significant contributions to social reproduction but not necessarily meet the ‘commercial production’ criteria. The discourse of ‘under-used’ land is common in relation to JVs.

In conclusion, tenure reform so far has failed to confirm people's communal rights as fully-fledged property rights. The host of laws and policies reviewed here have instead had the effect of reinforcing the undemocratic institution of traditional leadership on people in the communal areas and conferring private ownership on legal entities such as a CPA or a Traditional Council, which effectively downgrades people's current rights. Cousins (2017) has instead argued that we should look towards vesting shared rights in members of communities, rather than in institutions which government is ill-equipped to oversee. The critical issue then is not choice of a land-owning institution, but rather how to protect and affirm jointly held rights (Bunce and Ngubane, 2015).

The Interim Protection of Informal Land Rights Act, of 1996 (IPILRA), could provide a solid basis for building a new law on communal land. IPILRA recognizes informal rights, giving them the status of formal rights, and vests them in both the individual and the collective. A choice over institutions to administer land rights may arise from this fundamental premise. However, it will only be meaningful if communities have a choice regarding the boundaries of their common land, and appropriate forms of development on it. A revised communal tenure policy would ideally provide for clear and explicit constitutional protection of rights, which could be expressed in a dynamic and living form of customary law. This should also include

¹⁶ In their commissioned report for Parliament's *High Level Panel: “Assessment of Key Legislation and the Acceleration of Fundamental Change”*

strong mechanisms for protecting individual rights within this wider framework (Bunce and Ngubane, 2015; Cousins, 2017; Claassens, 2015).

1.5 Structure of the PhD Thesis

The structuring of this PhD thesis was influenced by a critical realist method of inquiry. In order to understand complex reality, it is necessary to make some abstractions. This entails dealing with discrete parts before being able to make sense of all the causal mechanisms as part of a concrete whole (Sayer, 2010). Some Chapter are thus necessarily more descriptive, while the last chapters attempt to integrate abstract theory and concepts with the empirical research, to bring together form and content (Harvey, 2010). It is hoped that the final concluding chapter succeeds in retracing this journey, as Marx (1973: 100) notes, “not as the chaotic conception of a whole, but as *a rich totality of many determinations and relations*”.

The first two Chapters of this thesis entail a review of the literature that deals with the theory and empirical evidence that is of relevance to the PhD topic. They set the stage by clarifying what is already known about the topic across various schools of thought. It is from this review, that I clarify my overall conceptual framework for the study, although I reserve a full treatment of my class analytics approach for Chapter 12. In Chapter 2 I review some of the seminal works on the classical agrarian question, with the intension of drawing out key concepts. Having already outlined the key contemporary concerns of land and agrarian reform in Chapter 1, here I discuss the historical roots of South Africa’s agrarian question and some key debates about class formation in the former homelands of South Africa. Chapter 3 explores the existing evidence on inclusive business models, including JVs. I explore the drivers of these investments and offer some possible explanations for the dominance of the model. I situate them within a context of agrarian change and how global capitalism is reshaping capital - labour relations. I conclude by clarifying my position among the various schools of thought and summarise a range of analytical concepts that will be used to analyse my case studies.

In Chapter 4 I explain in detail my research design and methodology and reflect on the possible limitations of the study. I discuss the conceptual underpinnings of the critical realist approach and some reflections of Marx’s methodology that guided the research design. I outline the methods that were used to gather data in the field for my comparative case study and explain the process of data analysis. Chapter 5 aims to describe in detail the contexts of the two rural settlements of Keiskammahoek and Shiloh. From a Marxist political economy approach, context is imperative to understanding causal mechanisms and relations. I discuss the historical context of the Ciskei and the development of the Bantustan era irrigation schemes. I then look at the contemporary context and how these rural settlements are constituted in terms of relations of land, labour and capital.

Chapter 6, 7 and 8 are integrally linked and together attempt to explain the political economy of Amadlelo Agri’s sharemilking joint ventures. I begin Chapter 6 with an in depth look at the historical and contemporary dynamics of the dairy industry in South Africa. This enables JVs to be understood in the context of the specific opportunities and challenges of the dairy sector. The contemporary context, dominated by a few highly efficient large capitalist dairy farmers

and large processors, is explained through the lens of the agrarian question(s). I briefly consider the prospects of alternative models and attempt to explain why JVs have become the government's preferred mechanism for organising milk production in the context of land and agrarian reform.

Chapter 7 is focused on describing how Amadlelo Agri's sharemilking model is structured as a joint venture, in relation to financial arrangements, property rights, production systems, capital-labour relations and governance arrangements. I briefly document and analyse some of the governance challenges and how these might impact the outcomes at each farm. In Chapter 8 I bring all of these insights together. I provide a framework for theorizing the social relations of production in sharemilking JVs that takes account of the opportunities and limitations of our dairy market and the incentives that attract agribusiness to sharemilking arrangements in the South African context. Among other authors, I draw on Patnaik's (1983) application of Marxist theory of rent to sharecropping for the framework. I also look at the implications of the adjustments Amadlelo Agri has made to the original New Zealand 50/50 sharemilking model and how this affects how we evaluate it, in terms of the relative benefits accruing to customary landowners.

Chapter 9, 10, 11 and 12 move the focus away from investigating the JV as a model, and instead zoom in on its effects on the livelihoods, land rights and dynamics of class formation within the rural settlements of Shiloh and Keiskammahoek. Of course the structuring of the JV model is integral to explaining these impacts as well, however, a synthesis of these arguments is reserved for the final chapters. Chapter 9 describes in more detail the nature of land rights and use, and how these have been impacted by the JV. I also detail some emerging conflicts and contestations over land, which have arisen in the face of the JVs. Chapter 10 and 11, explore the current status of local livelihood systems and household composition in Keiskammahoek and Shiloh respectively. The objective is to understand how households meet their social reproduction. I capture a full picture of household incomes and assets, and explore how the character of household composition affects social reproduction (e.g. dynamics of generation and gender). This allows me to create a fuller picture of how the benefits derived from the JV in the form of jobs, dividends and land rents, fit into the wider reproductive strategies of households.

Chapter 12 proposes a context-specific class typology for exploring the dynamics of social differentiation. The typology is based on application of Patnaik's (1987) 'labour exploitation criterion', together with relevant adjustments that take into account the character of class relations in South Africa's communal areas, drawing on the class typologies developed by Cousins (2010) and Levin *et al.* (1997). The class-based typology assists in understanding the tensions that the JV model of capitalist farming generates in relation to household reproduction, in a class-differentiated manner. It also illuminates the emerging agrarian class structure that a JV intervention conditions, and thus explores the implications of the model for agrarian change in South Africa.

In the final Chapter 13, I attempt to synthesise the key arguments made in the thesis that provide an explanation for the diverse impacts of the JVs on the livelihoods and land rights of local residents. The emphasis is on dynamics of social differentiation, the social relations of production, the structure of property rights, discourses of ‘custom’ and the character of decision-making and power. In doing so, I try to reveal “a *rich totality of many determinations and relations*” (Marx, 1974:100). I also clarify the key lessons of the research for policy and for understanding dynamics of agrarian change in South Africa.



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Chapter 2. The Agrarian Question

2.1 Introduction

In this chapter I discuss some of the key conceptual theories and debates within the agrarian political economy tradition, which inform my analysis of the impacts of joint ventures (JVs) on livelihoods, land rights and social differentiation. It aims to clarify and make explicit the conceptual framework that I employ in this thesis. The key areas of enquiry in agrarian political economy are concerned with the social relations of production¹⁷ and reproduction¹⁸. Bernstein (2010: 22) has usefully summed this up by into four succinct areas of enquiry, which I paraphrase below:

- *Who owns what?*

This question investigates the social relations inherent to various property regimes (e.g. private and communal). Private property and the conversion of land into a commodity is an invention of capitalism and have particular relevance for social relations in farming. This question is also concerned with the ownership and distribution of the ‘means of production’ and reproduction.

- *Who does what?*

This question looks at the social divisions of labour. It investigates how social relations between different classes, genders and different types of producers, for example, define who performs what activities.

- *Who gets what?*

This question is concerned with how the ‘fruits of labour’ are divided in society and among social groups. It is not only the distribution of income that is of interest but also non-monetary contributions and the less tangible benefits derived from domestic and other forms of unpaid labour.

- *What do they do with it?*

This question is about social relations of reproduction, consumption and accumulation. A unique feature of capitalism is how capital appropriates the surplus labour of workers for productive accumulation. The question seeks to understand how various social relations of production and reproduction shape the distribution of the social product.

Scoones (2016: 82/3) has recommended two useful additions, which are concerned with the social and ecological challenges that contemporary society faces:

¹⁷ Marx and Engels (1956: 408) describes social relations of production as “The social relations within which [humans] produce, the social relations of production ... in their totality form what are called social relations, society, and specifically a society at a determinate historical stage of development, a society with a peculiar, distinctive character. Ancient society, feudal society, bourgeois society are such totalities of relations of production”.

¹⁸ Reproduction is the process of “securing the conditions of life and of future production from what is produced or earned now” (Bernstein, 2010: 128).

- *How do social classes and groups in society and within the state interact with each other?*

This question investigates how particular institutions, social relations and forms of domination that prevail in different societies, and between the state and its citizens affect livelihoods.

- *How do changes in politics get shaped by dynamic ecologies and vice versa?*

This final question looks at how environmental dynamics and political ecology influences livelihoods. It is also concerned with how livelihood strategies and the distribution of resource entitlements affect the environment.

These six questions are useful in that they have a universal character and can be applied in diverse contexts. They form the underlying basis of interrogation in dealing with empirical material, and provide direction as to what dynamics are considered core to a political economy approach. Evaluating the significance of JV arrangements for agrarian change also entails an engagement with the character and historical development of the capitalist economy of South Africa. More precisely, understanding how the agrarian economy fits into and impacts upon the key dynamics of the capitalist economy as a whole. In this chapter, I thus first begin by reviewing some of the seminal works on the classical agrarian question, and the key concepts underpinning it. I will then present some concrete examples of pathways of historical agrarian transitions, along with a discussion of more contemporary concerns. These various areas of questioning will provide a solid basis for discussing South Africa's agrarian question; including both its historical roots, as well as a look at some of the key contemporary concerns of land and agrarian reform.

Since this PhD makes use of a class-analytic approach, this chapter will also review how Marxist political economists understand and have investigated class dynamics. Marxist approaches emphasise that class identity is based on the social relations of production, and thus a class must be defined in terms of its relations with other classes (Bernstein, 2010). Struggles 'over class' however, often precede struggles 'between classes' (Harris-White and Gooptu, 2000). Along with class, other social differences also intersect, combine, and co-produce each other, such as gender, race, generation, ethnicity, lineage and religion, to name a few (Perez Nino, 2016; Peters, 2004). These relational differences are also seized upon by capital in the ways it recruits, organises, and subdues labour in various contexts (Bernstein, 2010).

Unpacking underlying class dynamics is not simple and straightforward, because capital-labour relations are often not clear and explicit in the varied ways in which people meet their livelihoods under the uncertainties and pressures of the modern capitalist system. Class relations that are disguised by surface appearances need to be revealed through careful analysis. This is certainly true in the case of a joint venture, where agribusiness is being brought in as a 'partner' to 'communities' or 'small farmers'; social categories whose class character is anything but clear. In the South African context, debates about class in the former homelands also have their specific peculiarities. For example, a pervasive 'linear proletarianisation thesis' has tended to underestimate incipient class formation in the

countryside (Levin and Neocosmos, 1989). This chapter reviews these debates on class in an attempt to draw out key concepts that can assist in making sense of complex and subtle class dynamics within agricultural joint ventures in contemporary South Africa.

2.2 The Agrarian Question(s) and Agrarian Transitions

“Political economy investigates agrarian change through processes of class struggle and class formation” (Bernstein, 2015: 455)

The ‘agrarian question’ has been unpacked in terms of a number of different (classic) *problematics* (Cousins, 2013). These are outlined below into four main questions or problematics. The ‘classical agrarian question’ is contained in the interrelated questions (one, two and three) below. These problematics have been skilfully outlined by Byres (1991, 1996) and Bernstein (1996, 2009), based on the extensive scholarship and seminal works of a number of classical agrarian political economists (see for example Marx, 1867; Engels, 1950; Preobrazhensky, 1926; Lenin, 1967; Kautsky, 1899). Bernstein (2011: 450) refers to the first three questions as comprising an ‘agrarian question of capital’ which centres on: “The transition to capitalism in which two definitive (“stylized”) classes of pre-capitalist agrarian social formations (“feudalism”) - namely predatory landed property and the peasantry - are transformed (displaced, eliminated), by the emergence of capitalist social relations of production, in turn the basis of an unprecedented development of the productive forces in farming”. The fourth question constitutes an ‘agrarian question of labour’, as proposed by Bernstein (2009), and is an addition to the ‘classical agrarian questions’. Although the subject of intense contention and debate, the agrarian question of labour is considered by many Marxists to be ‘the new’ agrarian question. This is because classical questions are considered to have been largely resolved on a global scale by the pervasive nature and reach of global capitalism.

- 1) **A problematic of accumulation:** is concerned with the question of what contribution agriculture and the transfer of agricultural surpluses can make to industrialisation, accumulation and the emergence of capital (Marx, 1867; Preobrazhensky, 1926; Akram-Lodhi & Kay, 2009; Byres, 1991; Lenin, 1967).
- 2) **A problematic of production:** investigates the extent to which capitalism has penetrated the countryside and agriculture, and whether a transformation from pre-capitalist to capitalist agriculture has occurred. This tends to transpire through the development of the productive forces in farming. Capitalist relations of production come to dominate in the countryside through processes of rural class differentiation. The absence of such dynamics in class relations may pose an obstacle to the unleashing of productivity in agriculture (Marx, 1867; Kautsky, 1899; Lenin, 1899; Byres, 1991/6; Bernstein, 1996, 2009, 2010; Lerche et al., 2013; Akram-Lodhi & Kay, 2009; Cousins, 2013).

- 3) **A problematic of politics and class struggle:** is a political question of the nature of class struggle and emerging alliances between classes both in and outside the countryside. Which class interests the state supports is also an area of concern. This literature focuses on the role of peasants, smallholders and farm workers in struggles for equality, socialism and democracy (Engels, 1950; Cousins, 2013).
- 4) **A problematic of the social reproduction of classes of labour:** is concerned with the reproductive demands of ‘fragmented classes of labour’, who pursue their reproduction through complex combinations of self and wage-employment (Bernstein, 2010).

A key focus in the treatment of the classical agrarian question has been the examination of the persistence of the peasantry, and whether or not its persistence signifies an incomplete transition to a capitalist mode of production from feudalism. Many Marxists expected capitalism to inevitably dissolve the peasantry, as society became dominated by the antagonistic classes of capital and labour (as famously described by Marx, 1867). The elimination of the peasantry, however painful, is thus even considered a good thing by those who adhere to the ideas of ‘necessary progress’ wrought by capitalist and socialist modernization (Bernstein, 2010).

Engels (1950), however, noted that it was only in two regions in Europe (Britain and Prussia) where capitalism managed to entirely eliminate the peasantry as a significant economic and political force. There are ongoing debates among agrarian political economists about the nature of the peasantry and whether it has disappeared in ongoing and accelerating processes of deagrarianisation (Bryceson et al, 2000; Hobsbawm, 1994) and is merely a historical category (Bernstein, 2010), is currently being ‘eliminated’ (Kitching, 2001), or continues to exist and is posed as a major social force in the countryside, underpinning contemporary agrarian political movements (McMichael, 2006; Douwe van der Ploeg, 2008), (in Hornby 2014).

Weis (2007) cautions against Hobsbawm’s (1994) and other’s claims about “the death of the peasantry” (p.289) as a result of ‘agricultural revolution’. Rather, Weis (2007) contends that *small-farm households* still account for nearly two-fifths of the world population, and that their redundancy should not be considered an inevitable outcome of capitalist expansion. Authors like McMichael (2006), van der Ploeg (2008/ 16) and Schneider (2016), however, argue that so-called ‘*peasants*’ or ‘*family farmers*’ constitute a single exploited class, around which social movements can organise.

These claims are fervently opposed by Bernstein (2010) and other agrarian political economists. Bernstein (2010) argues that since there is such diversity in the South and elsewhere, one cannot speak simply of a single class of “family farmers”. He illustrates the variety that exists within this group, in terms of their varying social relation with capital. Bernstein (2010) states, “there is no single ‘class’ of ‘peasants’ or ‘family farmers’ but rather differentiated classes of small-scale capitalist farmers, relatively successful petty commodity producers and wage labour” (p.4). Using the same logic, one cannot speak of a single class of Capital. Capital can be distinguished by, different *activities and sectors* (agricultural, financial,

commercial etc.), *scales* (from households, to petty commodity producers to global corporations etc.), and *classes of capital* (distinguished by the interests of capital within different activities).

Brenner's (2001) concept (drawing on Marx) of the *commodification of subsistence* also provides credence to arguments that 'family farmers' do not constitute a single class. The concept captures the reality of how peasants can no longer reproduce themselves (or subsist) outside of commodity relations, as capitalist relations come to dominate. There are a plethora of diverse historical 'paths' through which this process has taken place in different contexts, which will be discussed later below. Class differentiation among family farmers occurs as a result of them being 'locked into' commodity production for their subsistence. They become, what can best be described as *petty commodity producers* (PCPs) involved in small-scale commodity production utilising mostly household labour. Because they occupy the contradictory class position of both capital and labour, PCPs are a particularly unstable form, which is susceptible to processes of class differentiation. Differentiated classes therefore emerge from PCPs over time, including 'small-scale capitalist farmers', 'middle farmers', 'poor farmers' and 'wage labour' (Bernstein, 2010). PCPs have however also been conceptualized as a form of 'small capital'. Their position as a smaller capital compels them to substitute their capital with recourse to their labour-power (Wilson, 1986; Perez Nino, 2016).

Lenin (1967 [1899]) explored the tendencies and dynamics of class differentiation among the peasantry in the context of the Russian countryside and identified poor, middle and rich peasants. *Poor peasants* struggle simply to reproduce themselves, without squeezing their own labour power or their capital or likely both. Many may lose hold of their capital, and come to rely exclusively on the sale of their labour power. If this happens, they may transform into *proletarians* or *semi-proletarians* (if they maintain some foothold in agricultural production). *Middle peasants* can engage in simple reproduction and meet the pressures it demands through their own efforts. *Rich peasants* are those able to engage in expanded reproduction, accumulating capital and perhaps producing on an increasingly larger scale of production and some may overtime become capitalist farmers.

What is often referred to as an "unresolved agrarian question" refers mostly to the context of poor countries, in which the persistence of differentiated peasantries in the countryside presents an obstacle to capitalist development (Hornby, 2014). Three broad explanations have been formulated which attempt to explain why the development of capitalist farming has been so uneven, and why peasants or family farmers persist in many parts of the world. The first is that there are specificities inherent to agriculture that prevents capital from directly investing in farming, as easily as it does in other sectors. Particularly relevant, is the unpredictability of natural conditions and ecological processes, which cannot be as easily manipulated as factors of production compared to other industrial sectors. Because farming is confined by the natural growth time of animals and plants and the unpredictability of their environment, labour time is often exceeded by production time. Capital is unable to realize its profits during this extended production time. Capitalist farming thus tries to speed up this natural production time through technological innovations, such as those described in the quote below (Bernstein, 2010).

“Poultry production is perhaps the most striking example of industrialised agriculture, because a standardized chicken “factory”, with its enclosed and controlled environment, is completely mobile. It can be established anywhere that is profitable, thus “liberating” capital from land and locale specific constraints, which characterized the whole history of farming until now” (Bernstein, 2010: 91).

However some agricultural commodities are more susceptible to capital penetration than others, as Mann and Dickinson (1978) have outlined. The persistence of smallholders, producing certain agricultural commodities, has thus often been explained by the inherent qualities that make these products more resistant to capitalist penetration. It is for this reason that Cousins (2015) has proposed certain horticulture crops for *smallholder* production. These can't easily be mechanized because they are inherently labour-intensive. Milk as a commodity, on the other hand, is extremely susceptible to technological innovation and capital-intensive farming methods. Mechanization of the farming process has proceeded rapidly with the introduction of rotary milking parlours, for example that can milk 80 cows at a time requiring little labour. This PhD thus raises questions around the suitability of milk for agricultural development projects in the communal areas, where creating jobs is a high priority.

A second explanation for the persistence of the peasantry is that capital stands to benefit from the reproduction of family farmers. This explanation hinges, firstly, on the idea that the ‘burden of ground rent’ on profits, along with delayed production times, incentivises capital to allow family farmers to carry the costs (Djurfeldt, 1981). In addition to the issue of rents, it is also more complex and costly to supervise labour in a field as compared to a factory. Family farmers are believed to have an advantage in controlling (household) labour. For some, this character of family farming has been interpreted as demonstrating their superior efficiency in relation to capitalist farmers. Chayanov (1966), writing in the context of Russia in the 1920's, developed the concept of “self-exploitation” to explain this dynamic. He suggested that the household excludes its own labour costs as a factor of production, and thus can out-compete capitalists who have to take account of wage costs. Peasants are also willing to sell their products at lower prices. These characteristics of family farmers were also used by Kautsky (1988), to explain the persistence of the peasantry against the onslaught of capitalist development at the end of the nineteenth century.

“The argument is that this staying power or “persistence” is tolerated, and even encouraged, by capital as long as peasant or family farming can continue to produce “cheap” food commodities that lower the costs of labour power (wages) to capitalist, and indeed itself produces “cheap” labour power. That is, peasants and small farmers who also sell their labour power can be paid less because their wage does not have to cover the full costs of household reproduction, which are partly met through its farming- sometimes seen as a “subsidy” to the capitals that employ rural labour migrants” (Bernstein, 2010: 94-5).

The final argument is that the persistence of the peasantry can be explained by ‘resistance’ among small-scale farmers to processes of proletarianisation and dispossession (Bernstein, 2010). Araghi (2009), for example asserts that, “global peasantization is not a completed or self-completing process leading to the death of the peasantry. Social classes do not simply end and die; they live and are transformed by social struggles” (p.138). Wolf (1969) has captured these types of peasant struggles in his seminal work, *Peasant Wars of the Twentieth Century*. Scott (1985) refers to the strategies peasants have used to resist exploitation and expropriation through “everyday forms of peasant resistance”. The more contemporary discourse, which is gaining much attention amongst certain scholars, is the assertion that there is a counter-movement of global peasant resistance, personified in movements like La Via Campesina, seeking to preserve “the peasant way” against the onslaught of corporate agribusiness and neoliberalism (McMichael, 2006; Van der Ploeg, 2008).

According to Cousins (2013), “the agrarian question is resolved when agriculture is fully capitalist, or when capitalist industrialization has occurred (whether or not agriculture has undergone a capitalist transition)” (p. 118). Bernstein (2011) notes that the most “virtuous” outcome of resolving the classical agrarian question, would be if rapid growth in the productivity of agriculture is able to create a surplus fund that can be invested in industrialisation, without undermining the accumulation fund for farming or severely squeezing classes of labour. Bernstein (2011) however notes that,

“... Such virtue is historically rare by contrast with far more vicious ways of trying to affect agriculture's contribution to industrialization. This typically proceeds through one form or another of taxing agriculture, regardless of its levels of productivity and investment, and the conditions of labour in the countryside, and/or otherwise intensifying state control over peasant production, and/or promoting intensifying production and accumulation by agrarian capital (including "progressive:" i.e., richer, strata of the peasantry)”.

An investigation of the historically specific processes through which capitalism emerged, allows us to characterise both the general nature of the global capitalist economy and the specificities of capitalism in the South African context. It is to this end that I now turn in brief to summarising the origins of these debates in the studies of classical transitions in the English, Prussian, French and American pathways. Rather than describing these transitions in their full complexity (for which there is not sufficient space), I will instead attempt to merely highlight their key drivers, tendencies and characteristics. This will lay the groundwork for discussing the nature of agrarian transition and modern capitalism in the South African context, and its significance for the reproduction of fragmented classes of labour today.

Agrarian transitions

The classical agrarian question involves an exploration of the ‘world historical’ process of transitions from feudalism (or other pre-capitalist modes of production), to a capitalist mode of production, and the varied implications these transformations have had for agrarian formations.

Capitalist transitions have taken diverse forms across different contexts, which have been explored in depth by numerous authors (Marx, 1867; Byres, 1991, 1996; Lenin (1967 [1899])). Transitions to capitalism have often (but not always) involved an equally diverse variety of forms of ‘agrarian transition’, which refers to:

“Those changes in the countryside necessary to the overall development of capitalism and to the ultimate dominance of that mode of production in a particular national and social formation... one notes the important possibility that the agrarian question in this broad sense may be partly, and even fully, resolved without the dominance of capitalist relations of production in the countryside”. (Byres, 1996: 27).

Transitions to capitalism have, however, in some contexts also involved the successful transformation of pre-capitalist agrarian formations (dominated by the peasantry and predatory landed property) into capitalist landed property, agrarian capital and labour. This creates the basis for capitalist social relations of production, and in farming, an immense advancement of the productive forces. In order for capitalist relations of production to dominate in agriculture, it is necessary that a process of accumulation of capital be taking place. In the literature, a distinction is made between ‘accumulation from above’ and ‘accumulation from below’. These distinctions clarify how agricultural growth proceeds within capitalist economies, and who benefits from it (Cousins, 2013), and are characterised in the different paths below. The first beginnings of capitalist production were in the 14th and 15th centuries in Mediterranean towns,¹⁹ but the capitalist era really begins in the 16th century (Marx, 1867). I will now very briefly sum up various transitions to capitalism that have been studied in the agrarian political economy tradition.

The English Path: Marx (1867) investigated the first historic case of agrarian capitalism in England, and the class basis of capitalist farming in this context. Byres (2009) characterises the English path, as “landlord-mediated capitalism from below” (p.57). In England, the former feudal landlord class was transformed into a capitalist landlord class. The feudal lords usurped the commons and drove the peasants from their land. This process transformed the peasantry into proletarians, divorced from their means of subsistence and thus forced to meet their reproduction through the labour market. This created the necessary conditions for a capitalist society (Marx, 1867). This transformed capitalist landlord class rented land to capitalist tenant farmers, who were given fixed-term leases with competitive rents. These rents were increasingly drawn from the profits of the capitalist tenants (Wood, 2009). This ‘revolution’ had brought into being a new class of landlords and capitalist appropriators of surplus value, alongside a massive class of proletarians. The meeting of these three classes created the social relations of production, which underpinned the new capitalist order (Marx, 1867).

The immense productivity of this form of capitalist agriculture allowed for transfers of surplus from agriculture to support industrialization (Byres, 2009). Proletarianization also enabled the

¹⁹ Marx (1867) describes how capitalistic production developed first in Italy where serfdom disappeared earliest. At first those emancipated from serfdom found themselves to be proletarians with ‘new masters’ in the towns. However a reverse process was initiated towards the end of the 15th Century where the revolution of the capitalist world-market annihilated the dominance of Northern Italy’s commercial trade. These proletarians were driven in masses into the countryside, which initiated the beginnings of ‘petite culture’ in the form of gardening.

creation of a home market, since the poor and landless had to go to market for all their subsistence needs and people were driven to towns or to large farms for wage employment. Separating peasants from the means of production resulted in the destruction of rural domestic industry and the separation of manufacture from agriculture. “Only the destruction of rural domestic industry can give the internal market of a country that extension and consistence which the capitalist mode of production requires” (Marx, 1867).

In *Capital*, Volume I, Marx (1867) famously explores the process of primitive accumulation, which created the conditions for this transformation, beginning in the last part of the 15th Century in the English countryside²⁰. According to Marx (1867: 713), a *primitive accumulation* preceded capitalist accumulation in England, and was “an accumulation not the result of the capitalist mode of production, but its starting point”. Marx likened *primitive accumulation* to a type of theological ‘original sin’, which is necessary to create the social relations and property regimes that underpin the capitalist mode of production. The notion is central because it marks a departure from what Marx considered an evasion from the historical facts in previous accounts of the development of capitalism. For Marx the origins of Capitalism do not lie merely in the accumulation of wealth for reinvestment, but rather in a revolution of social property relations (Wood, 2009).

“The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the pre-historic stage of capital and of the mode of production corresponding with it” (Marx, [1867] 2011:786).

Marx’s account of capitalist development is revolutionary, because it moves beyond defining capitalism as merely ‘a better and more organised form of trade’ or ‘commercial society’. In Marx’s conception, capitalism is a distinctive and new mode of production, with very specific social property relations and ‘laws of motion’. These arise from specific historical conditions, rather than assumed universal laws of markets (Wood, 2009). However, since his account, Marxists continue to debate the exact forces or ‘prime movers’ that catalysed transitions from Feudalism to Capitalism.

The ‘Dobb-Sweezy debate’ is one such example. British Marxist historian Dobb (1976) argues that the prime force responsible for dissolving feudalism was a transformation in social relations between the feudal classes (feudal lords and peasants). He suggests that the petty mode of production was a catalyst for class struggle between these classes. On the other hand, American Marxist economist Sweezy (1976) suggests that the prime mover must have been from outside feudalism itself, because he claims it was a mode of production particularly resistant to change. He emphasises the expansion of markets and the growth of commodity production as the prime movers. These debates give rise to questions of whether transitions to capitalism have their roots within the relations of feudalism itself (as Dobb suggests) or from impulses outside of it (as Sweezy suggests).

²⁰ See *Capital*, Volume I in his chapter on ‘The So-called Primitive Accumulation’ p. 788-848.

Brenner (1976) also provides a convincing argument. In his view, there is no ‘embryonic capitalism’ hidden in feudal relations and a transition from a ‘backward’ mode of production to a more productive one is not inevitable. He argues that the specificities of the English Path are the unintended consequence of landlords and tenants, who were trying to reproduce themselves as they were, rather than actively trying to transform social property relations in a specifically capitalist direction. Unintentionally both, however, came to increasingly rely on improving productivity and success in the market so that tenants could hold on to and extend their land, and so landlords could increase their rents. These tendencies led to the distinctive social formation of English agrarian capitalism- capitalist tenant, landlord and wage labourer (Wood, 2009).

The Prussian Path: The Prussian path to capitalism was negotiated in Eastern Europe by the late 19th century. It took a markedly different form from the English path. It is considered the classic example of ‘accumulation from above’ (Lenin, 1964). The impetus for the transition originated exclusively within the landlord class, and was followed by the destruction of the peasantry. In Prussia “pre-capitalist landlords [Junkers], slowly transformed themselves into Agrarian capitalists” (Cousins, 2013: 119). The transformation was slow and characterised by the retention of some feudal features. Unlike the English landlord class, the Junkers became capitalist farmers and ceased to be landlords (Byres, 2009/1996). Byres (2009) notes that this specific form of transition was possible because this feudal landlord class had been involved in production prior to the capitalist transition. Under Feudalism, as takers of labour rent they were never divorced from the production and labour process, like the English landlord class was (Byres, 2009). Prussia’s transition has been influential in developing countries wishing to follow a similar trajectory of development through land and agrarian reforms (Byres, 1996). It is also particularly relevant to the South African context, since capitalist transition in South Africa is said to have taken a Prussian style path (Morris, 1976).

Up until the 16th century, the peasantry in Prussia ‘east of the Elbe’ was described as a contender for the title of Europe’s ‘freest peasantry’ (Brenner, 1976; Byres, 1996/2009; Engels, 1950). The key factor that led to a reverse of the autonomous status of the peasantry was the labour shortages that the Junkers faced, following the Black Death in the 14th century and subsequent disasters in the 15th century. The Junkers took over much of the deserted land, previously farmed by the peasants. With the help of the state, the Junkers overcame labour shortages by curtailing the peasantry’s movement, setting a maximum wage, extending mandatory labour services, and securing the state’s support in suppressing peasant resistance to these reforms (Byres, 1996/2009).

By the end of the 18th century, however, there was a clear class struggle emerging among the peasantry for the abolition of feudal labour services and dues. The Prussian state realising the threats of peasant resistance, moved to invoke reforms on the royal demesnes in 1799. In the wake of Napoleon’s attack in 1806, Feudalism was eventually abolished in 1807 and the Prussian serfs freed. The 19th century marked a slow transition to capitalist agriculture in Prussia. The process was controlled by a class of large feudal landlords (Junkers), who slowly stifled and ultimately destroyed the peasant economy. A few rich peasants managed to

transform themselves into capitalist farmers, in alliance with the Junkers, but they comprised a small minority (Byres, 2009).

The mass of the peasantry were expropriated from the land and subjected to a pauper standard of living, in relations of bondage to the Junkers (Byres, 1996). The new distinctive form of agrarian capitalism that emerged involved the Junkers (as a new class of capitalist farmers) exploiting the labour of these previous serfs, who came to form a new class of particularly oppressed wage labourers. By 1871 the Junkers had become in every sense capitalist and the transition was complete (Byres, 2009).

The immediate result of these new social relations of production was a constricted home market, due to the impoverishment of the rural masses. At first this had negative implications for the manufacturing industry and meant that productive forces developed slowly. This is contrasted, for example, with the American path, which experienced a tremendous growth of the home market and development of scientific technique. The semi-feudal features of Prussian agriculture, on the other hand, acted as a powerful brake on the development of the productive forces (Byres, 1996).

The American Path: Lenin (1964) identified the Prussian and the American paths, as two diverse pathways to capitalist transition. What is distinctive about the American Path is that agrarian capitalism did not involve a transition from Feudalism in the western and northern parts of America (Bernstein, 2010). It is rather characterised by the absence of a feudal landlord class driving the transformation. The American path has come to represent ‘accumulation from below’, as opposed to ‘accumulation from above’ exemplified in the Prussian path. In the American path, capitalism emerges from within the peasantry, rather than a pre-existing landlord class. It involved widespread transformation of peasants into capitalist farmers, driven by a process of social differentiation and ‘class-for-itself action’, pursued by rich peasants (Byres, 1996).

This process began from within the ranks of independent small farmers in the Northeast²¹, in a process that accelerated in the 19th century (Bernstein, 2010). Byres (1996) notes two phases in the transformation of smallholder peasants into capitalist farmers. Firstly, small farmers, who were at first more or less independent of commodity relations and able to subsist wholly or partially from the land, became drawn into commodity production and thus transformed into ‘petty commodity producers’. The next stage of transition is from ‘petty commodity producer’ to capitalist farmer. According to Lenin (1964), this was an incomplete but progressively expanding process of transformation. It was marked foremost by the exploitation of labour in the production process. Lenin (1964) argued that the use of hired labour was unmistakable in diverse forms of farming²²:

“Under capitalism, the small farmer- whether he wants to or not, whether he is aware of it or not- becomes a commodity producer. And it is this change that is fundamental, for it

²¹ The transformation is delayed in the South by the persistence of slave plantations from the 17th Century into the 19th century. The establishment of large-scale capitalist farming only really occurs after 1945 across the South of the country (Bernstein, 2010).

²² Other authors such as Himmer contended that the majority of farms employed only family labour (Byres, 1996).

alone, even when he does not yet exploit hired labour, makes him a petty bourgeois and converts him into an antagonist of the proletariat. He sells his product while the proletariat sells his labour-power. The small farmers, as a class, cannot but seek a rise in the prices of agricultural products, and this is tantamount to them joining the big landowners in sharing the ground rent, and siding with the landowners against the rest of society. (Lenin, 1964: 95-6).

Lenin perceived the American Path to be a more *progressive* pathway to capitalism than the Prussian pathway, as it involved the “free economy of the free farmer working on free land” (Lenin, 1964: 140).²³ Lenin (1962) contended that the American Path was *socially progressive*, in that it involved “a rise in the standard of living, the energy, initiative and culture of the entire population” (p. 423). It was also *economically progressive*, since it involved the most impressive and rapid development of the productive forces (mechanisation and the development of an immensely productive agriculture), with implications for a markedly large portion of the population. It also involved “a tremendous growth of the home market” (Lenin, 1962: 423), for both Department I industries (the market for capital goods and the means of production, including agricultural machinery and inputs) and Department II industries (the market for consumer goods) (in Byres, 1996). It is this ‘progressive’ nature, which makes this path of agrarian transition through ‘accumulation from below’ particularly attractive to developing countries (Cousins, 2013).

The French Path: Byres (2009) asserts that the French path was characterised by ‘capitalism delayed’. The impulse for capitalist transition was stifled in the countryside by an enduring peasantry (Byres, 2009; Wood, 2009). Engels (1950) characterised France at the end of the 19th century, as “the classical land of small peasant economy” (p.460). The French landlord class did not show any signs of transforming itself into capitalist farmers, as in the Prussian case through ‘accumulation from above’. Nor was there an impetus towards transforming into capitalist landlords, as in the English case. There were also no signs of any emerging processes of “accumulation from below”, from within the ranks of a differentiating peasantry, as in the American case. Although the peasantry was differentiated, the differences between the landed aristocracy and the peasantry remained more notable and antagonistic, than those between the different social strata of the peasantry. This stifled the class conflict necessary to disrupt the feudal social order (Soboul, 1956; Byres, 2009).

Serfdom had collapsed in France by the end of the 15th century, but this did not provide the impetus towards agrarian capitalism. A differentiated peasantry merely continued to reproduce itself as before (Byres, 2009). The peasantry was comprised of a very large base of poor peasants, and a minority of rich peasants²⁴ (Goubert, 1956). By the 18th century many of the poor and some middle peasants (*manouvriers*) had lost their land through indebtedness to richer peasants, and were thus rendered wage-labourers (Soboul, 1956). Soboul (1956) assigns

²³ However, Lenin’s (1964) assertion that the peculiarity of the American situation was “the availability of unoccupied free land” (p.88) is of course the subject of contention. This land was only ‘unoccupied’ and ‘free’ after native Indians had been dispossessed of their land (Byres, 1996).

²⁴ At the peak of the social pyramid were the *laboueurs-fermiers* (the large tenants farmers) and the *receveurs de seigneurie* (‘the receivers for the lords of the manors’), a small group of very rich peasants, however not commonly found across France. They, however, are not assigned the same revolutionary role in the transition as the *laboueurs* class of the rich peasantry (Soboul, 1956).

the revolutionary role to a group of rich peasants (*laboueurs*²⁵), who first began to destroy the system of feudal production. It was through their capacity to accumulate, that a market for labour and commodities was created and that the rural community first began to disintegrate, confronted by the beginnings of capitalist production. These rich peasants resented the feudal system that siphoned off of their surpluses (Goubert, 1956 in Byres, 2009).

However, it was the French Revolution in 1789 that really “cleared the ground for a possible unleashing of capitalism” (Byres, 2009: 71). Critically, it abolished feudal rights and its inherent social relationships, and established the right to private property which catalysed the enclosures and restricted communal rights. The key beneficiaries of this were the rich peasantry or *laboueurs* (who finally established themselves as a class), along with the urban middle class. The transition to capitalist agriculture, however, proceeded slowly and unevenly throughout France. It was hampered by resistance from within the ranks of the mass of poor and middle peasants, who opposed attempts to enclose land. It was not until the end of the 19th century, that capitalism was truly unleashed across the French countryside (Soboul, 1956; Byres, 2009).

Contemporary implications of the classical agrarian question

In the developing country context, where social and economic development remains a challenge, and where transitions to capitalist agriculture remain patchy or incomplete- what is the significance of studies of the various pathways of agrarian transition? Given the ecological and social contradictions of modern capitalism, and as Moore (2010) has highlighted, the ecological limitations of capitalist accumulation, this would also have obvious implications for viable pathways in developing countries. Byres’ (1996) comparative study of different paths leading to industrial capitalism as a mode of production, illustrates an incredible diversity of paths. The Japanese and South Korean paths, for example, illustrate that a transition to capitalist agriculture (as in England, Prussia, France and America), is not necessarily a prerequisite. In the East Asian case, highly productive peasant farmers were heavily taxed by the state, in order to contribute towards an accumulation fund for industrialization (Bernstein, 2010; Byres, 1991).

Marx himself emphasised the need for historically concrete investigations, and the possibility of multiple determinations and forms of capitalist transition. If we judge the forms of capital-labour relations present in a given country in the Global South according to these classical transitions, we may come to inaccurate conclusions as to the dominance of capitalist relations in a given social formation. This has led authors to inaccurately refer to ‘semi-feudal’ or ‘pre-capitalist’ relations.²⁶ However, the scope of global Capitalism as a mode of production clearly has a ‘world historical’ character (Bernstein, 2010). In the South African context, in the 1970s

²⁵ They typically were not engaged in sharecropping but rather owned their own plots and some also leased additional land. Many owned no more than 40 acres but the larger ones farmed up to 100 acres. They provided credit to the poorer peasants and also hired them to work on their land (Goubert, 1956).

²⁶ This has been particularly common in literature on agrarian change in the Indian context, where as part of ‘the modes of production debate’ authors like Bhaduri (1973) have claimed that relations of production in agriculture “have more in common with classical feudalism of the master-serf type than with industrial capitalism” (p.120). This is disputed by other authors who claim this characterization misrepresents the specificities of capitalist relations in the Indian context (see Lerche et al., 2014 and Harriss 2012).

some Marxist scholars, most notably Wolpe (1972), asserted the idea that pre-capitalist forms can ‘articulate’ with or exist alongside the dominant capitalist form. This notion has however been discredited by several authors (see for example Levin and Neocosmos, 1987; Mafeje, 1981; Bernstein, 2003) and will be discussed in more detail below in the section on South Africa’s agrarian question.

Banaji (1997) has demonstrated how capital can take many diverse forms, and exploits labour in an equally diverse number of ways across different social arrangements and historical formations. Therefore if we do not find a pure form of “landless labour” or clear processes of proletarianisation in the countryside this does not mean that capitalist relations are not dominant (Bernstein, 2010). This point is clearly relevant to South Africa and elsewhere on the continent where although many people retain access to land (in a plethora of arrangements) they have come to increasingly rely on selling their labour-power and are irrefutably subject to commodity relations. Categories such as ‘tenant farmer’, ‘small peasants’ and ‘wage-labourers’ are in reality incredibly fluid and often very ambiguous. People may occupy several of these social places or may move between them at different points of time. Drawing on Banaji (1997), Bernstein’s notes the ambiguities of identifying ‘free’ and ‘unfree’ labour under capitalism:

“Even if “free” proletarian wage labour remains the most “advanced” form of labour in capitalism, and grows in relative weight as capitalism develops, it is not the only type of labour exploited by capital; nor, then, can it be uniquely definitive of the origins and development of capitalism” (Bernstein, 2010: 34).

Therefore it may not be the existence of the ‘free’ wage labourer, diametrically opposed to the capitalist, (who equally takes many forms), that indicates the predominance of capitalist relations of production. Brenner’s (2001) idea of the *commodification of subsistence* might be a more useful way to think of how capitalist relations transform social formations, and the ways in which *diverse classes of labour* have to reproduce themselves. The commodification of subsistence refers to how people (including small farmers) are unable to reproduce themselves outside the bounds of commodity relations, and must meet their livelihoods in part through markets. This is the case even when they have access to land and/or other means of production.

Bernstein (1996, 2000, 2004, 2006, 2009) has questioned whether under the conditions of global capitalism, agriculture is still able to impact on capitalist transformation in developing countries, or facilitate (or constrain) the emergence of capital. He contends that there are other forms of accumulation, which have become more critical to these dynamics, such as manufacturing and services (particularly financial). He thus questions the continued relevance of an Agrarian Question of Capital, which has been resolved in his view. This is so, even in the context of countries of the global south where economic development remains a nagging concern and a seemingly unfinished national project:

“An effect of the profound changes since the 1970s that we term "globalization" is that there is no longer an agrarian question of capital on a world scale, nor a "peasant

question" in any helpful sense, even though the agrarian question has not been resolved in much of the "South" " (Bernstein, 2011a).

Bernstein (2011a) further argues that by the end of the 1970s predatory landed property (of pre-capitalist origins) had mostly disappeared across much of the world, as a force of any significance. This was in part a result of the many land reforms, along with other dynamics of capitalist accumulation and restructuring that marked the post war period. Another key sign of the end of the agrarian question of capital has been the immense growth of global agribusiness. Along with this, is the parallel growth in the productivity and extent of capitalist agriculture, often driven by state-led development projects. The very nature of agrarian capital or what we understand as 'agriculture' has therefore undergone immense transformation. When compared to the classical paths, contemporary agrarian capital and agriculture are unrecognisable. Bernstein (2011a) describes these processes below:

“Agriculture in capitalism today is not synonymous with, nor reducible to, farming, nor is it constituted simply as a set of relations between agrarian classes (landed property, agrarian capital, labour), as in the "classic" agrarian question. Rather, agriculture is increasingly, if unevenly, integrated, organized, and regulated by the relations between agrarian classes and types of farms, on one hand, and (often highly concentrated) capital upstream and downstream of farming, on the other hand. Moreover, such integration and regulation operates through global as well as national (and more local) social divisions of labour, circuits of capital, commodity chains, sources and types of technical change (including in transport and industrial processing as well as farming), and markets”.

Bernstein's claim that the agrarian question of capital is no longer relevant is however subject to intense debate among political economists. Byres (2003), for example, contends that the agrarian question of capital is still relevant and that Bernstein's claim runs the risk of 'world system determinism', and ignores the importance of 'national capitals'. O' Laughlin (2016) appraises Bernstein's new rendering of a *question of labour* in the context of Africa. She notes that his framework provides a useful conceptual lens but it should be considered as 'open' and 'evolving' and subject to historical specificities:

“The question is not whether the 'classic' agrarian question fits contemporary Africa but whether the Marxist analytical framework underlying Bernstein's work on the agrarian question still provides us with conceptual handles with which to understand the class dynamics of agrarian change in Africa today. I think it does, but it must be taken as an open, evolving and debatable framework that retains Marx's focus on the politics of changing the world not through moral appeals to justice but by collectively confronting the historically grounded class contradictions of capitalism.”

A final important point that Bernstein makes is that the 'transnational' nature of capital has effectively 'decoupled' it from national labour regimes, which have become increasingly fragmented and unable to secure their livelihoods as a result. Capital is now able to by-pass

labour regimes, which it perceives as standing in the way of or limiting surplus value appropriation in the productive process. This has precipitated a crisis of reproduction among fragmented classes of labour, and condemned an every enlarging number to the ‘global reserve army of labour’, who are made redundant to the needs of capital. It is here that I now turn to the contemporary implication of the Agrarian Question of Labour.

The agrarian question of labour

Bernstein, (2007) acknowledges the contradictions and unevenness of capitalism’s extension and the plight of labour, especially in the Global South, and thus contends that there remains an *agrarian question of labour*:

“The growing global masses of labour pursue their reproduction in conditions of increasingly scarce, insecure ‘informal sector’ (‘survival’) activity subject to forces of differentiation and oppression along intersecting lines of class, gender, generation, caste and ethnicity...It is thus the crisis of labour as a crisis of reproduction... that compels attention” (p. 45).

The agrarian question of labour speaks to a crisis of social reproduction, which is rooted in a scarcity of employment under modern capitalism. In order to meet simple reproduction, classes of labour are compelled to diversify the forms of labour, types of employment and self-employment, across both urban and rural spaces under increasing exploitation and precarity (Bernstein, 2011a). Livelihoods are thus pursued across multiple sites and the various fluid identities and social locations of classes of labour, defy fixed notions of ‘urban’/ ‘rural’, ‘petty trader’/ ‘farm worker’, ‘employed’ or ‘self-employed’ (Panitch and Leys, 2001).

Many people are also compelled to (re)turn to the land to meet part of their reproductive needs, heightening struggles over land. This compels a focus on how the broader crisis of employment scarcity under modern capitalism is at the core of struggles over land, its use and its meaning (Arrighi and Moore, 2001). We must also remember, as Bernstein (2011a) aptly warns, that these struggles, due to the ways in which labour is fragmented, typically are part of broader social and political struggles involving classes of labour outside the countryside. Therefore they are not wholly focused on agrarian questions per say. Given the fragmentation of labour, class relations and alliances are likely to be ambiguous as Bernstein (2011a: 457-8) emphasizes,

“Popular struggles over land are more likely to embody uneasy and erratic, contradictory and shifting, alliances of different class elements and tendencies than to express the interests of some (notionally) unambiguous and unitary class subject, be it proletarian or ‘peasant,’ semi-proletarian, or ‘worker-peasant’ “.

The fragmentation of labour in the former Bantustan’s is even more extreme given the particular history of forced removals involved in their formation. Households maintain strong linkages to urban areas, making many of these ‘rural areas’ in reality homes for displaced

urban workers. This obscures classic notions of ‘the countryside’ or people who live in the former homeland’s as ‘rural’ (Bernstein, 1998; Murray, 1987). Both ‘hoe and wage’ have been central to the history of the establishment of capitalism across sub-Saharan Africa (Cordell et al., 1996).

Livelihoods in the Bantustans in so-called ‘rural areas’ rely far less on farming to meet social reproduction, than in other rural areas in the Global South might. Wages, remittances, pensions and social grants are the mainstay of livelihoods for most (Bernstein, 1998; Hebinck and van Averbek, 2013). The agrarian question of labour thus compels a focus on the ways in which classes of labour are ‘fragmented’ under global capitalism. This is particularly the case in the global south where they must pursue their social reproduction with recourse to increasingly scarce, oppressive and insecure wage employment, which is combined in complex combinations with equally insecure own-account farming and informal petty trade (Bernstein, 2011a).

The ‘fragmentation of classes of labour’ poses particular challenges to class analysis. Class identities are anything but clear under modern capitalism. The clear divisions between capital, labour and landed property, that characterize the classic texts of agrarian political economy are no longer clearly distinguishable in contemporary contexts. The various spaces that people inhabit may be subject to complex and even conflicting forms of differentiation along lines of gender, class, generation and ethnicity (Bernstein, 2011a) This ‘messiness’ of class place also speaks to the broader crisis in global capitalism and struggles to reproduce *labour* as a class or *capital* as capital. In essence it speaks to “the underlying contradiction of a world capitalist system that promotes the formation of a world proletariat but cannot accommodate a generalized living wage (that is, the most basic of reproduction costs)” (Arrighi and Moore 2001, 75).

The ‘opaqueness’ of class also serves the interests of capital, (often aligned to the state) in its ability to continue to exploit labour in the production process. The rise of social or worker ownership across all industries, but also in farming, in arrangements such as joint ventures and farmworker equity schemes are good examples of this type of strategy (Minn, 1996). Along with class, other social differences also intersect, combine and co-produce each other, such as gender, race, generation, ethnicity, lineage and religion, to name a few (Perez Nino, 2016). Relational differences are also seized upon by capital in the ways in which they recruit, organise and subdue labour in various contexts (Bernstein, 2010). Class dynamics are thus not the only ones at work, since they are intermeshed with many other ‘determinations’, and are thus complex, contingent and subject to processes of constant change. Employing a ‘class typology’ based on only some key variables always involves a degree of reductionism, and on its own explains only some aspects of social reality (Scoones *et al.* 2012; Cousins 2010; Bernstein 2010).

Social reproduction

Since the agrarian question of labour requires a focus on the social reproduction of classes of labour, it is fitting that we turn to how ‘social reproduction’ has been investigated by political economists. Social reproduction is understood as the “creation and recreation of people as cultural and social, as well as physical, beings” (Vogel, 2000). As such it goes beyond the unpaid ‘care-work’ which Marxist-feminists have highlighted, to include the maintenance of human beings in their full set of social relations as members of communities, in networks of kinship, marriage, gendered relations and other religious and cultural associations (Cousins et al., forthcoming). Social reproduction takes place in various different spaces, from the household level, to the market, and also with assistance from the state. Meeting social reproduction involves various labour processes, which could be unpaid or paid, communal or individual, material or symbolic, and involves mental, emotional and manual labour (Chung, 2017; Vogel, 2000).

Social reproduction should not be seen as something relegated to the private sphere or reduced to the ‘unpaid care economy’, and as such something separate from the ‘commodity economy’ (Chung, 2017). The political-economic aspects of social reproduction also involve the reproduction of certain labour related skills and social and cultural behaviours and practices. These ultimately reinforce class and other types of social difference, essentially reproducing labour-power and class society (Katz, 2001; Vogel, 2000; Farris, 2015). Social reproduction is also, however, a site of contestation and struggle with uncertain outcomes.

Capitalism as a mode of production internalizes a ‘crisis tendency’ of social reproduction. On the one hand, sustained capital accumulation relies on the social reproduction of labour-power. However, the constant striving for sustained accumulation uproots the very process of social reproduction that it is conditional upon (Fraser, 2016). The point is that this tendency is not only a threat to the social reproduction of classes of labour, but also to the continued reproduction of the capitalist mode of production itself. This crisis tendency may be witnessed at a broader scale in society but its tendencies may also manifest in cases like joint ventures that introduce new social relations of production. A JV may displace the labour regimes of previous petty commodity producing households with a single capitalist farming entity. Seen from this perspective, this not only changes their control over the means of production but may also have the effect of uprooting people from the means by which they maintain their social, economic and cultural practices, networks, knowledge and memories, which are intimately connected to accessing land. This process transforms livelihoods, seen in their fullest totality, in ways which lead to the renegotiation of inter and intra-household relations, particularly of gender, class and generation (Chung, 2017).

In her study of the Besters Land Reform Project in South Africa, Hornby (2015) found a fundamental contradiction between capital accumulation and social reproduction that underpinned many conflicts over livelihoods and social organisation. Sarah Berry (1989) has also demonstrated the centrality of investments in social networks to meeting social reproduction in African agrarian formations. Berry (1989) reveals how even in times of crisis or scarcity, individuals and households will continue to invest in various social networks as a means to secure future claims to land, labour and other resources. Some researchers have

regarded these strategies as ‘unproductive’ use of labour, land or other resources. However this ignores the ways in which access to the means of reproducing human life are negotiated in many agrarian social formations. The idea of social reproduction allows us to take account of the multiple values and uses of land and labour in maintaining life in its fullest economic, social and cultural forms. It also allows for gender relations to be placed centrally in defining people’s relationship to land and as a key signifier of power, where much of the literature on agricultural investments has been ‘gender blind’ (Chung, 2017).

The ecological contradictions of capitalist agriculture

In spite of the immense productivity of capitalist agriculture on a world-scale, it has not managed to eliminate hunger and poverty. The signs of capitalist agriculture’s ecological contradictions are glaring (Weis, 2010). Scholars such as Moore (2010) and Weis (2007) have drawn our attention to the ‘ecological limits’ that restrict the potential of capitalist accumulation. Weis (2007) assesses the ‘ecological footprint’ of contemporary industrial agriculture, which he links to how our food system is dominated by the ‘grain-livestock complex’²⁷. He draws our attention to the contradictions and crises that this system of industrial agriculture has induced.

On the one hand, Weis (2007) recognises that the food system is immensely productive and is producing more cheap food than ever before, with obvious benefits for the poor. However, on the other hand, industrial agriculture has immensely ‘unstable environmental foundations’ and has contributed to climate change and loss of biodiversity. There are also several negative social impacts such as: the marginalisation of small-farm livelihoods, labour insecurity (people are being replaced by technology), farmers are becoming trapped in a “cost-falling price squeeze”, unhealthy and toxic food is being produced, and the industrial food system is generally “divorcing food from time, space and culture” (Weis, 2007: 45). Araghi (2000: 155) also highlights the social contradictions of our so-called ‘productive’ food system, whereby “hunger amidst scarcity” has now been replaced by “hunger amidst abundance”.

Moore (2010) views capitalism from within a conception of ‘world-ecology’: “joining together the accumulation of capital and the production of nature in dialectical unity” (p.389). He interrogates whether concerns over the end of cheap oil and food, that characterize the current phase of global capitalism, represents a ‘socio-ecological impasse’ for our global food system. He questions whether this is merely the latest crisis among a number of others in the history of capitalism. If this is the case, new rounds of accumulation may surely transcend the crisis? Or alternatively, are we witnessing an “epochal turning point in the relation of capital, capitalism and agricultural revolution?” (p.389) Moore (2010) concludes that there is indeed a contradiction between the ecological limitations of nature and capitalist accumulation:

“This is the inner contradiction of the specifically capitalist ecological regime – the capitalization of world nature tends to rise faster than the opportunities for

²⁷ See also Dubb (2018) forthcoming PhD thesis

appropriation, reducing the ecological surplus. This manifests in rising costs of production in agriculture, energy production and other primary sectors. And this can only be counteracted by liberating new reservoirs of socialized natures – rivers, natural gas fields, peasant societies – for the accumulation process... Today, there surely remain ecological spaces relatively untouched by the violence of the commodity form. But their relative weight in the world-system is incomparably lower today than it was” (p.408-9)

2.3 The Agrarian Question in South Africa: Historical Roots and Dynamics of Class Formation in the Former ‘Homelands’

Morris (1976) likened the process of capitalist transformation that unfolded in South Africa to a Prussian Path of agrarian transition. The early development of white agrarian capital was characterised by ‘accumulation from above’ (Lenin, 1982) whereby the state made use of its power and resources to build the agrarian capital of a small rural elite. Morris (1976) emphasizes the central role of mining in the 19th century in transforming the social relations of production in the countryside. Rather than a productive agriculture providing a surplus to industry, in South Africa it was the other way around.

Accumulation occurred in the mining sector, which gave a boost to agriculture through an increased demand for agricultural commodities from a growing home market. This in turn precipitated a change in the social relations of production, because it became more profitable for landowners to sell farm produce directly, rather than renting their land to the African peasantry. The slow and uneven process, through which the African peasantry was transformed into wageworkers, is seen as a crucial mechanism through which agrarian capital emerged in South Africa (Morris, 1976).

The formation of South Africa’s Bantustans is also considered to have played a central role in the overall development of the capitalist economy. In the radical political economy tradition, forged through the pioneering work of authors such as Legassick and Wolpe (1976), the Bantustans were understood as constituting ‘pre-capitalist modes of production’, which articulated with the dominant capitalist mode of production. In this view, the Bantustans played an important role in the development of capitalism because they provided the basis for ‘cheap’ migrant labour by essentially subsidising low wages. This was possible because migrants reproduced themselves in part through their rural households and own-account agricultural production (Wolpe, 1972). Agricultural production was, however, constrained in the homelands by this exploitative system and slowly household livelihoods became less reliant on farming, as reproduction needs were met primarily through wage labour and migrant remittances (Cousins, 2010; Murray, 1995).

Bundy (1979) demonstrated how in the early period of industrialization, conditions for accumulation existed and successful African petty commodity producers emerged. However, the state’s increasingly discriminatory policies eroded these opportunities, thus marginalising

the African peasantry. Radical political economists emphasise how this slow and uneven process eventually transformed the peasantry into a proletariat (Levin and Neocosmos, 1989). However, this assumption of 'linear proletarianisation' is hotly debated in the literature. Beinart *et al.*, (1986), for example, emphasize the rich diversity of regional experiences and the uncertain outcomes of capitalist development. Switzer (1993: 5) describes the results of the extension of capitalist relations in the Ciskei, which

“...gradually undermined and destroyed the reproductive capacity of African household production [...] A growing portion of the African population- landless peasants, agricultural workers, urbanites who did not participate formally in the capitalist sector and were not employed by government, and women in a variety of occupations- operated on the fringes of the wage-labour economy and collectively composed the most disorganized and repressed social category. The vast majority of blacks would eventually be reduced to these super-exploited 'excluded classes' ”.

It is true that the oppressive character of the labour regime constrained rural class formation in the homelands to some extent (Cousins, 2010). However, there has been an unfortunate tendency to overstate this homogeneity. Neocosmos and Levin (1989: 238) highlight the lapse in reasoning that underlies this view: “the assumption of linear proletarianisation underlying Wolpe's thesis obscures the fact that wage remittances may be necessary to subsidise agricultural petty commodity production rather than the reverse”. Several authors emphasize that in the apartheid period wages and remittances were central to sustaining agricultural production (Murray, 1981; Spiegel, 1986; James, 1985; Beinart, 1982). This issue was explored in the Ciskei by authors such as de Wet (1985: 90), who asserted that it is “a family's participation in the migratory wage labour economy that provides it with the money necessary to cultivate”.

In more recent studies, Hebinck and van Averbek (2013) emphasises that agrarian activities continue to contribute significantly to household reproduction in spite of their contribution to monetary income being relatively low. Chapter 10 of this thesis will engage further with debates around the extent of 'proletarianisation' in the former 'Bantustans', and provide evidence that illustrates that households within these settlements are highly differentiated.

South Africa's agrarian question is noted to be “extreme and exceptional” (Bernstein, 1996). Its trajectory differs both to the forms which emerged in the context of Europe and to those which materialised across the African continent. This is notably to do with the character of settler colonialism, which was probably more extensive, systematic and arguably more violent than elsewhere on the continent. Thus the resulting development of capitalism in South Africa was peculiar and complex.

Cousins (2011) argues, for example, that Lenin's widely applied typology of class differentiation cannot be applied to the South African context. This is because of the emergence of an African peasantry that was deliberately constrained by the creation of the

homelands as labour reserves, and by the appropriation of large farms for the engineering of a 'white capitalist farming class'.

Oya (2007) also notes that South Africa stands out as an exception on the African continent. Unlike other African contexts, the focal of studies is on the growth of agrarian capitalism and the role of 'rural (agrarian) capitalists'. However, he points out that this 'impression' that South Africa is a peculiar case also has to do with disagreements and divisions among agrarian political economists on the Left, as to the character of capitalist development in Africa. Oya's (2007) research illustrates that in Senegal, for example, one also finds 'agrarian capitalists'. The sparse mention of agrarian capitalism elsewhere on the continent is embedded in the impression "that the system has integrated 'small-scale farmers' (petty commodity producers) rather than 'agrarian capitalists' " (p.455) into the global economy. However, South Africa is still peculiar in that it "is associated with settler capitalism and not so much with indigenous agrarian capitalists" (Oya, 2007: 455).

Although the roots of agrarian capitalism in South Africa may be 'peculiar', this trajectory is now transforming somewhat. This is illustrated by more recent studies, which provide evidence of examples of 'accumulation from below' among 'indigenous agrarian capitalists'. However, accumulation strategies have remained somewhat constrained by a number of factors (see Cousins, 2013; Hornby, 2015). Overall however, the agrarian economy has remained largely untransformed with white agrarian capital remaining indisputably dominant and maintaining a monopoly over resources and power (Genis, 2012; Cousins and Walker, 2015).

2.4 Conclusion

The investigation of South Africa's agrarian question in this chapter has provided a fuller understanding of the context in which JVs are taking place. This enables an evaluation of how they might fit within (and impact on) processes of agrarian change in South Africa. This will be explored in the final chapter of this thesis, after the impact of JVs on livelihoods, land rights and social differentiation has been fully explored in the context of the concrete case studies. There are a number of key 'framing debates' and specific 'concepts' that have been reviewed in this chapter, which will be useful in analysing empirical data.

Firstly, as a broad 'framing debate', Bernstein's (2011a) rendering of the *agrarian question of labour* has compelled our attention towards the wider crisis of employment under modern capitalism, and how classes of labour battle to meet their simple reproduction needs. It is this tension which is often at the core of struggles over land, its use and its meaning (Arrighi and Moore, 2001).

Struggles emerging in the countryside are implicitly, therefore, also part of broader social and political struggles. Conflicts and contestations, which appear to be between specific actors located in a rural locality, might actually involve actors outside the countryside and be (at least symbolically) part of larger struggles e.g. against the state and systemic and historical class

oppression. Conflicts emerging in the context of JVs need to be embedded within this wider crisis of reproduction. This thesis therefore also investigates the wider pressures placed on household reproduction, and how they interweave in complex ways with the JV intervention to produce particular outcomes.

The review also highlights the difficulty in understanding class, because of the myriad ways in which class place is fragmented. Bernstein, (2010/1) argues that in most rural areas of the Global South, households would be best characterised as ‘fragmented classes of labour’. In studies of classical agrarian transition, what at least appeared to be somewhat more ‘pure’ forms of landed property, agrarian capital and agrarian labour, fit awkwardly with the messy contemporary social realities, and overlapping spaces people locate themselves in to pull together their livelihoods.

Lenin’s (1967) framework of *poor, middle and rich peasants*, has been widely utilised to describe general tendencies towards class differentiation in a plethora of different contexts. As discussed above, however, Cousins (2010), has argued that it cannot be applied to the South African context, because the emergence of a differentiated African peasantry was deliberately constrained by the creation of the ‘homelands’. The complexities and specificities of the South African context, thus pose a challenge to research employing a class lens.

The approach in this PhD thesis is to avoid reproducing existing class typologies, which fail to represent the complexities of class in the South African context. Instead, I use the concept of ‘general tendencies’ towards class formation, to get to grips with the specificities of local realities. The framework for my approach is based in part on Patnaik’s (1987) *Labour Exploitation Criterion*, which is embedded firmly in the Marxist tradition. Patnaik’s empirical index, distinguishes peasant classes based on “the degree and type of labour exploitation relative to self-employment, as the single most important indicator of class status” (*ibid.*: 51). In Chapter 12, I will discuss Patnaik’s (1987) *Labour Exploitation Criterion* and elaborate more fully on how it has influenced my approach to understanding class dynamics.

Class dynamics are, however, not the only ones at work, and are intermeshed with many other ‘determinations’. Class place is thus complex, contingent and subject to processes of constant change (Scoones et al., 2012; Cousins, 2010; Bernstein, 2010). The challenge is in theorizing the ways in which class difference relates to other aspects of social difference. Marxist feminists, for example, have typically struggled to explain the way in which these multiple oppressions and privileges are experienced, sometimes as distinct relations and at other times as a part of a social totality in different spaces in society and in the home. ‘Intersectionality feminism’ provides a useful way of understanding social differentiation. It emphasizes how different aspects of social difference are produced and continually reproduced in a dynamic relationship with each other (Ferguson, 2016).

Peters (2004) also notes that “differentiation takes many forms- including youth against elders, men against women, ethnic and religious confrontations- these also reveal new social divisions that, in sum, can be seen as class formation” (p.291). This PhD will make use of this nuanced

and fluid understanding of class formation and social differentiation, as a way to try and grapple with the complex intragroup struggles emerging in the wake of these JV interventions. The focus of my research is on understanding how class interacts with other aspects of social difference such as gender, kinship, ethnicity and generation (Bernstein, 2011a).

The concept of social reproduction is another central concept I will make use of in this PhD. Hornby (2014) and Manenzhe (2016) have highlighted the tensions which capitalist farming introduces in arrangements such as JVs and commercial farming undertaken by CPAs. Difficult choices must be made between capital accumulation and furthering the aims of the farming enterprise, or paying out profits in the form of dividends to meet the urgent demands of social reproduction experienced by poorer households. The idea of social reproduction also allows us to take account of the multiple values and uses of land and labour in maintaining life in its fullest economic, social and cultural forms. It also allows for relationships of gender, kin and generation, for example, to be placed centrally in defining people's relationship to land and as a key signifier of power (Chung, 2017).



Chapter 3. The Political Economy of Inclusive Business Models and Agricultural Investments

3.1 Introduction

JVs are one of many ‘inclusive business models’ that aim to involve poor people in agricultural value chains as owners, producers and/or employees (Cotula & Leonard, 2010).

“Inclusive business models in the agricultural sector are widely seen as a means of providing access to capital, information and markets for smallholders and communities who may otherwise be marginalised from the economic mainstream and are therefore seen by many as an effective means of rural development” (Lahiff et al., 2012: 3)

This chapter reviews the existing literature on inclusive business models (like Joint Ventures) and other agricultural investments, and the role they have played to date in rural development and agrarian reform. I begin by first defining relevant terminology and looking at how JVs and similar agricultural investment models are constituted. I then explore the drivers of these investments in terms of both the South African and the global development paradigm. Based on the existing literature, I offer some possible explanations for the dominance of such models. The review looks at how they can be explained within the context of agrarian change, and how global capitalism is reshaping capital-labour relations. I will use some of the key concepts already discussed in Chapter 2 to help elucidate the emerging issues in this Chapter.

In this Chapter I also look at the different, and often contrasting ways in which the phenomenon of ‘inclusive business models’ has been understood and evaluated across theoretical paradigms. These various frameworks tend to pose very different types of questions and have diverse conceptual tools at their disposal to make sense of empirical data. This chapter begins to analyse the implications of adopting a Marxist conceptual framework for the research approach²⁸. I clarify my position among these various schools of thought and summarise a range of analytical concepts that will be used to analyse my case studies. Having acknowledged how the focus of research and its results are shaped by different paradigms, I explore some of the evidence on the outcomes and impacts of JVs in different contexts.

Since JVs are a relatively new model, evidence of its impacts on livelihoods and land rights are patchy. Conceptual frameworks to analyse these impacts and the models broader significance are also not robust as of yet. This literature review therefore draws on evidence from other ‘inclusive business models’, particularly contract farming, which has the most prolific contributions from Marxist political economists, as well as worker share equity schemes, which have been implemented for far longer in South Africa than JVs have²⁹. I also draw on the vast literature on ‘land grabs’, which have involved a range of models for organising production.

²⁸ Methodology will be discussed in more detailed in Chapter 4.

²⁹ Sharecropping will also be discussed in Chapter 6 since it is relevant to the social relations of production involved in the ‘sharemilking’ model.

3.2 'Inclusive Business Models' in South Africa

“Inclusive business is simply a way of achieving typical business objectives, such as profitability, supply security and market share. But also, yes, it is different from most businesses. Inclusive business models are often highly creative solutions that buy from, or sell to, substantial numbers of people with low income. Innovation is often achieved through engagement with non-traditional business partners such as producer associations or non-profit organizations, enabling companies and other stakeholders to pool financial investment, skills, contacts and other resources” (IFAD, 2012: 7).

'Inclusive business models' in agriculture have also been referred to as 'agricultural investments', 'collaborative business models' (Cotula & Leonard, 2010), 'mutually beneficial partnerships' (FAO, 2002), 'ways to do business with the poor' (BIF, 2011; Wach, 2012), and in the South African context as 'strategic partnerships' (Bitzer and Bijman, 2014; Aliber and Maluleke, 2010). Inclusive business models include a range of different models including: Joint Ventures, contract farming³⁰, sharecropping, tenant farming, lease contracts, farm worker share-equity schemes, management contracts other upstream and downstream business links (Vermeulen & Cotula, 2010; Cotula and Buxton, 2010; IFAD, 2012). These various models aren't neatly separated, as it is common for models to overlap and be combined into hybrid forms (Vermeulen and Cotula, 2010).

Literature highlights that in order for a business model to be considered 'inclusive' or 'collaborative', it should have a specific concern for fair, equitable and sustainable terms of agreement, and should “genuinely share value between the parties” (Cotula and Buxton, 2010: 6). Doubts however persist regarding the extent of 'inclusiveness' and whether in practice these models result in the same asymmetries of power and benefits as outright land acquisitions (Hall et al., 2015; Borrás and Franco, 2012; Lahiff et al., 2012; Murray Li, 2011; Vorley, et al., 2009; Hart, 2007; Brinkerhoff, 2002). Research typically highlights how by their very nature, they connect two sets of players- 'smallholders' and agribusiness-who meet at the table with radically different negotiating power (Vermeulen and Cotula, 2010). However, the evaluation of such models differs depending on the school of economic thought, which is discussed further below.

In the South African context, inclusive business models are often referred to as 'strategic partnerships' (Bitzer and Bijman, 2014; Aliber and Maluleke, 2010). The term is most often used to refer to JVs, management contracts and lease agreements, which are usually 'government-facilitated arrangements' (Bitzer and Bijman, 2014). Lahiff et al (2012: 7) describe the specificities of these arrangements to the South African context:

³⁰ Contract farming and outgrower schemes involve arrangements which link smallholders to an agro-processor (Aliber and Maluleke, 2010). They differ to JVs in that production is carried out by smallholders. Whereas in a JV, it is possible that landowners do not control the production process but instead are recipients of dividends and land use fees, or are involved as wage labourers. In the context of land reform in South Africa, contract farming is not as common, although it is often mentioned as a possible way of improving the land reform programme (Aliber and Maluleke, 2010).

“In distinction to the way in which the term is used in the international business literature, the term ‘strategic partnership’ is used here (and widely in South Africa) to signify a joint venture or other form of collaboration between an established commercial firm and a new (or ‘emerging’) group of workers, shareholders, small farmers, entrepreneurs or community members with limited commercial experience and little or no access to finance or leading-edge markets. Such collaborations typically have social as well as economic objectives, including empowerment of workers, women or other previously disadvantaged groups, skills transfer, accelerated career paths and creation of trading opportunities for small and micro enterprises.”

Joint Ventures can take diverse forms. Governance and financial arrangements, equity ownership of farm operating companies and farm assets, and lease agreements tend to vary widely. However, all of these arrangements entail some form of partnership between agribusiness and ‘communities’ with access to land (Aliber et al. 2008). In the South African case it is necessary to redefine some of the terminology when talking about JVs, to more accurately reflect the specificities of the context. Most JVs are implemented in the context of the restitution programme³¹ or in the former homelands. In both contexts ‘community partners’ may have long been estranged from agrarian based livelihoods. Given this, the widely used terms of ‘farmer’ or ‘smallholder’, to describe the communities who partner with agribusiness, sits uncomfortably with local realities. Hence Mayson (2003:1) refers to arrangements involving black people with existing or recently restored land rights:

“They [JVs] involve black people who currently have land rights or who are land reform beneficiaries and will be receiving a government subsidy on the one hand, and white commercial farmers, corporate entities or sectors of government on the other, engaging in joint agricultural or other land-related production”.

A JV arrangement typically entails the establishment of a jointly owned operating company. The claimant community in the case of restitution, or the communal landowners in the case of the former homelands own at least half the shares³² and the strategic partner owns the remainder. ‘Community actors’ are typically represented by a trust, cooperative or CPA. In these arrangements it is common for the strategic partner to provide working capital, while the government funds investment in fixed assets. The operating company sometimes pays land use fees to the organisation (trust, cooperative or CPA) that represents the community, while a management fee is paid to the strategic partner. There may also be specific agreements over the course of the contract (typically 10-15 years), in which the partner promises to transfer skills and provide training to landowners. Preferential access to jobs is also usually provided to the local community or landowning households, as well as other contracting opportunities e.g. fencing (Aliber and Maluleke, 2010; Lahiff et al., 2012; Cousins and Gumede, 2017).

³¹ They have also been implemented in the redistribution programme to a lesser degree (Lahiff et al., 2012).

³² In some cases where substantial upfront capital is required which is taken as a loan from a financial institution like the Industrial Development Corporation rather than a government grant, equity ownership may differ. In these cases often the financial institution owns a portion of the operating company, which is only handed over to the community upon payment of their loan. This was the case in one of Amadlelo’s JV farms in Middledrift, for example.

When we situate the JV model of agricultural development within an analysis of relations of land, labour and capital in South Africa³³, it becomes clear why a model in which private sector actors are supposed to lead development has become so dominant. Since Africans have been historically marginalized in the agriculture sector, concerns have abounded regarding the ‘viability’ of supporting a differentiated small to medium-scale sector of black farmers. This has led to the belief that promoting equity ownership of existing farms and other agricultural enterprises, alongside secure employment is more pragmatic (Cousins and Scoones 2010; Davis, 2014).

In another sense, the overwhelming emphasis on JVs as the only pathway into the commercial agriculture sector for so-called ‘emerging farmers’, is also indicative of a specific vision of ‘transformation’ which has been limited by government’s historical ‘social compact’ with agribusiness. This has structured the direction of land and agrarian reform since the democratic transition in 1994 (Bernstein, 1996/8). This also explains Cousins' (2015) contention that the key beneficiaries of land and agrarian reform have been agribusiness enterprises and large-scale commercial farmers; some of whom are benefiting tremendously from JVs and other strategic partnership models.

It is difficult to report unequivocally on the extent of the JV model and other strategic partnerships in South Africa’s overall land and agrarian reform programme, because it is not reliably reported on. However, in 2012 the Department of Rural Development and Land Reform stated in its mid-term review that 264 strategic partners and 117 mentors had been appointed (DRDLR 2013: xx). In a report to parliament in 2015 the portfolio committee on rural development and land reform claimed that 1351 projects had been established with 437 strategic partners (PMG, 2015: 2).

Cousins and Gumede’s (2017) national scan of agricultural investments in communal areas found 20 JV schemes, which were operational at the time of their research. During my own preliminary fieldwork in 2015 in the former Ciskei in South Africa’s Eastern Cape Province, I came across nine JV schemes (involving the establishment of 16 farms because some agribusiness partners had entered into multiple arrangements). These JV farms were producing a variety of commodities including milk, macadamias, pomegranates, citrus, pineapples, berries, wool, and ostrich meat. However, five of the nine JV schemes had been established, only to soon after fall into disrepair.

My own research experience is thus commensurate with that of other authors, who have suggested that many JVs in South Africa have struggled to take-off and end up collapsing after major losses for both strategic partners and communities (Lahiff et al, 2012; Vermeulen and Cotula, 2010; Tapela, 2005; Aliber and Maluleke, 2010; Pellizzoli, 2009; Davis, 2014; Cousins and Gumede, 2017). In the cases I researched, collapse was usually a result of a host of reasons including: lack of funding and support from government and strategic partners, conflicts between target communities and strategic partners, intragroup conflicts within beneficiary groups, and particularly conflicts between communities and traditional leaders. In several of

³³ This was discussed above in detail in the previous chapter

these cases, frustrations among the wider community led to the JV farms being vandalised (or to threats of vandalism) by the intended beneficiaries. This PhD will look at how this can be explained and what contradictions inherent to the model might be responsible for these types of outcomes. I interrogate what appears to be a contradiction in some cases, between the dynamics of capitalist farming and the demands of social reproduction experienced by socially differentiated communities. Some of these tensions and dynamics have already been discussed in Chapter two above.

3.3. Drivers of Inclusive Business Models

The trend in South African land and agrarian reform to overly rely on JVs reflects global trends. Many governments and international organisations strongly promote inclusive business models. The question is, what are the key drivers behind what appears to be a global phenomenon? (Vermeulen and Cotula, 2010; IFAD, 2012; Haralambous et al., 2009). Current debates regarding appropriate models for agricultural development, come at a time when there has been growing criticism of ‘global land grabs’, as a result of the intense acceleration of land-based investments since 2007. This is a “phenomenon unmatched since colonial times” (Hall et al., 2015: 1). Africa finds itself at the centre of this land rush, accounting for 70% of total investments, according to some estimates. These investments have been driven, in part, by the perception of Africa as the last reserve of unused or under-utilised farmland (Deininger et al., 2011; World Bank, 2009).

Accounts of the causes and drivers of the land rush have often entailed the promotion of single-driver explanations such as ‘the global food crisis’ in a context of a growing demographic, or the new opportunities for capital accumulation presented by ‘biofuels’. Some studies have however endeavoured to provide more complex multi-casual explanations (Oya, 2013a). This often involves a combination of the tendency towards financialisation of capital under global capitalism, which has driven speculative acquisitions (Fairbairn et al., 2014), along with the global financial crisis of 2007/8, and the related food and energy crises (Hall et al., 2015; Cotula et al., 2013/4; IFAD, 2012; Cooke et al., 2011; Borras et al., 2011; Haralambous et al., 2009; White et al., 2012; Anseeuw et al., 2013)

International organisations such as the FAO have responded to fears of ‘land grabs’ by developing multilateral agreements and tools, in collaboration with states and civil society to regulate these investments e.g. the *Voluntary Guidelines on Responsible Tenure of Land, Fisheries and Forests*. Some civil society actors see this as progress towards protecting rights of local communities (Seufert, 2013; Mckeeon, 2013; Hall et al., 2015). Others worry that it misses the fundamental point of the problematic direction of agrarian change that models of agricultural investments promote. De Schutter (2010), particularly worries that such policy approaches may promote ‘responsible’ ways of dispossessing the peasantry, and that the investment model of large-scale capitalist farming fails to remedy the challenges faced by rural communities (de Schutter, 2010/1).

“Accelerating the shift towards large-scale, highly mechanized forms of agriculture will not solve the problem. Indeed, it will make it worse. The largest and best-equipped farms are highly competitive, in the sense that they can produce for markets at a lower cost. But they also create a number of social costs that are not accounted for in the market price of their output” (de Schutter, 2010)

Many of these large-scale land investments have resulted in plantation models involving large-scale acquisitions or long-term leases of land by agribusiness, whereby the farming operation and related value-chains are exclusively owned by the corporate (Cooke et al., 2011; Vermeulen and Cotula, 2010; Cotula et al., 2009; von Braun and Meinzen-Dick, 2009; World Bank, 2008). Governments and international organisations have thus posed ‘inclusive business models’ as ‘alternatives’ to the plantation and outright acquisition model, which involve little or no role or benefits for local communities. However, Cotula and Buxton (2010) contend that these models might not be preferable in all contexts to a plantation model. In some cases, smallholder farming might also be more appropriate.

There is widespread agreement among international organisations including the FAO, IFAD and World Bank, that supporting smallholder farming is key to reducing rural poverty and improving agricultural productivity. It is clear that the strength of the ‘smallholder efficiency’ thesis has also influenced the growth of ‘inclusive business models’ and its adoption by governments and international agencies. This is embedded in research that has sought to prove that small farms are more efficient than large-scale producers and that there is an ‘inverse relationship’ between the size of a farm and productivity. Much of this research has been driven the mainstream economic tradition (Lipton, 1977/1996, Binswanger & Deininger, 1996).

Marxist agrarian economists however criticise the logic of this ‘inverse relationship’ and particularly the absence of a class based analysis of ‘smallholders’ (Bernstein, 2010; Byres, 2006; Cousins, 2010). Marxist theory also acknowledges that under certain conditions large-scale farming can indeed be more productive. Some theorists go so far as to suggest that the large-scale farming can in fact produce more benefits for the poorest classes of the rural poor (Sender and Johnson, 2004).

The form that investments take, particularly JVs, however, are often in reality modelled on the logic of large-scale farming, imposing models of capital-intensive farming on smallholders. Pellizzoli (2009), for example, found that in the context of agricultural investments on irrigation schemes in both South Africa and Mozambique, the types of production systems adopted are strongly influenced by an “efficiency” discourse. It opposes the use of irrigated land for subsistence agriculture, even though it is a major livelihood strategy in both areas. The emphasis on strategic partnerships in South Africa is a product of the state’s overarching neoliberal politics, which have affected the political economy of agriculture as well (Bitzer and Bijman, 2014; Fraser, 2007). It is also a response to the reality of the agrarian landscape, which as discussed above in Chapter 2, is characterized by concentration of both land and capital

(Cousins, 2015; Bernstein, 1996/8). JVs thus fit neatly into the government's concerns for 'technological dynamism and international competitiveness' (Bitzer and Bijman, 2014).

Since JVs are a relatively newer inclusive business model, it is worth reviewing some of the literature that has provided explanations for the growth of other arrangements. Little and Watts (1994) and Oya (2012) argued that the proliferation of contract farming in Sub-Saharan Africa was driven by reforms introduced under structural adjustment and liberalization in a neoliberal context. Perez-Nino (2014) however argues that the immense variety of experiences and contexts mean that it is not possible to formulate an all-encompassing theory of contract farming.

There are, however, certain historical tendencies and continuities that can be explained. Gibbon and Ponte (2005) explain the phenomenon of contract farming as a means for agrarian capital to incorporate land and labour into the productive process at lower costs (accessing cheap smallholder and often household labour) and also avoiding risks associated with employing people directly and investing capital into fixed assets. Wilson (1986) had observed that contract farming arrangements were typical among 'undercapitalised peasantries' where access to labour is abundant. Perez-Nino (2014) also emphasises the dynamics of labour availability and mobilisation within and outside of households as a central dynamic of contract farming and one often ignored in accounts, including Little and Watts (1994), which exclusively focus on the relation between buyers and farmers.

Political economy literature has also highlighted the political motives behind states supporting contract farming schemes. It avoids the tendency that local producers are dispossessed or squeezed out as capitalist relations of production and competition become dominant. The model can also be harnessed to garner political support for the state if promotion of contract farming schemes is seen as a form of political patronage (Ochieng 2010; Oya 2012). Mackintosh (1989) puts forward an interesting and compelling explanation for the promotion of contract farming schemes in Senegal. She conceptualises them as a mechanism by which the government dealt with the concerning socioeconomic implications of hastening rural proletarianisation. In this view they are seen as a mechanism "to tie people to the land, transform the social organisation of small-scale farming, reduce labour solidarity, and incidentally increase the share of risk borne by local producers" (XV).

Wallerstein and Hopkins (1994) provide a persuasive explanation for the organisation of commodity chains in terms of the cyclical shifts of the capitalist world economy in periods of economic contraction and expansion, which could assist in understanding why we are seeing a proliferation of agricultural investments in recent years. They emphasise that two of the central concerns of capital are firstly, the reduction of transaction costs and secondly, the reduction of labour costs. However, meeting these concerns commonly requires quite opposite changes in social organization and geographical location. Their in-depth historical analysis has illustrated how during periods of expansion, reduction of transaction costs take priority over reduction of labour costs. Transaction costs can be reduced through vertical integration and geographical convergence of the boxes (separate production processes) making up a commodity chain. In

periods of contraction however, reducing labour costs becomes the priority, which is achieved through subcontracting (i.e. adding boxes) and through geographical dispersion of boxes (Wallerstein and Hopkins, 1994). Given that global capitalism is currently in a period of economic contraction, the interest of agribusiness in agricultural investments like JVs and contract farming could be partly explained by the need to reduce labour costs. This may involve contextual determinants in specific countries where capital is confronted with specific social and political pressures, leading it to (re)organise in particular ways.

From a political economy perspective, the extent to which inclusive business models have entailed varying degrees of vertical integration or dispersion overtime must also be explained in terms of politics. The political environment may at times make corporate control over land and domination over the full agricultural value chain politically untenable e.g. in light of policy support for smallholders, ensuing land reform initiatives and increasing labour organisation (Oya, 2012). Domestic governments have also added to the momentum of investments in agriculture by providing incentives and identifying 'idle land', which can be allocated to agribusiness in JV arrangements (Vermeulen & Cotula, 2010). The globalising tendency of agribusiness also explains the rise of these arrangements. Agribusiness is always seeking new opportunities for accumulation and this often requires changing the patterns of labour exploitation (Oya, 2012).

Alden-Wily (2012) suggests that the current land rush needs to be viewed within a longer, historical lens and that it is part of a longer drive towards enclosure and dispossession linked to land and agricultural commercialisation, which is a general characteristic of global capitalism. Hall et al., (2015) similarly remark that despite the contextual differences in their various case studies the implications of processes of 'agricultural commercialisation' for the character of agrarian change showed remarkable similarities in its tendencies:

“In all our case studies, even where the land acquired is not community land or held under customary tenure, the process is towards privatisation of land rights, commodification of land and natural resources and towards social differentiation” (Hall et al., 2015: 8).

3.4 Opposing Discourses: Views on Inclusive Business Models Across Theoretical Paradigms

A comprehensive literature review reveals that 'inclusive business models' have been theorised in diverse ways by contrasting conceptual schools of thought. However, even within these dominant conceptual schools, approaches and views on understanding inclusive business models can vary widely. There also tends to be some conceptual overlaps between these paradigms, and thus they can't always be neatly separated.

The conceptual basis of these models emerged from *mainstream economics* approaches and the *international development and livelihoods approach*. Researchers at the International Institute for Environment and Development (IIED), for example, have written prolifically on this topic

and can be located, more or less, in the latter school of thought. They tend to be concerned with analysing relationships between private sector actors and small farmers and evaluating livelihood outcomes of these models. Impacts and outcomes are particularly analysed through the dominant “Ownership, Voice, Risk and Reward” framework (see for example Vermeulen and Cotula, 2010; Cooke et al., 2011; Cotula et al., 2009; IFAD, 2012; Cotula & Leonard, 2010; Liversage, 2010). Cotula and Vermeulen’s (2010) framework, is probably the most dominant and widely used to analyse agricultural investments. However, it is clearly limited to a certain set of concerns.

Mainstream economics, particularly those from the *New Institutional Economics (NIE)* variant, have tended to create representations of inclusive business models as ‘win-wins’ if strong and equitable contracts can be put in place (see Deininger & Byerlee, 2012; Karaan, 2003; Kirsten & Satorius, 2002; Sesil et al., 2001). This type of literature is often aligned with the good governance approach of the neoliberal agenda (Murray Li, 2007). The aim is not to question the fundamental basis of inclusive business models, as the internal logic is regarded as given. The point of departure is rather to identify the conditions under which such arrangements can become economically viable (Smalley, 2013). Mainstream accounts often frame these investment models, as ‘innovations’ that overcome what is understood fundamentally as a problem of ‘unequal market access’ (Deininger & Byerlee, 2012; Karaan, 2003). Many of these studies are merely concerned with issues of efficiency and tend to relegate unfavourable outcomes to problems of scarcity and inappropriate application of land, labour and capital (Smalley, 2013; Davies, 2014).

In mainstream economics accounts, inclusive business models are said to be designed in ways that “do not leave behind small-scale farmers” (Vorley et al., 2009:187). They are thus believed to involve a pushback against a tendency of replacing smallholders with large-scale capitalist farms. They have been likened to an attempt to create “inclusive capitalism”, where previously excluded interests particularly of the poor are incorporated into capitalist-driven imperatives (Hart, 2007 in Davis, 2014). The focus on driving rural development through a deliberate attempt to link smallholders to formal markets is seen as constituting a “paradigm shift in the political economy of international development since the late 1990s” (Bitzer and Bijman, 2014: 168). Under this paradigm ‘the problem’ is conceptualised as market failure, requiring multi-actor collaboration and a specific role of business in processes of social and economic development. The increasing concentration, competition and stringent standards of global agricultural value chains have made it difficult for smallholders to access them. Inclusive business models are seen as a mechanism “to unlock the potential of global markets for growth and poverty reduction” (Bitzer and Bijman, 2014: 168).

A criticism of some of the mainstream economics literature is that it has tended to be overly descriptive and has had a misplaced emphasis on processes around establishing contracts and on governance challenges (Oya, 2013b). Murray Li, (2007) has argued that focusing exclusively on governance, contractual issues and questions of efficiency, renders ‘technical’ investments in land and puts a veil over the politics of land deals, which are laden with unequal power relations. The political nature of the alliances drawn between capital and the state to

target and enclose the land of rural people are overlooked by this approach (Murray Li, 2011/4). The assertion that the socio-economic issues facing rural communities can be explained by the absence of technical measures, ignores the fact that decent livelihoods for classes of labour have historically been hard won through struggles waged on the political front, between different social classes (Borras and Franco, 2012). Issues pertaining to equity and unequal power relations are, however, considered by some authors of the mainstream economics paradigm (Simmons, 2002, Deininger et al, 2011; Bitzer and Bijman (2014). Bitzer and Bijman (2014: 183), for example, assert that:

“Considering the context of South Africa, strategic partnerships should be judged not merely on their performance as instruments for market access for emerging farmers, but must also answer the question of how far they contribute to addressing the country’s unequal agrarian structures. Partnerships have turned into a political project and are widely debated owing to their close ties to broader transformations. “

Radical political economy approaches are generally concerned with issues such as the character of agrofood systems, food security, unequal power relations, the investment scale of farming, and dynamics of social differentiation (see Davies, 2014; Pellizzoli, 2009; Hall et al., 2015; Murray Li, 2007/11/14; Aliber and Maluleke, 2010; Lahiff et al., 2012; Smalley, 2013; Lahiff, 2008; Borras and Franco, 2012; Tapela, 2005). Unequal power relations and their structural dynamics are a dominant concern in many studies within the agrarian political economy approach. Scholars highlight the limited decision-making power, and the political and economic leverage available to community partners, as compared to the characteristic dominance of the agribusiness partner (Hall et al., 2015; Derman, et al. 2006, Bolwig et al. 2010, Spierenburg et al. 2012).

Understanding how this power relates to control over different parts of the value chain, and influence among different actors and governance institutions is strongly emphasized by many authors across paradigms (Davies, 2013; Vermeulen and Cotula, 2010; Cotula et al., 2010; Cooke et al., 2011; Dolan and Humphrey, 2000, 2004; Gereffi, et al. 2005; Gibbon and Ponte, 2005). Whereas mainstream economists see the integration of smallholders into markets as the remedy to overcome poverty and inequality, agrarian political economists generally caution that linking farmers to markets through partnerships isn’t a panacea:

“*How* the market develops is as important as *whether* it develops: if it undermines non-monetary economic solidarity without raising productivity, then it may make farmers’ situation markedly worse” (Mackintosh, 1989: XVI).

Although many authors do explore dynamics of social differentiation, some of the literature documenting agricultural investments tends to be blind to dynamics of social differentiation. In some accounts “family farmers” or “smallholders” constitute a class (McMichael, 2006; van der Ploeg, 2008). This has been seen by critics as an attempt to create the façade of a united front among the peasantry (Bernstein, 2010). Populist representations of agricultural investments framed predominantly as ‘land grabs’, tend to oppose capitalist development

regardless of the outcomes for local people (see McMichael, 2012; Pearce, 2012; La Via Campesina, 2012; Oxfam, 2011; Grain, 2008). The resulting literature tends to create crude caricatures of capitalism and reproduces unhelpful binaries such as a predatory capital (the baddies) versus homogenous peasants (the goodies). This has the unfortunate effect of obscuring the messier reality of local politics on the ground (Oya, 2013b).

Lastly, *Marxist political economists* are concerned with issues such as: capital/ labour relations, accumulation dynamics, class formation and social differentiation, and the logic of value (see for example Manenzhe, 2016; Perez-Nino, 2016; Dubb, 2016/8; Glover and Kusterer, 2016; Oya, 2013; Mackintosh, 1989). These studies would also be concerned with similar issues discussed above by other paradigms: Who owns what? Who gets what? (e.g. ownership, benefits and risks). However, they would go further to analyse the distribution of property rights, benefits and risks at inter and intra household (or group) levels. Therefore important relationships and dynamics of power are not relegated to those between 'communities' and 'agribusiness'.

Marxist accounts would also be concerned with the social relations of production (who does what?) and accumulation dynamics (what do they do with it?) The last two concerns are not always explicitly present across the other paradigms, or at least, they are not given the same significance e.g. analysing the implications for wider capitalist development, agrarian change and class dynamics. There are however, some definite conceptual overlaps between the concerns of Marxists and radical political economy and it is not always easy to locate authors definitively.

Under the general framework of the agrarian question of labour (Bernstein, 2009), Marxist accounts focus on the implications of inclusive business models for meeting the social reproduction of *classes of labour*. Authors like Oya (2013b) and Murray Li (2011), for example, suggest that the outcomes of land deals for labour should be our central concern. Access to land is thus important, only in so far as it forms a crucial source for livelihoods.

Murray Li (2011) also emphasizes the need to look both at the impact on people who are displaced by land deals, as well as those not displaced but whose livelihoods may be transformed by a changing agrarian context. This means understanding the nature of the agrarian capital that is forming in the wake of land investments and whether it is providing more and better employment opportunities for the rural poor. This approach is quite contrary to the rights-based discourse on access to land, which commonly overlooks whether it supports labour or not, as it is more concerned with the inherent value of the land rights themselves (Oya, 2013b).

In the South African context, there are not many studies that have taken an explicit Marxist analysis of JVs. However, some studies have employed a class lens, and have explored how benefits and risks are mediated by different aspects of social difference and intragroup conflicts, based on dynamics of gender, ethnicity and generation (Manenzhe, 2016; Davies, 2014; Aliber and Maluleke, 2010; Pellizzoli, 2009). These kinds of studies are an exception to

the broader literature, which has been mostly descriptive or based within mainstream economics. Much of the existing literature on Joint Ventures provides only a partial picture of the full significance of these interventions in terms of the questions of interest to the Marxist agrarian political economy tradition. The Marxist literature is much more prolific on contract farming. The arguments employed are thus somewhat more developed, given the longer history of these arrangements (see Perez-Nino, 2016; Dubb, 2016; Glover and Kusterer, 2016; Glover, 1984; Little and Watts, 1994).

Modern capitalism and worker equity or ‘social ownership’

“The complicated arrangements whereby community members are landowners through the Trust, indirectly own the community businesses through the Trust but are also employees of the business has presented challenges” (Cotula and Buxton, 2010: 30).

The above statement speaks to a deeper logic of the JV model under the workings of global capitalism, which above all has a tendency to fragment class place. ‘Community owners’ find themselves in the confounding and antagonistic class places of labour, capital and landed property. Questions of interest to political economy include: why is capital organising in this way? What are the likely consequences for agrarian change and the broader development of the economy? What are the implications of this model for class relations?

Under modern capitalism providing employees with equity ownership in a firm has become a global trend across sectors. Social or worker ownership is a way to deal with the inability of firms to raise wages in a context of economic stagnation and declining profits. It’s thus a mechanism to avoid labour unrest that might arise from falling living standards in a context where workers are being squeezed by stagnant or decreasing wages or entirely squeezed out by rising unemployment (Minns, 1996; Sesil et al., 2001).

This form of ‘social ownership’ is regarded differently across theoretical paradigms. Some Marxist political economists see it, as a mechanism for the neoliberal state in a post-Keynesian world “to reconcile the competing claims of capital and labour” (Minns, 1996: 42). Within the bounds of the state’s compromised capacity to provide social security these new financial forms are seen as contributions to social welfare. Giving workers equity in a company is a means for dealing with social conflict between capital and labour and making it appear that workers are now also capitalists. However, the consequences of this restructuring have not resulted in a genuine shift in power towards workers (Minns, 1996).

Although clearly worker equity shares in corporate businesses differ to the types of equity share schemes analysed in the land sector, I think it is still useful to contextualise inclusive business models in agriculture within these general tendencies of how capital is reorganising on a global scale. Furthermore these schemes need to be seen within the broader context of the general ‘tendency of the rate of profit to fall’ under capitalism. The ‘law’ posits that because technical progress under capitalism tends to involve labour-saving technologies, this induces the rate of profit to fall. The effect is based on the principle that lowering the cost of

production, through technical innovations, means the price of products tends not to rise. Company profits are thus unable to rise as rapidly as the capital investments that are required to invest in new technological innovations (Marx, 1981³⁴). This is a passionately debated concept among Marxists with very diverse views on the applicability of Marx's idea of 'the tendency' or 'the law' to explaining capitalist crisis today (see Harvey, 2008/2015; Mandel, 1975; Meek, 1967; Sweezy, 1962; Grossman, 1992; Brenner, 2006; Fine, 2012; Mohun, 2012).

Despite its controversies this 'tendency' within capitalism can help to contextualise the move within rural development strategies towards promoting 'inclusive business models', which either involve giving workers equity in a business (as in worker share-equity schemes), or more recently giving those with access to land, equity shares in operating companies and access to existing 'capital' through JVs. This allows us to explain their significance within the failures of global capitalism to create either adequate remunerative jobs or new opportunities to extend capitalist accumulation for new entrants. In this context, sharing the equity of 'existing capitals' is a more viable strategy. In the case of South Africa the strategic partners tend to be 'white capital' that has benefited from processes of accumulation when the agrarian question of capital was historically settled.

From a NIE perspective employee ownership is linked to: the rise of equity markets as a means of raising funds, the growth of world capital markets, and the extension of financial markets through the dispersion of information technology. From a NIE perspective these models are motivated by attempts to improve efficiency, economic outcomes and particularly relationships between workers (labour) and owners (capital). By providing workers with equity shares companies may be able to offer lower salaries, control demands for raising salaries, discourage unionization and also avert hostile takeovers. Moreover if compensation is tied to a company's stock price, workers would theoretically be more invested in company performance and perhaps willing to withhold current claims in favour of future benefits. Thus this logic is embedded within 'principal-agent theory', which assumes that worker and owner interests can be aligned by giving workers a stake in outcomes, and closely tying compensation to their performance (Sesil et al, 2001; Milgrom and Roberts, 1992; Ben-Ner and Jones, 1995; Kruse, 1996).

This is obviously at odds with a Marxist view, which sees the class positions of capital and labour as inherently and irreconcilably antagonistic. In any case, studies such as Sesil et al's (2001: 2), which reviewed 50 large-sample empirical studies on employee ownership, were inconclusive about the effects of such arrangements:

"These studies indicate employee ownership is linked to better outcomes on average but employee ownership clearly does not automatically improve worker and firm outcomes given that there are both positive and neutral findings. Additional research is needed to determine the conditions under which employee ownership improves economic outcomes, to examine worker and employer concerns and the trade-offs they are willing to make".

³⁴ See Marx, Chapter 13, Capital Volume III.

According to NIE theory, failure to improve productivity through group-based incentive schemes are conceptualised as the result of ‘the free rider problem’ or an attitude of ‘risk-averseness’ among employees. Antidotes to the ‘free rider problem’ are often taken from arguments that underpin ‘game theory’ (Weitzman and Kruse, 1990).

“The argument [from game theory] states that there is a co-operative and non-co-operative solution associated with group interactions. As people engage in a repeated game they have a choice to free ride on the efforts of others or to work together” (Sesil et al., 2001: 5).

Farm worker equity-share schemes in South Africa

It is worthwhile considering for a moment South Africa’s experience with farm worker equity-share schemes (also known as share equity schemes) since these have a longer history in the context of the democratic government’s land reform programme.

“Share equity schemes are the type of joint venture around which government has developed most policy and to which land reform subsidies have been most often applied. These are arrangements where farm workers, small-scale farmers or other disadvantaged people buy shares in an agricultural enterprise ” (Hall et al., 2003: 19).

Aliber and Maluleke (2010) comment that JVs resemble farm worker share equity schemes in some of their governance arrangements and logic. The major difference between the JV model and farm worker share equity schemes, is that with the latter, participation is conditional on employment and beneficiaries are therefore often the farm workers. In the context of JVs the beneficiaries may own the land outright, as restitution beneficiaries, or be customary land rights holders in the former homelands. In this case, beneficiaries are often provided with preferential employment at the farms but their participation is not conditional on employment and they may also be merely passive recipients of dividends. It is possible to find ‘hybrid’ type schemes such as the *Grasslands JV sharemilking scheme*. This scheme is structured as a JV, however, the beneficiaries are labourers on other commercial farms owned by South Africa’s largest dairy farmer Trevor Elliot.

Farm worker equity-share schemes were first initiated in the early 1990’s by the private sector and facilitated by government. They have been seen as a mechanism to implement agrarian reform and black economic empowerment in both the agricultural and eco-tourism sectors (Knight et al, 2003). They are also seen as a means of poverty alleviation “transferring income, in the form of wages and dividends, and wealth through ownership of marketable shares to previously disadvantaged people” (Gray et al., 2005: 474). Critics of these schemes however highlight how they fail to create tenure security for beneficiaries. As Hall et al (2003: 19) emphasise, “In theory the focus is on securing the tenure of farm workers, but in practice participation in the scheme is often more directly tied to employment”. Several studies have also blamed poor results on assertions that it is predominantly failing firms, which enter into

equity share schemes and many white farmers only initiated the arrangement because their farms were in crisis and it was a means to recapitalise (Surplus People Project, 1998; Hall et al., 2003; Aliber and Maluleke, 2010; Hall 2015).

These concerns lead the new Minister of Rural Development and Land reform in April 2009 to place a 'verbal moratorium' on equity share schemes, until concerns could be addressed (Aliber and Maluleke, 2010). The moratorium was only lifted in 2011 and a repackaged policy in the form of the 50/50 policy "Strengthening the Relative Rights of People Working the Land" was introduced in 2015. Indeed similar criticisms have been levelled against the government's 50/50 scheme and the 50 farms included as their pilot projects. Ruth Hall (2015) claimed that the policy could inadvertently hasten farm evictions among workers nearing 10 years of employment, who become eligible for equity stakes (in Donnelly, 2015).

3.5 Impacts on Livelihood and Land Rights: Common Themes in the Literature

Much of the literature to date has focused on the tension between, on the one hand the possible livelihood opportunities being generated by land investments, and on the other hand the threats to existing livelihoods (Oya, 2013a). An important point requiring emphasis is that these investments articulate in complex ways with pre-existing livelihood systems, social relations and processes of rural differentiation. Given how complex and fungible livelihood sources are, it's not always easy to discern the impacts of the agricultural investment from longer trajectories of social and economic change or other interventions (Hall et al., 2015; Cotula, 2013). The important question of whether investments are leading to any sustainable improvement to livelihoods is thus considerably more complex to answer than one initially might imagine. Despite this complexity and the methodological limitations of much of the literature, we may nonetheless identify a number of common themes reporting negative and positive impacts and the factors attributed to them.

IFAD (2012) has documented some positive impacts from JVs they have funded. One such model is a combination of a JV and contract-farming model in Mali between smallholders and an agribusiness firm, Mali Biocarburant SA. The JV promotes a bio-fuel intercropping model where *jatropha* is produced either on unproductive land or intercropped with food crops. IFAD (2012) claim that this avoids drastic changes in land use that may compromise food security and other land based livelihoods while diversifying livelihoods and increasing incomes. This model is quite different to the JVs implemented in South Africa, all of which have involved implementation of a singular model of large-scale capitalist farming, most often of a single commercial crop e.g. pineapples, macadamia, milk, citrus, pomegranates, berries, ostrich, maize. Perhaps such a model deserves further investigation in the South African context to support more diverse livelihoods and land use for social reproduction beyond strict commercial use.

Many of the positive impacts documented in relation to JVs in the South African context are based on the assumption that land was unused or underutilised prior to the intervention. This is particularly the case in relation to documented impacts in communal areas (Pieterse et al.,

2017; Amadlelo, 2018). Hence these studies refer to the improved productivity of the land, the development of commercial farming enterprises, securing access to markets, additional benefits through activities up and downstream of the value chain, achieving economies of scale, addressing food security, and improved incomes through jobs and dividends (Pieterse et al., 2017).

One needs to be cautious about the positive impacts claimed in some studies. Pieterse et al., (2017) for example, conducted a study of seventeen JVs across the country and overwhelmingly reported on the positive impacts. They pose JVs as ‘innovative’ solutions to the constraints faced in the agricultural sector. However, these authors are affiliated to the Treasury and the study unfortunately does not meet rigorous standards of empirical research. The authors have clearly not problematized the role of traditional leadership in these JVs, for example. Pieterse et al., (2017: 18) come to the conclusion that JVs illustrate “how traditional leadership, government and the private sector can work together with a community and produce positive outcomes”.

Other research has documented very different outcomes in relation to the role of traditional leaders in JVs. For example, Cousins and Gumede, (2017: 12) reported in one case that “dissatisfaction over the distribution of benefits is being expressed in terms of opposition to traditional leadership”. It is perhaps in the mining sector that the problematic and contested role of traditional leaders has been most thoroughly documented, and challenges pertaining to gross corruption and elite capture of benefits most clearly displayed (Claassens, 2015; Claassens and Matlala, 2014; Capps and Mnwana, 2015; Hay, 2018; Custom Contested, 2018). Other authors emphasise more mixed results. Bitzer and Bijman (2014: 182), for example, conclude that their case studies of citrus JVs have been successful in increasing access for emerging farmers to export markets. However, JVs have been “less successful in fulfilling expectations of farmer empowerment. Seen from this perspective, government resources are supporting a type of institutional arrangement that has modest transformational effects”.

The most obviously negative impacts to local livelihoods that have been reported are in the context of failed land deals (Cotula, 2013). In South Africa, on restitution farms with high-value fruit orchards, where joint ventures have been established between claimant communities and private sector strategic partners, there have been several cases of documented failures. In some instances government funds were not fully released and as a result strategic partners withdrew when the farms became unprofitable (Lahiff et al., 2012).

The most convincing arguments explaining the negative implications of JVs and other investment models, emphasise the structural tensions introduced by capitalist agriculture, and the resulting pressures placed on social reproduction. Manenzhe (2018: 15) notably attributes the negative impacts of JV schemes in Levubu in Limpopo province between restitution beneficiaries and agribusiness to the inherent tensions of the JV model embedded in capitalist farming:

“Tensions in community-owned large-scale farming enterprises are explained by the contradictory unity of capital and labour within community-owned enterprises, with difficult choices to be made between enhancing social reproduction or ensuring accumulation and profitability. These combine with complex and cross-cutting processes of identification in socio-political struggles around access to, and control of key resources”.

Murray Li (2014) provides a compelling explanation in her account of an agrarian transition in a remote ‘frontier’ region of Indonesia. Her account illustrates how *commodification of subsistence* takes root through a simple and seemingly innocent act of planting (permanent) commercial trees. Murray Li (2014) argues that the transition narrative, which holds that capitalist transition in farming is a natural and necessary evolution towards efficiency that frees labour for industry, has stunted political debate. Instead she warns that many people, who are squeezed-out of farming, will neither play a part in production based on profit, nor join the proletarian future. She criticises policies that promote the extension of capitalist relations in order to reduce ‘residual’ poverty. She also scrutinises the alternative narrative offered by social movements. Murray Li (2014) warns that it’s not viable for people to return to an idolised past condition, and once capitalist relations are formed they can’t be de-selected and retreat is not an option.

Mackintosh (1989), researched large-scale agricultural investments in Senegal. She evaluates the impacts of the introduction of capitalist agriculture on local farming systems, labour organisation and social relations. Her conclusions regarding the pivotal impacts are illuminating:

“Long-run changes induced in the social and economic organisation of rural life and work are the most important effect of such projects, outweighing the immediate competition for land and labour with local farming, on which most studies have focused” (xiii).

Many of these ventures, particularly those involving the cultivation of export crops, are inherently ‘high-risk’ because of the high quality standards imposed. In many cases this risk is borne disproportionately by community landowners and workers. This is especially true where precarious and seasonal jobs are created. The failure of a venture may also result in decreased productivity of the land. This may pose grave risks to the future implementation of alternative farming system or other strategies for land based livelihoods (Mackintosh, 1989).

Hall and Kepe (2017) raise concerns of strategic partners who have clearly captured land reform projects for their own benefit at the expense of beneficiaries. Research documented on the mining sector illustrates how when it is left up to companies to represent community interests, challenges can arise, since power is often concentrated in the hands of a few directors who are not made adequately accountable to shareholders (Capps, 2010; Claassens and Matlala; 2014).

An evaluation of the Recap programme, which provides grants to beneficiaries who have entered into strategic partnerships, identified several challenges. Problematic relationships between beneficiaries and partners and unequal power relations were particularly emphasised. There has been insufficient focus on training and skills transfer to beneficiary communities, resulting in a feeling that original expectations had failed to materialise. Raising expectations unrealistically high about what benefits these projects can deliver has created much distrust among communities (Cotula and Buxton, 2010).

In their national scan of joint ventures in communal areas, Cousins and Gumede, (2017) emphasised that arrangements were characterised by “tensions and conflicts”. These tensions arose from issues regarding accountability, decision-making and the fair, equal and transparent distribution of benefits. These tensions played out both as ‘intragroup conflicts’ and as conflicts between strategic partners and ‘communities’. In some cases dissatisfaction led to overt conflicts and commonly to disputes over the authority of those in leadership positions. Cousins and Gumede (2017) noted that in some of the case studies they evaluated, there were clearly negative impacts to both livelihoods and land rights and land use.

Many studies associate negative outcomes with poor and undemocratic governance of community structures, particularly among large groups of beneficiaries. These structures are thus unfit to distribute benefits within the community, and the challenge is compounded when it is in the form of a monetary dividend (Makhathini, 2010; Cotula and Buxton, 2010). The governance and accountability challenges which plague cooperatives, trusts, traditional councils and communal property associations have been widely documented in the literature. Among the numerous contributing reasons for poor governance are the insufficient mechanisms to ensure downward accountability (Cousins and Gumede, 2017). Manenzhe (2018: 15) noted similar challenges in Levubu JV schemes in Limpopo Province within communal property associations: “Severe tensions and conflicts have arisen within CPAs, manifested in different forms of identity politics and competing ‘modes of belonging’”.

Joint Ventures typically involve very complicated governance and financial arrangements, which is noted in much of the literature documenting case studies as an inherent challenge. Community beneficiaries are often unable to understand these complex and often perplexing arrangements. Hence, it is common that they express difficulty in navigating governance structures to allow for their full participation and to monitor accountability (Davies, 2015; Lahiff et al., 2012; Hall et al., 2015; Makhathini, 2010; Sulle, 2010; Pellizzoli, 2009). Many studies highlight discrepancies in the negotiating power between the local communities and agribusiness firms, in favour of the latter, who are often not genuinely interested in an equal partnership (Makhathini, 2010; Cotula and Buxton, 2010).

A key issue highlighted in the context of JVs, and other models like farm worker equity-share schemes, is that the government is failing to play its crucial role in monitoring and evaluating these schemes and ensuring strategic partners are accountable to communities (Hall et al., 2003; Bitzer and Bijman, 2014; Makhathini, 2010; Lahiff et al., 2012; Davies, 2014; Aliber and Maluleke, 2010).

“DLA [now DRDLR] as the principal department dealing with land reform, appears to have no mechanism in place to monitor the joint ventures it funds, whether in terms of their progress, whether policy requirements have been adhered to, whether business plans are implemented, and what impact they have on the livelihoods of grant beneficiaries.” (Hall et al., 2003: 20).

Models which require community beneficiaries to raise money through loans to buy shares in operating companies (often using their land rights as collateral), has led to high levels of indebtedness in many cases. As a result, dividends are often delayed for several years, or never materialise. Among poorer communities, without diversified livelihoods to draw on, if the venture entailed giving over the land in its entirety, this means the community is unable to meet basic reproduction through marginal farming (de Koning and de Steenhuijsen Piters, 2009; Jadhav, 2010; Cotula and Buxton, 2010).

One of the key expected benefits derived from JVs is employment for local people and customary landowners. It is however common for jobs to be mainly low-paid, unskilled and seasonal or short-term, without the added benefits of social security (Vermeulen & Cotula, 2010; Lahiff et al., 2012; Oya, 2012). For example, in JV schemes in Levubu, Manenzhe (2018) notes that in the absence of dividends (which have been reinvested in the farming entities), the only benefits have been ‘preferential employment’ for the claimant community. However, the farms have not managed to maintain these jobs and crucially, the increased labour costs associated with meeting high demands for jobs haven’t been countered by increases in productivity. Moreover, the monopsonistic control exerted over the labour of landowners, in arrangements like JVs and contract farming, can have the effect of transforming landowners into mere labourers on their own land (Watts, 1994).

An important point to be made is that the type of agricultural commodity that is being produced has important implications for both land rights and labour. Where cash crops have been prioritized and production of local food has been limited, JVs have tended to reinforce the dominant mode of production of large-scale commercial farming (Lahiff et al, 2012; Jacobs, 2001; Tapela, 2005). The production of various high-value tree crops, like cacao, oil palm and various nuts, has significantly affected land use patterns because the crops become a permanent feature on the land (Murray Li, 2014; Cooke et al., 2011; Cotula et al., 2009; McCarthy, 2010; Mackintosh, 1989).

The production of types of crops that require long periods before harvest generally necessitates long-term leases to secure investor capital. Long-term leases of this scale may prevent local people from accessing land for several generations and spell the end of multipurpose land-based livelihoods, such as cultivation of food, livestock rearing and gathering of essential ecosystem services. This may result in less livelihood resilience and a weakened capacity to ensure food security. Agricultural investments that entail the production of export crops and agro-fuels can compete with production of local food and thus induce a food crisis (Mackintosh, 1989; Shackleton et al., 2001; Haralambous et al., 2009).

Cooke et al. (2011: 64) explore the effects of various models of JVs in the oil palm sector in Malaysia, which have been established between customary landowners on the one hand, and government agencies and/or private companies on the other. They conclude that, “there is compelling evidence that the quality of social and financial benefits of participation in the oil palm sector is closely correlated to the way in which native communities are incorporated into the programme... unfortunately, the terms of some of the joint venture schemes reviewed here could also be described as ‘unfavourable’ to local native landowners”

Cooke et al., (2011) do, however, note that some alternative models such as the ‘Keresu Smallholder Group Scheme’ have evidence of better livelihood outcomes. In this case, customary landowners retain control of their land, and the programme focuses on transferring knowledge to ultimately allow them to manage their own oil palm smallholdings. A challenge in extending this model is that there are few oil palm mills that can process palm from a number of dispersed smallholders (Cooke et al., 2011). In the developing country context, where capitalist industrialisation and transitions to capitalist farming are yet to be firmly rooted, JVs appear to be an attractive way for states to bypass the capital investment required to support smallholder production. JVs thus become the only way for smallholders to enter the highly competitive commercial agriculture sector, and this is clearly not unique to the South African context.

In the context of Indonesia, McCarthy (2010) likewise emphasises how many landowners, who have been incorporated under ‘unfavourable terms’ into the oil palm sector, have found themselves facing deeper poverty than before the intervention. However, the question must be asked if deepening poverty in the face of these interventions is really all to do with ‘the terms’ under which customary landowners are being incorporated? More favourable terms might go some way in limiting negative outcomes and ensuring a more transparent distribution of benefits to communities. However, is there not something more fundamental going on in the wake of these interventions?

Arguments, such as Murray Li’s (2011), Manenzhe (2018) and Mackintosh’s (1989), are in my opinion more convincing explanations. They have all asserted, that it is in fact the tensions which capitalist farming catalyses, and the contradictions it poses to social reproduction, which explains unfavourable outcomes. The implications of this view is that ‘changing the terms’ and improving ‘governance’ may not fundamentally reverse the types of negative impacts documented in the literature. Another important point is that these investments often fail to take account of the differentiated aspirations and needs of communities along lines of class, gender and generation in particular (Cotula and Buxton, 2010). Grouping people’s land rights together into one large-scale farm and limiting how the land can be used, as is the case in many of the JVs, doesn’t allow for differentiated models to meet a diverse array of needs.

The failure of many JVs in the South African context, particularly in the Limpopo province has led to the development of some *alternative* business models. These have been motivated by the desire to reduce the risks posed to the communities, avoid the complexity of JV arrangements

and to ensure more reliable income streams to communities. In Moletete, for example, “community-private partnerships” replaced the JV, which involved a long-term lease along with some other social benefits. In Levubu the community opted for a “management contract” (Lahiff et al., 2012). There are, however, negative implications of these ‘lease’ based models particularly the concern that agribusiness firms are motivated by increasing profits in the short-term. Thus the reality is that reinvesting in the farm for the long-term would diminish their profits. The inherent incentive structure of this model thus may lead to the deterioration of the farms fixed assets over time (Lahiff et al., 2012).

Manenzhe (2018: 15) suggests an alternative policy option to JVs which looks at restructuring land use to allow for small-scale production to meet reproduction demands, alongside large-scale production:

“The model of commercial partnerships uncritically accepts large scale commercial farming without giving options for smallholder and family farming. One policy option might be to seek the complementarity of large-scale commercial farming and smallholder farming systems, both on land restored to CPAs through restitution and in communal areas”.

3.6 Conclusion: Joint Ventures and the Agrarian Question

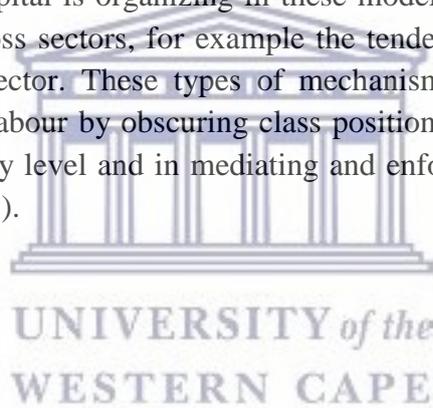
This chapter has illustrated that evaluations of inclusive business models touch on very different aspects of focus, across various theoretical paradigms. Much of the existing literature on agricultural investments has failed to explain the full significance of these interventions in terms of the questions of interest to Marxist political economy. Populist representations of agricultural investments, as struggles between ‘predatory capital’ on the one hand, and ‘homogenous peasants/ small farmers’ on the other, obscure the messier reality of local politics on the ground. Neoliberal representations of agricultural investments as potential ‘win-wins’, if strong and equitable contracts can be put in place, ignores the inherent dynamic of exploitation in capital/labour relations. Both of these approaches tend to treat communities as homogenous and thus fail to elicit relations of power and dynamics of social differentiation.

There has been an unfortunate tendency in much of the literature across theoretical paradigms, to focus merely on whether relations are ‘inclusive’ between agribusiness and communities/ small farmers. However, from a Marxist political economy perspective, ‘communities’, ‘small farmers’ or ‘households’ themselves are often not ‘inclusive’ spaces and are subject to dynamics of power and exploitation along class, gender, generational, racial, ethnic and other lines of social identity (Bernstein, 2010; Berry, 1993; Peters, 2004). Ignoring this fact, albeit sometimes with the good intentions of protecting poor ‘communities’ from the exploitation of agribusiness and governments, is obfuscating the more significant impacts of how agricultural investments are precipitating a reorganization of social life and work, driven by dynamics of social differentiation (Mackintosh, 1989).

This review has illustrated the need to investigate these dynamics and how they can explain emerging intragroup conflicts around JV investments. These conflicts are shaped by the particular ways in which identities of belonging are constructed in rural South Africa (Manenzhe, 2016). Of particular importance are notions of custom and social difference in terms of class, gender and generation (Aliber and Maluleke, 2010; Pellizzoli, 2009; Davis, 2014; Manenzhe, 2016).

A number of studies from the agrarian political economy and Marxist schools of thought will be drawn on in the proceeding chapters, to explain the full significance of the JV model for processes of agrarian change in South Africa. Some of these studies have highlighted the tensions and contradiction which capitalist farming introduces to existing livelihood systems. Large-scale capitalist farming often sits uncomfortably with the pressures of social reproduction that poorer communities are subject to (Murray Li, 2011; Manenzhe, 2016/8; Mackintosh, 1989; Hornby, 2014).

The dynamics driving inclusive business models in the South African context can be linked to emerging trends of how global capitalism is reorganizing capital/ labour relations. Moreover, the ways in which agrarian capital is organizing in these models is not unique to agriculture. Similarities can be drawn across sectors, for example the tendency to give workers shares in companies in the industrial sector. These types of mechanisms, ultimately seek to diffuse tensions between capital and labour by obscuring class positions. Importantly the state plays an integral role at both a policy level and in mediating and enforcing these types of contracts (Minns, 1996; Sesil et al., 2001).



Chapter 4. Research Design and Methodology

“A research design is a strategic framework for action that serves as a bridge between research questions and the execution or implementation of the research” (Durrheim, 2002: 29).

4.1 Introduction

In this chapter I explain in detail my research design and methodology and reflect on the possible limitations of the study. This PhD makes use of a Marxist political economy conceptual framework. This has certain implications for methodology, how reality is comprehended, and how knowledge is created. This chapter thus begins by discussing the underlying principles inherent to a political economy conceptual framework and the critical realist approach, which has guided the research design. I will then look in detail at the methods that were used to gather data in the field for my comparative case study, which utilised a mix of intensive and extensive methods.

My research questions (see Chapter 1) entail a longitudinal analysis of livelihoods and land rights. I however tread cautiously in making assertions about definite ‘impacts’ of the JV on household livelihoods, land rights and dynamics of social differentiation. This is both because it is a complex endeavour to separate the impact of the JV from numerous other impacting factors, and because the JVs have been implemented in relatively short time frames. From when the JV farms were set up until the end of 2016 when the household survey was conducted, the JV had been operating for six years in Keiskammahoek and five years in Shiloh. Differentiated access to land and livelihoods, stretching back to establishment of the irrigation scheme during the Ciskei era, would intersect in complicated ways with the current JV intervention. The research questions thus entail a methodology that brings together my empirical evidence and contextualizes it in the historical context. There are various hazards that can arise in the process of synthesis, which I will also discuss in this chapter.

4.2 Materialist Dialectics and Critical Realism

Marxist political economy and a methodology of materialist dialectics

Marx did not write anything substantial on his method but it came to be known as *materialist dialectics*. In the *Grundrisse*, Marx (1973: 100) does comment briefly on the ‘Method of Political Economy’. However, it is by no means a clear guide of how to implement his method. Rather, his method was revealed through the way he constructed his arguments, particularly in *Capital: A Critique of Political Economy*. Attempts have since been made by Marxist scholars to clarify his methods, resulting in various and often dissenting views (Fine and Saad-Filho, 2004; Mandel, 1976; Harvey, 2010; Brenner, 1982).

While appreciating that there are opposing views³⁵, a cursory interpretation of his ontological approach is that: the world is real and exists apart from us, whether or not we experience it. There is a disconnection between how things appear (or form) and the actual reality (or content). An interpretation of Marx's epistemological approach is that: knowledge is the integration of appearances/form and reality/content. Knowledge can't be separated from material reality or historical context. Marx's methodological approach is one of *materialist dialectics*: a method of logical and historical analysis, rising from the abstract (derived from elements of the material) to the concrete. Phenomena are treated within a totality, located in a mode of production (e.g. capitalism) (Fine and Saad-Filho, 2004; Mandel, 1976).

The following excerpt from the *Grundrisse*, is revealing of Marx's (1973: 100) methodology:

“It seems correct to begin with the real and the concrete, with the real precondition, thus to begin, in economics, with e.g. the population, which is the foundation and the subject of the entire social act of production. However, on closer examination this proves false. The population is an extraction if I leave out, for example, the classes of which it is composed. These classes in turn are an empty phrase if I am not familiar with the elements on which they rest. E.g. wage labour, capital etc. [...] Thus, if I were to begin with the population, this would be a chaotic conception of the whole, and I would then, by means of further determinations, move analytically towards ever more simple concepts, from the imagined concrete towards ever thinner abstractions until I arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as *a rich totality of many determinations and relations*” (*emphasis added*).

The method of inquiry, which Marx is describing above, is to begin with the surface appearance, with reality as it is observed and experienced, and then to work from there to ever deeper concepts. The result of this process reveals the actual reality or content (Harvey, 2010). Marx (1973) refers to this as a method of descent and ascent, which is clearly described by Harvey (2010: 8) as follows:

“...The method of descent- we proceed from the immediate reality around us, looking ever deeper for the concepts fundamental to that reality. Equipped with those fundamental concepts, we can begin working back to the surface- the method of ascent- and discover how deceiving the world of appearances can be. From this vantage we are in a position to interpret that world in radically different terms”.

The way Marx constructs his arguments has been described as ‘onion-like’. This is contrasted to a dominant positivist approach that would usually build an argument ‘brick by brick’. In

³⁵ Harvey (2010:13) explains that there have been various interpretations of Marx, which have resulted in opposing views. There are Marxists that have rejected the dialectic approach and have attempted to use his ‘concepts’ in a positivist manner to test his theory against empirical data. Some authors have made use of his arguments to construct a ‘causal model of the world’. There are also ‘analytical Marxists’ that likewise reject dialectics, and make use purely of his analytical propositions, for example Robert Brenner. While others, like Harvey (2010), Fine and Saad-Filho, (2004), attempt to make use of a ‘dialectical reading’ of Marx.

contrast, Marx starts with the appearance (the outside of the onion) and slowly works his way towards the conceptual core, while illustrating how he is peeling back the layers of external reality to reach it. He then develops the argument outwards again, returning to the original premise, to illustrate how the layers of theory have brought together form and content (Harvey, 2010).

Marx's method is derived from dialectics, which was inspired by Hegel. However, Marx (1990: 102) notes that his resulting "dialectical method is, in its foundations, not only different from the Hegelian, but exactly opposite to it". Marx found the Hegelian dialectic mystifying of the true nature of reality, particularly because it was unable to take into account the 'transient' nature of society, which in Marx's view was "in a fluid state, in motion" (*ibid*). Marx thus set out to develop a method of materialist dialectics, which could fully grasp and represent processes of transformation, motion and change and "take account of the unfolding and dynamic relations between elements within a capitalist system" (Harvey, 2010: 11-12).

Comprehending social reality as inherently in motion, always subject to change and historically and contextually contingent, is a critical aspect of understanding Marx's method. It is for this reason that Marx (1990), for example, doesn't see *Capital* as a finite thing but instead he comprehends it as a mutable process, which only exists as long as it is in motion. Likewise he refers to the *labour process* rather than just labour. The concepts that Marx makes use of to understand reality, thus hinge on fluid ideas of *relations*, *dynamics* and *processes* that describe transformative activity, rather than stagnant, unitary principles which can be applied to a moment of time (Harvey, 2010).

Critical Realism

A critical realist approach fits particularly well with a Marxist conceptual framework because of the comparable tenants of their epistemological and ontological approach. The following quote from Sayer (1992: 234) illustrates how critical realism is commensurate with Marxist dialectics, which emphasises the transient nature of society and social phenomena, which are always in motion:

"Any explanation, be it of natural or social phenomena is incomplete for the epistemological reason that all knowledge is revisable, but explanations of social phenomena are also incomplete for the ontological reasons given above that the objects of study are undergoing continuous historical, and not merely evolutionary change".

This has important implications for research findings and the 'problem of explanation'. Any investigation of 'class' position, for example, must acknowledge both the fluidity of an individual's or a group's position, as well as the inherent possibility that research and the 'knowledge' it creates is subject to revision and there is a possibility that it is fallible, partial and incomplete (Maxwell & Mittapalli, 2007; Wai-Chung Yeung, 1997; Sayer, 1992). From the Critical Realist view, social realities and the 'objects' of social science are regarded as a 'structured mess' (Sayer, 1992). This poses particular challenges in research which has to

comprehend the chaos of this reality, and the inevitability that class, for example, is intermeshed with many other 'determinations', and is thus complex, contingent and subject to processes of constant change (Scoones *et al.* 2012; Cousins 2010; Bernstein 2010).

Sayer (1992) contends that the problem of explanation in the social science and lack of perceived 'success' as compared to the natural sciences is less linked to inappropriate methods, and more likely a result of the peculiarities of the 'object' under study. A key challenge is that people are "self-interpreting beings who can learn from and change their interpretations" (*ibid*: 234). The object under study is thus susceptible to change by the researcher, in the process of investigation. This is a distinctively opposite notion to Positivism, for example, which postulates that the empirical researcher can objectively observe the world.

In the view of Critical Realism, social realities are inter-subjective. Social objects of research are not impervious to the meanings focused on in the social interactions involved in research. These interactions involve shared meanings, as well as contestations over meanings. Successful explanations and shared meanings between researchers and respondents are also conditional on the meanings of terms and conceptual frameworks being 'mutually intelligible' (Sayer, 1992). For Critical Realism, the ontological approach contends that in spite of the inter-subjective nature of social realities and its characteristic fluidity, there is still an objective world out there that exists whether or not we are able to perceive it (Wai-Chung Yeung, 1997). We can't, however, observe the world without understanding what it is that we are seeing. It is not possible to perceive reality solely through empirical observation, as Positivism contends. For Critical Realism, all observation is theory laden, or in other words, we require theory to bring together appearances and reality (Sayer, 1992).

Inherent to a Critical Realist approach is that social science should evaluate the object of research in a critical way if it is to understand social phenomena (Sayer, 1992). The researcher needs to question their 'first impressions' of social reality, which are being 'observed' in the field and seek to understand reality by the application of appropriate theory. It also entails subjecting the views and opinions of key informants, to the same level of intellectual rigour and scrutiny. Both the researcher and key informant impressions of social reality will unlikely reflect the full reality of substantial relations in all their complexity.

A key aim of a realist approach is providing meaningful explanations of reality, which requires identifying 'causal mechanisms'. These mechanisms must be understood within their historical and contextual conditions. Making sense of complex wholes often entails *abstracting* objects or events and excluding some of their aspects and characteristics (perhaps momentarily) that are not relevant to the focus of investigation. This allows the researcher to more closely perceive those aspects that have significant causal effect (Sayer, 2010; Wai-Chung Yeung, 1997). Sayer, (1992:87) emphasises that,

"[...] Concrete objects are likely to be superficial or chaotic. In order to understand their diverse determinations we need to abstract systematically. When each of the abstracted aspects has been examined it is possible to combine the abstraction to and

from concepts which grasp the concreteness of their objects”.

This might also be achieved as part of an ‘iterative process of abstraction’ whereby the researcher continuously revises their focus of abstraction while collecting empirical evidence, through a process of continuous reflection, moving backwards and forwards between empirical evidence and theory. This process is continued until there is no longer any contradictory evidence and the identified mechanisms are believed to be robust (Wai-Chung Yeung, 1997). I integrated this type of approach in my research design, which will be discussed further below.

4.3 Research Design and Approach

Sayer (1992) notes that the type of research design that is chosen for a particular study must be appropriate to ‘the thing-to-be-explained’. He draws comparisons between concrete research, abstract research, generalization and synthesis. These approaches are summarized in the table below. In certain cases where the thing-to-be-explained is quite specific, it can be explained solely through reference to abstract theory. Sayer (1992: 236) provides the example of the research question of “why do tenants have to pay rent?” It is feasible that such a research question might be answered through reference to abstract theory that explains, for example, the nature of class relations under capitalism and the existence of a class of landlords. However, when we are investigating complex and concrete phenomena like particular trajectories of economic development or instances of war or conflict, explanations might demand other types of research, such as a combination of types of research or a synthesis approach. Clearly, my research questions, which seek to understand the livelihoods, land rights and use, and processes of social differentiation in the context of very specific ‘development interventions’, demand a type of research that expands beyond the abstract.

Table 1. Types of Research

<i>Types of Research</i>	<i>Definition</i>
Abstract research	‘Deals with the constitution and possible ways of acting of social objects, and actual events are only dealt with as possible outcomes’
Concrete research	‘Studies actual events and objects as ‘unities of diverse determinations’, each of which has been isolated and examined through abstract research’
Generalisation	‘Tends not to involve abstraction, at least not self-consciously, and treats events and objects as simple rather than concrete. It’s main purpose is to seek regularities and common properties at this level’
Synthesis	‘Attempts to explain major parts of whole systems by combining abstract and concrete research findings with generalisations covering a wide range of constitutive structures, mechanisms and events’
Source: based on Sayer (1992)	

Sayer (1992: 238) notes that, “the functions of these types of research are often misunderstood both by users and critics. In particular, researchers often *over-extend* them by expecting one type to do the job of others”. For example, one might run in to trouble if you expect abstract theory to directly explain specific events, without any empirical research. Sayer (1992: 238-9) further notes that such an approach “reduces the concrete to the abstract”. This is a common fault in Marxism and sociology [...] abstractions are indispensable for providing some of the

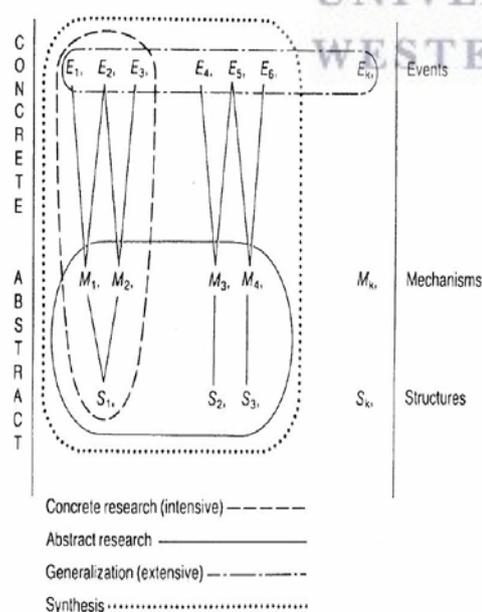
means by which we study the concrete, but they owe their origins to a *process* of abstraction which takes concrete objects as its starting point and raw material”. Furthermore, Sayer (ibid) emphasises that research must also be open to developing new abstractions, rather than relying solely on existing Marxist theory to do the work of making sense of concrete objects.

Sayer (1992: 239-40) aptly warns that,

“...Abstract (i.e. one-sided) concepts are wrongly expected to pre-empt the specificities of the concrete [...] Perhaps the best-known instance of this mistake is the expectation that Marxist concepts of class should enable one to partition the population into classes according to shared attributes at the concrete level, so that income, education and attitude etc., polarize neatly around the labour-capital divide. When it is found that this doesn't happen, the abstraction is thrown out on the spurious conclusion that class has been shown not to exist. By such simple misconceptions, numerous social scientists have disavowed themselves of the most powerful concepts”

This is a critical point given our premise that social reality is constantly changing and in flux and thus it is unreasonable to expect that the concepts and theories found in Marx's seminal works will necessarily 'neatly fit' our specific contemporary contexts. It may be necessary to work from the concrete context as the starting point, and then to make sense of this by using a range of appropriate theories to develop new abstractions. I have applied this type of approach, which is detailed in Chapter 12 of this thesis. I develop a context specific class typology drawing on a range of existing typologies and theories but I also adjust them to suit the particularities of class dynamics that emerged from my empirical research.

Figure 1. Sayer's (1992: 237) Figure of 'Types of Research'



The figure above demonstrates the relationships between these various types of research, identified by Sayer (1992). The research design for this PhD thesis draws primarily on concrete

research. This type of research design focuses on specific ‘events’ or ‘objects’ that can be empirically investigated (the JV interventions) and examines their constitutive parts through the use of abstract research, to understand how specific ‘mechanisms’ and larger social ‘structures’ interact with the concrete object. The figure below illustrates how concrete research makes use of both abstract research (because as mentioned above all research, including empirical observation is theory laden), as well as a degree of generalisation (extensive). Given the limited focus of the research, (a comparative case study of two JV farms), I believe this to be a sensible choice of research design.

4.4 Units of Analysis: Households, Taxonomic Groups and Class Categories

The household as the unit of analysis

I have made use of various units of analysis in this PhD, which demands explanation. The household is used as the key unit of analysis for understanding the impact of the JV on the ‘beneficiary communities’. Households can then be understood as nested within broader units of analysis, including kin and other social networks (Berry, 1993). The ‘household’ as a social unit is a contested space, both in ‘lived reality’ and in the social science literature. The literature debates both whether the household is a useful unit of analysis, and how it should be defined. Ellis (2000:18) argues that the household is a relevant unit of analysis, because individuals are integral parts of wider social spaces, and the household is a particularly important site of “intense social and economic interdependences”. Ellis (1993:14) notes that, “economists find the household a useful unit of analysis, given the assumption that within the household resources are pooled, income is shared, and decisions are made jointly by adult household members”.

Feminist critiques, however, caution of the tendency to highlight views of household heads (almost always men), to the detriment of other individuals in the household, especially women (Jacobs, 2010). To overcome this, a key focus of my research was on intra-household dynamics, particularly in term of gender and generational relations (Ellis, 1993; Mackintosh, 1989). I also made sure to have a more or less equal representation of key respondents, in terms of gender (see below).

The particular history of the former ‘homelands’ as labour reserves, and the phenomenon of migrant labour, poses challenges in delineating boundaries of the household. Historical migratory patterns persist, while new trends include migration to smaller regional towns in the Eastern Cape, rather than exclusively to big cities, and increased migration among women (Neves and du Toit, 2008). Many rural dwellers live and work in urban areas for significant periods of the year. This reality makes it necessary to distinguish between two types of residency when defining ‘households’. Firstly, there is the ‘strict residency criterion’, which necessitates that an individual be present in the household for most of the year. On the other hand, ‘a broad residency rule’, makes provisions for individuals who live elsewhere, for a part, or even most of the year (Posel et al, 2004).

Research in the Eastern Cape has illustrated, how even in cases where household members are not co-resident in the same dwelling for much of the year, they continue to be committed to maintaining the household as a social unit. This is particularly noted in the negative perceptions around household members who ‘abandon’ the household, by failing to remit or contribute to preserving the unity of the household in other ways (Neves and du Toit, 2008). Mtero (2014:104) notes that “while some people may not remit or visit on a regular basis they may still be part of the household and contribute to the ceremonial fund when the need arises”, through contributions to funerals, initiations and other important ceremonies. For these reasons I adopted a ‘broad residency rule’ in defining the boundaries of the household.

Taxonomic groups relating to the joint venture farms

At the stage of fieldwork, I drew on four ‘taxonomic groups’, which could be readily distinguished by the ways in which they related to the JV. Sampling according to these taxonomic groups ensured that I included a variety of households ‘benefiting’ in different ways. These groups included:

- *JV dividend receiving households*: receiving profits and land rents from the JV
- *JV dividend and wage receiving households*: receiving profits and land rents and also employed in JV jobs
- *JV wage receiving households*: employed in JV jobs
- *No JV benefits households*: a control group, comprising households which do not benefit directly from either JV dividends or jobs

The latter group is a control group that was included for two reasons. Firstly, it allows for a comparison between households not benefiting from the JV and those benefiting from the JV (either through jobs, dividends or both). Secondly, I was also concerned with what effects establishing a JV may have on the livelihoods and land rights or use of other households in the community.

Asset groups

Asset ownership is considered by some social scientists to be a reliable proxy for household wealth (June et al., 2012; Dekker, 2006; Ewerling et al., 2017; Filmer and Pritchett, 2001). This method is considered by some to be more theoretically robust, since the asset portfolio of a household is likely to be a more reliable indication of long term economic status compared to capturing their income and expenditure at any given time. I must stress, however, that they are merely statistical categories, which are important only as a starting point from which to identify patterns of differentiation among households. They don’t in themselves attempt to represent class categories. Class is understood as foremost having a ‘relational quality’ underpinned by capital-labour relations (Olin Wright, 2015; Perez Nino, 2014). Class must be investigated through intensive methods, which reveal how groups relate to one another causally or structurally (Sayer, 1992).

“Asset scores aim at the quantification of household wellbeing, whereas in contrast class analysis is interested in the relational aspects of the social division of labour and the ownership of the means of production” (Perez Nino, 2014).

Rather than taking the view that asset groups alone can explain causal relationships, which they cannot, I made use of them as one variable among many to explain just one part of the picture. Data on household assets was gathered through the household survey. In order to construct asset indices a list of predetermined durable assets are allocated weights, which allow for the calculation of household scores. Different assets were assigned weights (1, 2 or 3), based on their approximate value, and an overall asset score was assigned to each household. This was used to divide households into asset groups. Importantly these indices are established separately for Keiskammahoeck and Shiloh. I established asset groups for the variables of: household assets³⁶ (poor, middle and rich); cattle (no cattle, poor, middle and rich); and agricultural asset ownership (poor, middle and rich) according to data for each case study site.

Investigating social differentiation and class categories: challenges with using income data

I am not going to discuss my methodology for investigating social differentiation and class categories in depth here because I reserve a complete treatment of my class-analytic approach for Chapter 12 of this thesis. I will, however, briefly note here some methodological approaches and concerns, especially in relation to the perils of using income data. Perez Nino, (2014) notes that a popular way of studying social differentiation, which is commonly used in the rural development literature, is to classify populations using indices for total income, outputs and the size of landholdings (Perez Nino, 2014). Perez Nino notes that in the context of contract farming (2014: 273):

“One advantage of conducting research with contract farmers is that, unlike farmers deriving income from trade in commodities sold in open markets... (Contract) farmers receive a single payment per year ...this is convenient for the purpose of quantifying the household’s monetary income, as respondents recall the amount received with exactitude”.

I made use of income data to calculate the labour exploitation ratio of households. However, unlike in the case of contract farming as noted above, researching own-account farming engaged in by households for both own-consumption and for sale on open markets, posed considerably more challenges. My methodology also tries to capture the complex interrelations between class differences in agriculture and social reproduction strategies located largely, or entirely, off-farm. This entailed capturing income data for a range of off-farm activities as well.

Patnaik (1987) notes that when defining a labour exploitation ratio for households, the unit of measurement could be labour-days, product or income. I chose to use income data as my key measure for the practical reason that in my household survey I gathered detailed data on

³⁶ This included domestic, transport, electronic/communication and agricultural assets.

incomes but not on labour-days. I must, however, acknowledge that there are definite limitations in the use of income data for calculating a labour exploitation ratio. I briefly detail these here, since future research may be able to overcome these limitations by designing appropriate household survey instruments. The most obvious limitation is that income data relies on the honest and accurate recall of income data by key informants, who for various reasons may under- or over-estimate incomes or provide inaccurate information. In my case, every care was taken to gather accurate data, and although a few expected discrepancies were observed, I was reassured of the general accuracy of my data when I observed clear patterns for particular types of income sources. In addition, incomes from social grants and public works programmes could be independently verified, and incomes from JV jobs could be verified through pay-slips.

Another limitation of income data derives from the challenges of operationalising the 'labour exploitation criterion'. Income data does not allow for a neat division into different types of labour, in the same way that data on working days might allow. This challenge presented itself particularly clearly in relation to 'own-account farming' where labour was being hired in. In many (but not all) cases this scale of farming entails some use of household labour as well. It is somewhat easier to distinguish between household labour *days* and labour *days* hired in, than it is to clearly distinguish *income* derived from these two forms of labour. One would need a great deal of detailed income data in order to accurately calculate the total surplus value being appropriated through hiring of labour, as opposed to self-exploitation (see Marx 1973 for rate of surplus value). Detailed information of this kind was not available in my survey, however, and thus a more in-depth analysis was not attempted.

I resigned myself to accepting that given that relatively little labour was being hired in in this context, if labour was being hired in more frequently for own-account farming this in itself was significant and indicative of class location. For the purpose of calculating the labour exploitation ratio, it was thus sufficient to categorise income as being derived either from 'labour hired in' or from 'family labour', without dividing it into approximate proportions of total labour days. Since incomes derived from own-account farming were relatively insignificant, compared to other sources of income, it did not exert much influence on the overall patterns that emerged.

In contexts where own-account farming is a predominant activity, involving both hiring in labour and self-employment, it would probably be worth the effort to develop a more discerning approach. In retrospect, had I known from the onset that I would be using Patnaik's (1987) framework, I would have also gathered information on working days. It would have been interesting to see whether applying the data from working days would make a big difference to the class typology that emerged. However, as Chapter 12 will demonstrate, the results of employing the class typology, illuminates the definite patterns between the class categories. This indicates that despite limitations in using income data, the modifications to Patnaik's (1989) labour exploitation ratio were successful in distinguishing class categories with common characteristics.

4.5 Research Methods

This study makes use of both intensive and extensive methods. The distinction between intensive and extensive methods includes 1) issues of scale versus depth; 2) a difference in what methods and techniques are used; 3) the kinds of questions asked; 4) how boundaries and objects are defined (Sayer, 1992). Attempts to provide adequate explanations for different types of research questions entail the use of different methods. A summary of my approach is provided in the table below.

Table 2. Intensive and Extensive Methods

	Extensive Methods	Intensive Methods
Purpose:	Identify common patterns and characteristics of a population; Produce statistical categories (taxonomic groups) based on household composition, assets, income or economic activities; Categories are important as a starting point to identify patterns of social differentiation among households	Identify significant relations of connection; Explore how causal processes unfold in particular cases, what different stakeholders do, and how change is produced in social groups; Elaborates on statistical categories to explain causal process and relational aspects underpinning social differentiation in a particular context
Relations	Formal relations of similarity: people are connected analytically e.g. households owning 1-3 heads of cattle (these households are only <i>analytically</i> related together)	Substantial relations of connection: between people of real connection and relations (they react in reality together) e.g. farmers working together in a cooperative
Conception of groups:	Taxonomic groups	Causal groups
Methods:	Large-scale household survey (focused on a population or representative group); Standardised interviews; Statistical analysis; = Gathers largely quantitative data	Ethnographic immersion and participant observation; Interactive interviews, informal ‘conversations’ & focus groups; Participatory methods e.g. wealth ranking; Qualitative analysis: structural and causal; = Gathers largely qualitative data
Limitations:	Limited explanatory power. Representative of a population but unlikely to be generalizable to other populations in different contexts and times.	Concrete patterns and contingent relationships can’t be representative or generalizable.
Sources: Sayer, 1992; Mtero, 2014; Hornby, 2014; Davis, 2014; Loewenson et al., 2014.		

Overview of fieldwork activities

My fieldwork first commenced in September 2015 to identify potential case study sites. Between September 2015 and April 2016 I periodically conducted exploratory research³⁷ for a total of 8 weeks (September 2015, February 2016, March 2016, April 2016). I also began piloting a household survey in April 2016. During this time, I would come back to Cape Town to analyse the data and readjust the research focus and data collection instruments where

³⁷ Exploratory research was not limited to field research, as it also involved comprehensive desk research and telephone ‘conversations’ and emails with agribusiness partners and community cooperatives and trusts (although the latter were more difficult to make contact with). I also managed to interview some agribusiness partners in Cape Town, Bathurst and East London out of the allocated fieldwork times.

necessary. After deciding on case study sites I then returned to the field in June/ July 2016 for 4 weeks of intensive research, where I conducted interviews, life histories and finished piloting revised versions of a household survey. In October and November 2016 I spent a further 7 weeks in the field conducting my household survey as well as further intensive research. Therefore in total I spent 19 weeks in the field during 2015 and 2016. The table below summarises the intensive and extensive methods used in each site in relation to the spread of key informants ³⁸.

Table 3. Record of Interviews Conducted on Amadlelo Agri Case Studies: September 2015 to December 2016

Theme of Interviews	Category of Respondents	Shiloh	Keiskammahoek	Middledrift	General (insights on all Amadlelo JVs)
Interviews (unstructured and semi-structured)	JV dividend receiving households	12	7	9	
	JV dividend and wage receiving households	8	10	1	
	JV wage receiving households	7	11	3	
	No JV benefits households	5	7	3	
	Student interns ³⁹	1	2		
	JV farm managers	5	7	1	1
	Amadlelo Agri representatives				9
	Other agribusiness firms and white commercial farmers				7
	Traditional leaders	2			2
	Government officials				2
	Total:		40	44	17
Life histories	JV dividend receiving households	5	4		
	JV dividend and wage receiving households	4	5		
	JV wage receiving households	3	3		
	No JV benefits households	3	2		
Total:		15	14		
Focus groups	Community Cooperative members		1	1	
Household survey	JV dividend receiving households	23	8		
	JV dividend and wage receiving households	10	11		
	JV wage receiving households	9	21		
	No JV benefits households	20	15		
	JV farm managers	1	3		
Total:		63	58		

³⁸ Additional fieldwork was conducted on another four JVs in the Ciskei, all of which have contributed to general insights. In particular I conducted quite extensive research on two pineapple joint ventures over this period. This included 36 interviews with a range of key informants at the Binqala cooperative farm, 17 household surveys and 1 focus group. I also conducted 8 interviews with a range of key informants at the Pineco farm. See the exploratory research section below for more details on why this data is not directly reported as part of this PhD thesis.

³⁹ Some student interns are employed on Amadlelo's farms as part of their skills development programme for university and technicon graduates. Some of these interns have gone on to become JV farm managers, as was the case for a dairy manager at Keiskammahoek.

Scoping/ exploratory fieldwork and choosing case study sites

In total, this exploratory research phase included twelve different JV farms, of a total of seventeen that I had identified through desk research. Fieldwork made use largely of intensive methods including semi-structured interviews, open-ended unstructured interviews, focus groups and participant observation⁴⁰. Some identified JVs were not visited, since they had since fallen out of production, for example a JV involving Cape Concentrate as the main agribusiness firm producing tomatoes on the Tyefu irrigation scheme.

Table 4. JV Farms Included in Scoping Fieldwork

Name of Joint Venture Arrangement (and date of est.)	Agribusiness partner(s)	Community Partner	Commodity Produced	Location in the Eastern Cape (former Ciskei)
Keiskammahoek Seven Stars Trust (2010)	Amadlelo Agri	Seven Stars Cooperative	Milk	Keiskammahoek village
Shiloh Dairies Trust (2011)	Amadlelo Agri	Mayime Cooperative	Milk	Shiloh village
Middledrift Dairy (2009)	Amadlelo Agri	Gwebindlala Trust	Milk	Middledrift village
Bingqala Cooperative (2013)	Summerpride Foods	Bingqala Cooperative	Pineapples	Bingqala village in Peddie
The Peddie Pineapple Project/ PineCo (1998)	Summerpride Foods	PineCo and the Peddie Trust	Pineapples	Tainton, Cornfields and Long Ridge farms in Peddie area
Ncera Macadamia Farm (2005)	Kula Investment Group, Amadlelo Agri, TGK Farming Group	Vulindlela Investment Trust and Imidushane Traditional Authority	Macadamia	Ncera village
The Peddie Ostrich Project Farms (4 farms) 2012	Klein Karoo International (KKI)	Transformation Trust	Ostrich	Pikoli, Ndlambe/Ndwayana, Ntloko and Nobumba villages in Peddie
Ndlambe Pomegranate JV Scheme (1997)	Bonifruit (1997) and were in the process of signing with Farm Vision (2016)	SacuNdlambe Primary Cooperative	Pomegranate	Ndlambe village
Glenmore Pomegranate JV Scheme (1997) Glenpom (2016)	First with Bonifruit (1997) and had recently signed with Pomona and Zontwa (2016)	Zakhe Gqukani Cooperative	Pomegranate	Glenmore village

This stage of the research process gave me a better understanding of the scope of investment by agrarian capital, since many of the same agribusiness partners were involved in the different schemes. For example, it emerged during the research process that Amadlelo Agri was also

⁴⁰ I also attended a 'farming day' held by Amathole District Municipality on the 17 March 2016 in Peddie, which was attended by some JV partners listed below and government officials who were informally interviewed.

invested in Ncera Macadamia farm and had also been involved in the tomato JV that failed to get off the ground. I developed a better understanding of the politics around investigating JVs, largely through my experiences of being denied access to research certain JVs I had included in my desk research e.g. a maize JV in Kentani in the Transkei involving Wiphold and Technoserve as the strategic partners. The table below summarises the JVs that I investigated during scoping fieldwork.

After the initial scoping phase of research (September 2015 to April 2016), I decided to exclude some of the above case study sites. I didn't exclude Ncera Macadamia out of choice, but rather because the strategic partner Kula subsequently became nervous about the research and withdrew my access. Prior and during the course of the preparatory fieldwork, the Peddie Ostrich Farms were vandalised by the community and most of them had fallen out of production and were thus excluded. The two pomegranate farms were also excluded since they had been out of production for some time and were only just reaching agreements to restart the irrigation schemes under new strategic partners.

I decided that the three Amadlelo Agri JV farms would comprise the core focus of the PhD⁴¹. I however decided to continue to do limited fieldwork at the two pineapple JV farms, involving Summerpride Foods since they provided what I believed was an interesting comparison. However, when it came to the phase of analysis I realised that there were too many disparate variables to control between the dairy and pineapple farms and I was concerned about not doing justice to either by including both in this PhD thesis. These differences include, the different commodities produces, very different governance and financial arrangements, different tenure systems, very different historical contexts and the dairy farms are located on irrigation schemes while the pineapple farms are not. The Amadlelo Agri farms are clearly arranged as JVs, however, the pineapple farms are referred to as JVs but are in reality set up as contract farming arrangements because the agribusiness partner is not financially invested in the farms.

It was also only much later in the research process, in August 2016, that I decided I would only conduct the household survey in Shiloh and Keiskammahoek and not in Middledrift. After conducting fieldwork in June and July on all three case studies, I felt these two sites would make for a more fruitful comparison. The similar historical contexts and time frames at Shiloh and Keiskammahoek allow for some common features in these schemes that facilitate comparison. However, they also differ in fundamental ways, which I thought could point to causal mechanisms that explain divergent outcomes.

Both of these farms are established on homeland era irrigation schemes, whereas the irrigation infrastructure was only introduced in Middledrift subsequently as part of the JV in 2009. Both Keiskammahoek and Shiloh irrigation schemes were resuscitated through ReCap grants⁴² and

⁴¹ I also gathered some data on Amadlelo's farms at Fort Hare and Ncera. This contributes to the overall picture of the Amadlelo Model, however these sites were not included as case studies since the former is a JV with the University of Fort Hare and the latter is located in the former Transkei.

⁴² Government has made access to ReCap funding conditional upon beneficiaries entering into an arrangement with a 'strategic partner' (DRDLR 2013). There is thus pressure placed on both communities and agribusiness to enter into JVs if they want to access scarce government funding (Lahiff *et al.* 2012).

both farms were operating at a profit and generating dividends for landowners. However, the JV farm at Middledrift was established in 2009 on loan funding and was not distributing any dividends to landowners. It didn't seem like a prudent use of time or resources to conduct a lengthy household survey where it was clear from intensive fieldwork that there were no benefits deriving to these households.

Intensive Methods

As detailed in Table 3 above, my intensive methods included interviews and life histories, focus groups, field observations drawn from ethnographic immersion, review of primary documentation and research reports and making sense of this range of data through the application of abstract theory. I made use of an iterative and exploratory approach to these methods i.e. the focus of investigation and focus was reflexively revised as I learnt more about the case studies.

a) Unstructured and semi-structured in-depth interviews

I made use of unstructured and semi structured interviews with a range of different respondents. The focus of these interviews varied depending on the respondent and the changing focus of the research. They covered a range of topics relevant to interrogating my research questions. Some of my respondents were interviewed several times over the fieldwork period whereas others were only interviewed once. I generally allowed for a degree of diversion and reflexivity in semi-structured interviews. I found the diversions that respondents would make in the interviews were often revealing of key dynamics. The iterative nature of intensive methods means that data analysis often occurs alongside data collection (Manenzhe, 2015). Flexibility in the interview process allows for the continuous process of learning in the field to redirect the line of questioning and flow of conversation.

Unstructured interviews and informal conversations were also a useful way to gather data in a way that often made respondents feel at ease. When staying on the farm or in the case study site for longer periods, the informal conversations had sharing lunch, a coffee break or passing on the street often provided useful insights that could be followed up later in semi-structured interviews or through participant observation. Informal engagements also included 'walks' in which respondents could clarify issues relating to land rights and use.

Among my taxonomic groups I began the interview process in the first stages of fieldwork by making use of a random sample drawn from the lists of JV workers and members of community cooperatives (and board members) and opportunistic sampling among the 'no JV benefits group' and 'dividend receiving households' in Shiloh. In qualitative data collection it is not generally necessary to have a statistically representative random sample. Depending on what I was investigating, the sampling strategy would change. Once I became more aware of the case studies and the actors involved I would make use of purposeful sampling to select 'information-rich cases' (Terre Blanche and Durrheim, 2002). In Shiloh, for example, when I became aware of various intragroup conflicts I made use of a 'snowball approach' where respondents referred me on to other key informants. I made use of a 'sampling to redundancy

approach' with interviews, which involves "interviewing more and more people until the same themes and issues come up over and over again... no new information can be gained from increasing the sample size" (Terre Blanche and Durrheim, 2002: 45).

b) Life histories

Life histories were only conducted later in the research process and key informants were identified through a previous semi-structured interview or in the course of the household survey. The sampling was thus purposeful in that I chose specific cases which were theoretically important (they explained certain causal mechanisms or livelihood trajectories), were extreme cases (e.g. uncommon examples of accumulation), or was a typical case and represented common trajectories that stood out through the household survey or interview process. I used life histories to gain a detailed understanding of household reproductive strategies in a historical, longitudinal sense and to understand how these strategies interacted with the JV intervention. The length of these interviews depended on the availability of the respondents but could be anywhere from 1.5 hours to 3 hours long, and in some cases I would return on another occasion.

"Life story interview has been taught as a method for capturing people's own perceptions of their lives" (Adriansen, 2012: 2).

Life histories, like other qualitative data, represent a certain perception of reality, which then needs to be further interrogated by the researcher. They also suffer from the potential difficulty respondents might have to recall events over an entire life span. However, in spite of these pitfalls they are very useful in providing a holistic view of a household and its individual members. Life stories are embedded within a whole range of socio-historical contexts and relations, which is an integrated way of studying life trajectories (Goodson and Sikes, 2001). I found life histories a particularly useful way for perceiving the fluidity and changeability of class formation in particular. As such, life histories were used to highlight the relational aspects of class, in conjunction with the extensive methods, which used quantitative methods to construct a class typology.

c) Focus groups

I didn't make use of many focus group discussions and I only conducted two at Keiskammahoek and Middledrift farm, along with some focus groups at other JVs during exploratory fieldwork. The focus groups I did conduct were with the board members of the community cooperatives. A focus group was not conducted at Shiloh because only the Chairperson of the Cooperative showed up and subsequent attempts to meet with other members of the board failed. I was able to witness the internal dynamics of this group instead by sitting in on a cooperative meeting. However, given the heightened intragroup conflicts, I decided that individual interviews would be a better method to pursue.

d) Ethnographic immersion and participant observation

I made use of an ethnographic approach. Ethnography emphasises the significance of context in understanding social phenomena (Hammersley, 1992). In practice an ethnographic approach entails spending fairly long periods in the communities being studied. This approach enables one to observe household and community dynamics, cultural and productive activities and how these interact with the intervention studied (Hornby, 2014) i.e. the JVs. Geertz (1973) asserts that an ethnographic approach should present a ‘thick description’, which must include facts along with the researcher’s interpretations and analysis. Participant observation thus went hand in hand with interviews and I kept a fieldwork journal in which to write down my impressions and observations.

During October 2016, I spent two weeks living on the Seven Stars Farm in Keiskammahoek in the on-farm accommodation, among workers who very graciously accommodated my translator and I. This gave me the opportunity to gain a more in depth understanding of how the farm is run, the social relations of production and an understanding of the politics and social dynamics among different groups. It allowed me to have many ‘informal conversations’, particularly with general workers, JV managers and landowners whose houses were located on the farm. It also gave me a deeper understanding of the immense commitment that is required in running a dairy farm, where the nature of farming with sensitive dairy animals demands around the clock attention.

In Shiloh, the same opportunity was unfortunately not available to me. I decided not to stay in the community itself during fieldwork because of the heightened tensions present among the customary landowning group. A choice of which households to stay with, would have inevitably lead to a perception that I was ‘siding’ with one of the various oppositional ‘groups’ and hence I therefore decided to stay between Shiloh and Queenstown.

Extensive Methods

a) Household survey

The most widely used method for assessing the socio-economic status of households by collecting data on household income, expenditure and consumption are ‘household surveys’. However they have limitations and are criticised for how they conceptualise poverty and human wellbeing in purely monetary terms (Ravallion, 1996). They also face technical challenges regarding the accuracy of data, which is gathered including misreporting of information, sample bias and the inadequacy of a once-off observation, which doesn’t take into account transitory shocks to households. Issues around limited literacy and numeracy and the sensitive nature of discussing incomes may also present challenges to this approach (Perez Nino, 2014; Wall and Johnston, 2008). Despite these limitations I found that the data gathered was very illuminating, and took every precaution to ensure accuracy.

The livelihood survey included 121 households in the two rural settlements of Keiskammahoek and Shiloh. This comprises 62 households in Shiloh and 55 households in Keiskammahoek. In

addition, four JV Managers were surveyed; their data was analysed separately since managers are in a qualitatively different position from other ‘beneficiaries’, and their households are outside of these rural communities. Data were gathered on household composition, livelihood sources and incomes, labour relations, land ownership and use, household and farming assets and the distribution of JV benefits and risks. A twelve-month recall period was used for gathering information on household composition, income, land use, cropping and livestock activities. In Keiskammahoek the recall period was from October 2015- September 2016 and in Shiloh from November 2015- October 2016. Information on asset and landownership referred to the status of household ownership at the time of interview.

I conducted all of the interviews myself with the assistance of my translator for both the household survey and qualitative interviews and life histories. Prior piloting, discussions and training sessions on the household survey, ensured that my translator and I were in agreement regarding the type of language we used, ethical guidelines and avoiding raising expectations around the outcomes of the research. The research instruments were also translated in isiXhosa to ensure standard use of language (see appendix for household survey).

The approach for deciding who in the household should be interviewed was to request to speak to an adult member (over 18), who could effectively recall detailed information. However, since the household survey sought to capture detailed income data and data about own-account farming, I would also confer with the relevant household members where the key respondent was unsure. Table 5 below illustrates that a more or less equal spread was reached between male and female respondents in Keiskammahoek. In Shiloh there are slightly more female than male respondents, which is commensurate with the relatively higher proportion of female-headed households in the total sample (see Chapter 11 below).

Table 5. Gender of Respondent for Household Survey in Keiskammahoek and Shiloh

Gender of Respondent for Household Survey			
Case Study	Gender	Frequency	Percent
Shiloh	Female	35	56.5
	Male	27	43.5
	Total	62	100.0
Keiskammahoek	Female	28	50.9
	Male	27	49.1
	Total	55	100.0

In Keiskammahoek for all the taxonomic groups, except the *no JV benefits households*, household lists were available to apply a random sampling of households, and groups were manageable enough to ensure a representative sample. In Shiloh I was only able to obtain a list of all the workers from the JV farm, which was used to sample households from. This was done by randomly selecting a household number to begin interviewing and then attempting to interview, for example, every second household on the list to reach the target sample size. If households sampled from lists could not be reached, I would then move on to the next household on the list and so forth.

Defining the geographical boundaries of the *no JV benefits households* involved looking at maps of the boundary of the JV farm (see maps in Chapter 5) and sampling households in an equal as possible spread from across the villages or settlements, which surround the farm. For the *no JV benefits households* (in both sites) and the *JV dividend receiving households* in Shiloh I had to make use of opportunistic sampling. I tried to be cognisant of sampling an array of households with visibly differentiated asset bases. These groups were very large, which didn't allow a representative sample to be achieved. The limitations of the sampling method, is that it was necessarily imprecise due to these constraints, and thus my conclusions about these groups are tentative. However, for the other taxonomic groups, I can be relatively confident about the validity of the findings. The total sample and the final sample reached for the household survey is detailed in Table 6 below.

Table 6. Sample for Household Survey by Category of Respondent in Keiskammahoek (N=55) and Shiloh (N=62)

Category of Respondents (COR)	Total Households in COR Groups		Number of Households Reached in sample		% each taxonomic group comprises of total sample	
	Shiloh	Keiskam mahoek	Shiloh	Keiskam mahoek	Shiloh	Keiskam mahoek
JV dividend receiving households	385	21	23	8	35%	15%
JV dividend and wage receiving households	10	14	10	11	18%	20%
JV wage receiving households	16	37	9	21	15%	38%
No JV benefits households	3910	1850	20	15	32%	27%
Total N:	4321	1922	62	55	100%	100%

A focus on gathering rich data during the interviews meant that the breadth of the study was compromised in favour of depth. Therefore the sample size, especially for the 'no JV benefits group', is not very large or statistically representative given the large size of these rural communities: 1922 households in Keiskammahoek and 3910 in Shiloh. Given that the study focused on the livelihood and land use impacts of the JV, and that the three other taxonomic groups are the primary beneficiaries, this seemed like a reasonable approach given the limited resources.

4.6 Data Analysis

As already described above the research design was iterative, whereby data analysis took place alongside data collection in order to reflexively revise the focus and approach of the research, and of the fieldwork. I made use of the software package SPSS statistics to analyse quantitative data collected through the household survey. Rather than a once-off analysis, I periodically returned to analysing the data in SPSS as my ideas changed around what types of analyses should be undertaken or how to group the data e.g. asset groups, cattle wealth groups and my class typology. As part of our NRF Agrarian Political Economy reading group, we had

workshops on methodology and data analysis (including using SPSS), which was most useful in assisting this process.

My household survey was conducted on a handheld tablet computer using a programme called GoFORMZ. This allows you to digitise your household survey form and then to upload it to 'the cloud' and send a copy to your email. This was a far more practical way to conduct hundreds of surveys both in the field and in the analysis stage. The programme allows you to download the data into an excel spreadsheet which can then be uploaded into SPSS. This saved some time in terms of entering data for analysis. Although there was still some cleaning and checking of data that was required in the spreadsheet before it could be uploaded to SPSS. The other benefit of using a digitised form in my particular contexts, in light of the conflicts and contentions in the field, was that respondents liked the idea that it was password protected as opposed to paper-surveys, which could find their way into the 'wrong hands'.

I made use of 'ATLAS.ti', which is a software programme for coding and analysing qualitative data. I found this a useful way to arrange my data under certain emerging themes (using codes), since I had hundreds of pages of interviews and other resources to work through. Some of my interviews were recorded on a voice recorder and later transcribed. After I became more aware of the dynamics in the field I decided to abandon the voice recorder because I thought it made people nervous. Many of my interviews were conducted on a tablet, which allowed them to be easily uploaded into ATLAS.ti, although I also kept a fieldwork journal.

As mentioned above, I undertook periodic analysis of my fieldwork data. Depending on the emerging issues that came to the fore from the concrete research, I would draw on different aspects of theory in an attempt to synthesise the concrete and abstract to explain what I was seeing in my case studies. I presented at several international and national conferences throughout my PhD. This gave me the opportunity to periodically reflect on my research and write-up working papers for conferences. The feedback I received on my conference presentations allowed me to rethink my conceptualisations in some cases. I also managed to publish a working paper and several blogs through the Institute of Development Studies, at the University of Sussex. The NRF reading group undertook an intensive one year reading programme in 2015-2016 on Agrarian Political Economy, including reading Marx's first volume of *Capital: A Critique of Political Economy*. This provided a very useful forum to debate ideas, link it to our relevant research projects and to receive critical feedback on our evolving conceptual frameworks.

The key challenge for me has been to find a way to explain the significance of JVs in terms of the key concerns of Agrarian Political Economy. As chapter two and three illustrated, unlike other agricultural investments like contract farming where there is a wealth of robust analysis, JVs are a relatively newer phenomenon and many of the studies have thus been largely descriptive. Finding a conceptual framework that worked, involved applying a multitude of 'conceptual lenses' in an exploratory way. In these attempts to integrate my qualitative and quantitative data with abstract theory, I would critically reflect on and evaluate which explanations were most powerful. Along this journey, I have written up hundreds of pages of

'findings', which never found their way into the pages of this thesis. This was my experimental way of conducting data analysis and developing explanations that I felt provided useful insights, which both explained the dynamics emerging in my concrete case studies, while also linking them to broader theory and trends of agrarian change.

4.7 Reflections on Fieldwork and Limitations of the Research

At the onset of the research I struggled to secure access to some of the possible case study farms. Local elites and agribusiness partners were generally very hesitant to allow access to the JV farms. It was a lengthy and difficult process to gain access to the farms. I was initially very interested in including Ncera Macadamia JV as a key case study, given the interest of government and strategic partners to roll the model out over an extensive area across communal areas of the Eastern Cape, including establishing outgrower schemes. However, the strategic partner Kula Investments, withdrew access after two field visits. My last correspondence with Kula was on the 30 March 2016. Notably, only 10 weeks later on the 15 June 2016, the Daily Dispatch⁴³ reported that 'Ncera residents' had vandalised the macadamia plantations (cutting down over 900 trees), set fire to sheds, ripped out water connections and destroyed fertilisers, seeds and other inputs. The opposition group raised questions regarding the transparent governance of the JV and distribution of benefits to the customary landowners, laying the blame on the same individual at Kula whom I had dealt with. The timing of this was striking, and it may be possible that growing tensions among beneficiaries contributed to Kula's decision to withdraw my access to the field sites.

These experiences raise several important issues about research approach, ethics and the possible limitations of my study as well. It is important to note that Amadlelo Agri owns a 23% share in Ncera Macadamia, although they do not seem to play an active role in the management of the JV, in the same way as Kula Investments does. I was initially very concerned that the strained relationship with Ncera Macadamia would affect my access to Amadlelo Agri's JVs. However, this wasn't the case in the end, and over my many interviews with management at Amadlelo Agri I felt, that on the whole, representatives from Amadlelo Agri approached the research with quite an enthusiastic attitude of openness.

My challenges in gaining and maintaining access to JV farms, illustrates how much more challenging it is to research JV-type arrangements or other interventions involving private sector actors and agribusiness firms. This is contrasted to the relative ease of researching PCPs or 'smallholder farmers', where production is predominantly organised around the labour regime of a household. In some respects, these difficulties and tensions in the research process reflect power dynamics in the agrarian space, and how capital and elite interests are being guarded and protected. At the Shiloh farm the resistance I experienced came mostly from the Mayime cooperative. This reflects the on-going intragroup conflicts and power struggles among elites and various other groups. Cramer et al (2015), however, also make the valuable

⁴³ See: <https://www.pressreader.com/south-africa/daily-dispatch/20160615/281526520336292>; see also <https://www.dispatchlive.co.za/news/2016-06-22-nutty-to-ruin-macadamias/> as a response to this article by board members aligned to Kula and Eastern Cape Macadamia

point that instead of viewing such disruptions to fieldwork as an inconvenience, we should focus on how they shed a light on local dynamics of power.

Quite early on in the fieldwork, I noticed that respondents were nervous about being personally identified in the research due to the politics around the JVs. I therefore decided to ensure anonymity for all my respondents. This was a way to avoid potential conflicts between stakeholders and also to ensure respondents felt more at ease to share candid evaluations of the JV interventions. Before every interview or interaction, working with the help of my translator in certain cases, we would briefly describe the aims of the research, the University's ethical principles that I was bound by and reiterate my commitment to ensuring their anonymity. We spent a fair amount of time discussing what kinds of language we would use in the interviews and ensuring the translations were commensurate. However, since some of the interviews required me to speak through my translator, I cannot always be certain of how we were presenting ourselves and this is a limitation of the research.

Although I put great care into how we presented ourselves in the field, in Shiloh at certain points of the research I experienced hostility from some groups to the field research. In Keiskammahoek on the contrary, we were quite warmly welcomed and apart from the expected initial suspicions during the scoping fieldwork, we didn't have any problems in maintaining access or with hostile reactions to the research. Initially the chairperson of the Mayime Cooperative was very suspicious of the intentions of the fieldwork. When I contacted her to set up a follow up meeting and let her know I would be conducting further fieldwork, she was wary. I subsequently realized that this might be related to an ongoing court case between Mayime Cooperative and an opposition group opposed to the current leadership. After allaying her fears and interviewing and meeting with the traditional leader, access was permitted and everything seemed to run smoothly for a while. However, following intensive research in July 2016, where I interviewed four households from the group of '17 dairy farmers' with land claims to plots farmed by the JV (see Chapter 9), I experienced a new round of hostility to the fieldwork. A rumour spread that I was a lawyer who was following up on their land claim case. The following quote from a female worker on the farm, who approached me to warn me about some misgivings members of the community had about my research, is telling:

“Some information slipped out of someone's mouth and they mentioned your name...those people living on the farm before are claiming money for the livestock and land. Some of them thought that you are investigating something like that but I told him, no she is still a student... I advised them that they mustn't take it that you are doing research on their own claims.”

After my field research in July 2016, I received several text messages and calls from individuals aligned to different sides of this conflict. It was a challenging experience to try and clarify among these various groups, that I was indeed not a lawyer and that I needed to maintain my objectivity by not taking sides in the emerging conflicts. I did however affirm the prospect that conducting unbiased research could assist in clarifying the various issues of contention, which could be useful for all parties concerned. In October 2016 I was requested to

have a meeting with the committee of the Mayime Cooperative and the traditional leader, in which I had to reiterate again the purpose of the research and of the household survey that I had planned to conduct that month. Thankfully, at that meeting members accepted my proposal and I went ahead with the survey. Amadlelo Agri representatives were also present to report back to the cooperative on farm progress and this allowed me to view the interactions between the cooperative members and the agribusiness partner. However, I was also aware that it was very likely that my presence would influence these interactions.

I did, however, experience certain cases of hostility during this time. This included a few households refusing to participate in the survey because they thought I was aligned with either the 'opposition group' or the '17 dairy farmers'. For example, on one occasion we were chased out of a household, after we failed to allay a woman's fears that we were not on the side of the 'opposition group'. She had threatened to call some 'youngsters' on us and so we apologetically took our leave. I must confess that in the many years of field research that I have conducted in rural areas, this was the first time in which I feared somewhat for my safety and that of my translator, who was also very concerned.

Mayime's committee members promised that they would give us the list of 'landowners', however, on four separate occasions where I had arranged to come to the office to get the list, everyone had mysteriously disappeared or the 'right person' with access to the list was not present. It was for this reason that we had to go ahead with an 'opportunistic sampling method' in Shiloh. Some members of the Mayime Cooperative also declined to be interviewed in October / November 2016.

These palpable tensions did definitely calm down after a week or so, perhaps after 'new rumours' spread among household clarifying our intentions. Also because of the many positive interactions we had with the household that we were interviewing for the survey. However, I recount these experiences here because of the possible limitations it poses to the data that was gathered, in a context where the research project itself became embroiled in local dynamics of politics and conflict, in a way that sharply contrasted to the relative ease of research in Keiskammahoek. Even if this experience was somewhat unsettling, I did learn a great deal about the dynamics of politics on the ground through these challenges and I have tried my best to remain very aware of how respondents might be constructing their own discourses in light of these dynamics.

The final and critical consideration of the limitations of this study is related to my positionality as a relatively young, white, female, 'middle-class', English-speaking South African. This particular mix of social labels would have had a definite impact on how I was perceived by respondents as an 'outsider' and necessarily on how they might have constructed the narratives they shared with me. As discussed above, Sayer (1992) notes that successful shared meanings between researchers and respondents are also conditional on the meanings of terms and conceptual frameworks being 'mutually intelligible' (Sayer, 1992). It is quite possible that at times respondents might have felt that I couldn't possibly understand their struggles, or they altered their explanations to what they thought would be intelligible or 'appropriate' to me. It is

also conceivable that I might have unintentionally used language or presented myself in ways that were alienating to respondents.

It is not only race which carries a heavy burden of mistrust in South Africa, but also my identity as a woman and a person in her early 30s, in a society where both gender and generational struggles are stark. I felt that the fact that my translator was a male, Xhosa-speaker, a resident of the former Ciskei, and in his mid- 40s, somewhat eased these initial impressions of us as a research team. I also felt that the initial hesitations people had to my presence, definitely eased the longer I researched in these sites (barring the above experiences) and I slowly became less of a ‘stranger’. I firmly believe that all of these perceived social labels can be transcended and people can connect in terms of their common humanity. However, at the same time, it would be naïve to assume that everyone feels this way and that my social positionality did not affect the responses I received.

4.8 Conclusion

Marx’s method of dialectics and the tenants of Critical Realism described above, form the basis of the methodological approach in this thesis. The approach is employed in this study, with the aim of moving from ‘appearances’ to ‘reality’ (Marx, 1973). The empirical data has been analysed by making use of relevant theoretical concepts and analytical categories that Marxist political economy provides. The resulting explanation of reality offered in this thesis emphasises the transient nature of social phenomena, complexities and contingencies, the specificities of the historical context, and locates these within the Capitalist mode of production (Sayer, 1992; Marx, 1973).

Trying to comprehend the significance of JVs entails grappling with various aspects of social reality. It requires systematically working one’s way from what can be directly observed, from the shared meanings drawn from the lived experiences of key informants, and then digging below this surface, peeling away the appearances, to get to the conceptual core of these relations and dynamic social processes using abstract theory. Parts of this PhD thesis involve a ‘thick description’ of social phenomena in an ethnographic approach (Geertz, 1973). However, this is drawn not only from what was observable but also my analysis and commentary on the empirical research. I slowly add, layer-by-layer, appropriate concepts and theories, in an explorative fashion to attempt to get to grips with the fundamental relations, which underpin and explain what is going on in these JV arrangements.

Applying a methodology of Marxist dialectics, doesn’t lend itself to an easily implementable step-by-step guide in the way that, for example, Vermeulen and Cotula’s (2010) “Ownership, Voice, Risk and Reward” framework does⁴⁴. This perhaps accounts for the few serious Marxist analyses to date. Marxist political economy, by its nature, embraces complexity. It is not a simple task to bridge the divide between how things might first appear to the researcher (with due consideration to the researchers positionality and social conditioning) and the actual

⁴⁴ Vermeulen and Cotula’s (2010) framework has become perhaps the most dominant conceptual framework for evaluating inclusive business models, as discussed in Chapter 3.

‘reality’. The task of materialist dialectics is to provide the tools by which the researcher can integrate appearances/form and reality/content, and to uncover the contradictions and forces, which are hidden from the empiricist observer (Mandel, 1976). Although this PhD thesis makes use primarily of a Marxist lens, there are times in which other social theories are drawn on to provide the sufficient conceptual force to evaluate the implications of the JV model. There are certain social dynamics that have been more convincingly explained outside of Marxist approaches, for example dynamics of gender, culture, ethnicity, kinship and other modes of belonging (Peters, 2004; Berry, 1993; Oomen, 2005; Knowles, 1991; Fay, 2005; Manenzhe, 2016)



Chapter 5. Case Study Contexts: Keiskammahoek and Shiloh in Historical Perspective

5.1. Introduction

As discussed in Chapter Four, a key focus of any serious analysis of an agricultural intervention from within a Marxist political economy approach needs to consider the historical and contemporary context of the case study sites. This chapter thus aims to describe in detail the contexts of the two rural settlements of Keiskammahoek and Shiloh, in which the JV farms have been established. The location of the former Ciskei homeland and Shiloh (near Whittlesea) and Keiskammahoek villages are indicated on the map below. Both farms are located on the site of homeland-era irrigation schemes, originally established in 1976 at Keiskammahoek and in the mid 1960s at Shiloh (and subsequently revitalised in 1979).

Figure 2. Map of the Former Ciskei Homeland and Location of Shiloh and Keiskammahoek Case Study Sites ⁴⁵



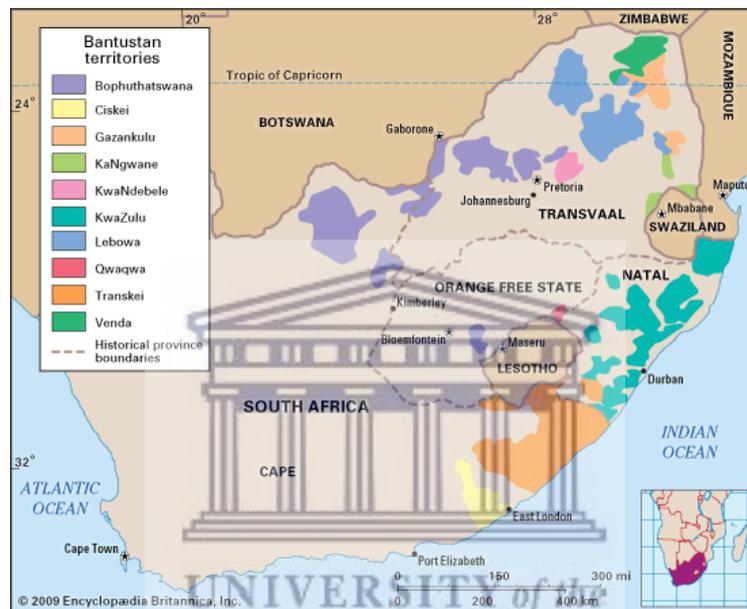
I begin by discussing the historical context of the Ciskei and some relevant dynamics that help us understand the particular social relations of land, labour and capital in this part of the Eastern Cape Province. I then will be discussing the historical development of the irrigation schemes in Keiskammahoek and Shiloh, highlighting differences in the social relations of production and land tenure systems, drawing on historical records, case studies and my own life history interviews. This background assists us in moving on to a description of the contemporary context and how these rural settlements are constituted.

⁴⁵ Source: Wikimedia Commons, Topographic map of the Ciskei

5.2. The Former Homeland of the Ciskei

The former 'homelands' or 'Bantustans' are a key legacy of the 1913 and 1936 land acts, which reserved only 13 % of the land for black South Africans. There were 10 'homelands' designated for different South African 'tribes'. The Ciskei, which is the focus of this study, was one of four homelands that became a 'nominally independent state' in 1981 and was designated for the Rharhabe Xhosa (Claasens 2015; Switzer, 1993). The map below indicates the location of the Ciskei in yellow, along with the other former homeland territories.

Figure 3. Map of Bantustan Territories ⁴⁶



The 'Ciskei' literally means 'on this side of the Kei River', which refers to the side closest to Cape Town. The term 'Ciskei' was used long before the Ciskei Bantustan was created as a result of the 1913 Land Act. Its use can be tracked to as far back as the 1840s to refer to Bantu-speaking African locations located west of the boundary of the Kei River (Switzer 1993). The term also reflects the colonial project of this specific point of history, which aimed to carve out a political entity from the territories of *Xhosaland*. This was first achieved in the mid-1850s with the formation of the Crown Reserve, which later became the *Keiskammahoek district*. In 1866 the Cape colony further extended its control of Xhosa territory by annexing a territory that became *British Kaffraria* (Mager, 1999). The map⁴⁷ below indicates the territories after 1866, the location of Shiloh (further north) and Keiskammahoek are indicated on the map with stars.

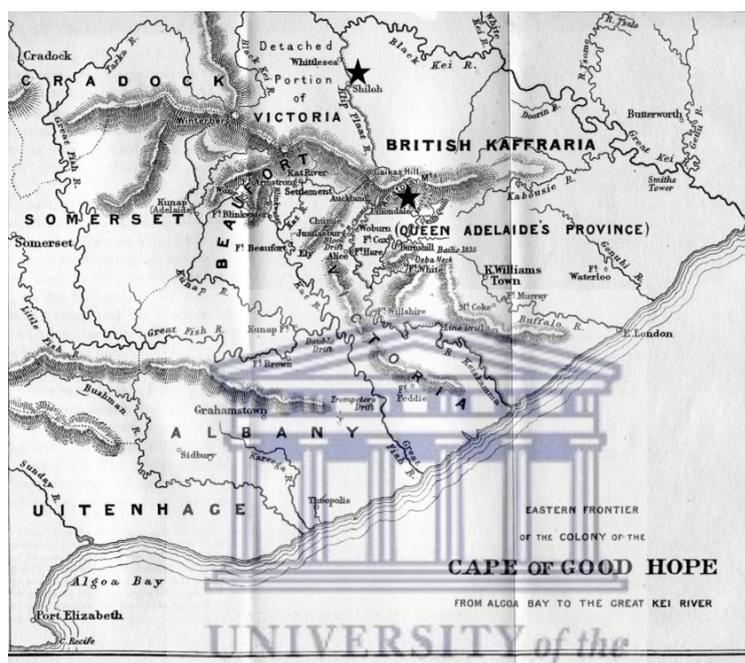
The Ciskei is thus a historically significant region, being the site of early conflict between Bantu speaking Africans and European settlers on the *eastern frontier*. This region was host to over 100 years of the Cape-Xhosa Wars or *Cape Frontier Wars* between 1779 and 1879

⁴⁶ Source: Encyclopedia Britannica (2009): <https://www.britannica.com/topic/Bantustan>

⁴⁷ See: <http://digital.library.upenn.edu/women/hsmith/autobiography/620.gif>

(Switzer, 1993). After 1853 the Cape Colony began settling those considered friendly to the colonial power with freehold and quitrent tenure in the district of Keiskammahoek. Along with white settlers this also included the Mfengus⁴⁸ who had assisted the colonial powers in their conquest. Mager (1999:2) explains how the intention of this was to create a ‘buffer strip’ particularly in the region between King William’s Town and Fort Hare between white farmers and ‘unfriendly Africans to the east’. “This “chessboard” pattern was also intended to ensure “an adequate labour supply” to adjacent white farms. The key criterion for access to freehold tenure was loyalty to the colonial government” (ibid).

Figure 4. Map of Xhosaland and British Kaffraria after 1866



The history of the Ciskei (which can’t be done adequate justice here) presents a very complex picture of shifting land rights and their linked allegiances, which are critical to understanding historical trajectories of class, racial and gender relations. The fact that the private titles or quitrents of the Mfengus continue to be referred to as *umhlaba webaso* or ‘reward land’ (Mager, 1999) or that the *black* landowners with private titles to irrigation plots in Keiskammahoek continue to be referred to as ‘settlers’, must be conceived from within this larger historical picture.

⁴⁸ The origins of the Mfengu are contested, clearly because they at times sided with colonial powers and thus the discourse was controlled by the British Colony which constructed a version that suited their political aims. Bundy (1979) however, notes that they are believed to originate from Natal and to have been displaced by the Zulu kingdom and emigrated in scattered or larger groups and originate from the Zizi, Hlubi and Bhele clans. In my particular case study sites, including in Peddie, Middledrift, Keiskammahoek and Shiloh, it was common to hear references to the ‘amaZizi who own land’. Kingwill (2014) explains the contested origins of the Mfengu as follows: “identified as ‘Fingo’ by the British, an anglicisation of ‘Mfengu’, meaning supplicants... history of displacement as temporary refugees among far-flung corners of Xhosa territory. The neologism ‘Fingo’ denotes a category of displaced people identified and so-named by the coloniser, and was not an indigenous name of an ethnic group or tribe. The historiography of the amaMfengu is contested ... the amaMfengu entered a political relationship of strategic alliance with the British and fought alongside British soldiers against the Xhosa resisters. They responded positively to many of the opportunities on offer, such as education, the franchise and private land tenure”. See also: R. Moyer, ‘A History of the Mfengu of the Eastern Cape 1815–1865’ (Unpublished PhD thesis, School of Oriental and African Studies, University of London, 1976), 260.

The Ciskei has a long history of popular protest stretching not only across the colonial but also the Apartheid eras. In the 1940s and 50s the Ciskei was an important locale for protest groups who established a militant base of operations that united both 'urban and rural dissidents' during the Defiance Campaign. The Ciskei has therefore had a long history of bridging urban and rural identities in ways, which saw unlikely class alliances forming between a differentiated rural peasantry and urban workers. The Ciskei was also an important site of struggle against Apartheid in the 1970s and 1980s (Switzer, 1993). This historical character of struggle that bridges rural and urban areas and identities is important to keep in mind when contextualizing the struggles over JVs.

Capitalist Development in the Ciskei

Switzer (1993), Peires (1981) and Bundy (1979) have all tracked the development of capitalism in the Ciskei during the period of Cape colonial rule. The origins of capitalist development are found first in the expansion of mercantile capitalism, which supplanted the precapitalist economy. Following this, the mineral revolution of the 1870s and 80s, both 'modernized' and fundamentally restructured the peasant economy, and is believed to have catalysed processes of proletarianization on the African population in the Ciskei (Switzer, 1993). The on-going frontier wars also provide an impetus for African migrant labour into the Cape colony. Illustrative of this, was the large number of 'impoverished Bantu speakers' who were driven into the Cape seeking work after the frontier War of 1834-5 (Switzer, 1993: 85). Peires (1981) however emphasizes that at this stage migrant labour was still largely 'voluntary'.

“But as long as they still had an independent subsistence base in Xhosaland, the Xhosa as a people could not be forced on to the labour market, whatever the fate of some individuals. They could still opt out when wages were too low. Before 1846 proletarianisation was still partial, temporary, and to some extent voluntary. The *War of the Axe*⁴⁹ changed all that” (Peires, 1981: 106).

Peires (1981: 165) goes on to explain the new context after the 7th frontier war (War of the Axe) had devastated the Xhosa population: “ By 1847 things were very different. The Xhosa Kingdom had shrunk, and in shrinking it had lost vast tracks of its most fertile territory... No longer did the summer pastures guarantee the health and well-being of the people's cattle”. During the course of the frontier wars, in a process of what we have explored in Chapter 2 as 'primitive accumulation', the Xhosa were systematically removed from ever-greater stretches of productive land, that undoubtedly disrupted the ability of households to reproduce themselves, forcing them to sell their labour on the market to survive (Peires, 1981).

Capitalist relations also took root in processes beyond expropriation of land, particularly in how people were inextricably drawn into commodity relations to reproduce themselves. Trade between the Cape colony and Ciskei Xhosa accelerated with the lifting of restriction on trading with Africans outside the Cape in 1830 (Switzer, 1993). However, the Xhosa peasant economy had not been entirely destroyed by these years of war and colonial subversion. Colin Bundy

⁴⁹ This refers to the seventh frontier war from 1846-47. It was the first war in which the Xhosa made use of firearms and also entailed widespread use of scorched earth' tactics by the Cape forces (Peires, 1981).

(1979), for example, identifies an emergent African peasantry in the Eastern Cape Ciskei that was able to effectively respond to the development of the market economy between 1840 and the 1870s. Bundy (1979) illustrates how this peasantry expanded from its origins in the Ciskei, moving into the Transkei and further into Natal, the north-east Cape and Orange Free State. This pioneering thesis links the decline of this Ciskei peasantry to the mineral discoveries. Bundy proposes that every African household had been drawn into the commodity economy by the 1870s and to differing degrees were producing surplus agricultural goods for the market, as well as purchasing European manufactured goods.

This Ciskei peasantry was already differentiated by this early stage. Bundy (1979) estimates, for example, that by 1890 an 'upper-ranked rural peasantry' or 'rich peasantry' existed, although small in numbers, amounting to between 1000 and 2000 households. They employed wage labour as well as family labour and were politically powerful enough to secure good quality land (many with quitrent titles)⁵⁰ and produced cash crops for markets. Lewis (1984)⁵¹ has, however, questioned Bundy's (1979) idea of a 'rich peasantry' in the Ciskei. According to Lewis very few households benefitted by engaging in the market and he contends that the so-called surplus being sold was in fact a portion of their *subsistence rations*. He does, however, like Bundy suggest that the Mfengu became the most prominent peasant innovators.

According to Switzer (1993) the poorest peasants remained subject to traditional communal forms of tenure. Many were involved in subsistence production on small plots and marginally participated in the mercantile economy as petty traders. Some worked as tenant or wage labour on the commercial farms of rich African peasants, however, the majority survived predominantly through migrant labour in the white Cape Colony. The availability of land in freehold for some African residents (mostly the Mfengus) undoubtedly hastened processes of social differentiation among the peasantry (Switzer, 1993).

In both Shiloh and Keiskammahoek there is historical evidence of successful peasant producers, who managed to prevail even in the last years of the devastating frontier war. Historical records show that African farmers from Keiskammahoek won prizes at agricultural fairs, outcompeting European farmers in the 1870s. Keiskammahoek was also an active trading venue and Queenstown was a major market town for African farmers coming from nearby Shiloh. Queenstown and King Williamstown (bordering Keiskammahoek district) were also the first districts where African farmer cooperatives were established (Switzer, 1993). Bundy (1979: 48) refers to a section of residents in Shiloh in the mid 1800s as '*peasants proper*':

“...Faring relatively well in the midst of poverty, committed more fully to production for exchange. Still predominantly attached to mission stations, these peasants included an increasing number of non-mission members, and the scale and output of their farming activity were rising steadily. Seven hundred inhabitants of the Moravian mission at Shiloh (Mfengu and Thembu) greatly impressed Merriman⁵² in January

⁵⁰ ““Most individual plots were held in quitrent tenure: households received title to the land on payment of a quitrent that was initially set at one pound a year” (Switzer, 1993: 89).

⁵¹ See: Lewis (1984) “An economic history of the Ciskei, 1848 - 1900 “, unpublished PhD Thesis.

⁵² He was an Archdeacon in the 1850s (Bundy, 1979).

1850, when he saw them reaping a fine wheat harvest- a spectacle not matched elsewhere in Africa, he declared” (emphasis added).

However, at the same time, there was social differentiation and not all sections of society in Shiloh and Keiskammahoek managed to successfully negotiate livelihoods for themselves. The so-called ‘lower levels of Nguni society’ were severely affected by the ravages of war and poverty, and were forced into the market economy in desperation, rather than for profit. For example, Bundy (1979) notes reports at the time of groups of women from both Keiskammahoek and settlements near Whittlesea (Shiloh) in 1850, begging, selling or trading meagre goods from their gardens, along with animal skins and firewood (Bundy, 1979).

Switzer (1993: 4) contends, that although capitalist transformation was characterized by a slow, uneven and incomplete process of proletarianisation, the vast majority of Ciskei peasants had declined into a category of ‘poor peasants’ or ‘super exploited excluded classes’ by 1910. In particular this had important and rather dire implications for the position of women (especially unmarried women) whose land rights, social power and economic opportunities were severely compromised (Switzer, 1993; Peires, 1981; Mager, 1999).

Knight and Lenta (1980) propose that peasant production per capita then steadily declined further between 1918 and 1974 across the homelands. The economic conditions and food insecurity in the Ciskei were noted by the central government as being the most severe and the government attempted to intervene directly to boost production between 1920 and 1950 (Switzer, 1993). However there are disagreements among authors as to the cause of agricultural decline and when exactly this period of decline started in the Ciskei.

Hebinck and van Averbek, (2007: 34) note that “the decline was most likely set in motion by a combination of factors involving population dynamics, labour migration, market formation, mounting pressure on the land, declining fertility, and adverse agro-ecological conditions. Policy and the ways in which the state attempted to intervene in black agrarian society were also important”. Simkins (1981) further identifies the move by the Apartheid government in the mid 1950’s to limit migration and redirect it back to the homelands as a key trigger for severe decline. This supports findings by other authors that have emphasised that in the apartheid period wages and remittances were central to sustaining agricultural production (Murray 1981; Spiegel 1986; James 1985; Beinart *et al.* 1986).

By 1974, allegedly, peasant producers in the Ciskei were unable to supply significant portions of subsistence requirements (Simkins, 1981/4). It is interesting yet unsurprising that his periodization of agricultural decline among peasant producers fits neatly with the establishment of the Keiskammahoek scheme in 1976 and the revitalization of the Shiloh scheme in 1979. The irrigation schemes can thus be contextualised as efforts by the South African state and Bantustan governments to reengineer the development of an African farming class, to deal with unemployment and declining food production in the Ciskei, and also as a wider policy response aimed at placating growing political opposition to the Apartheid regime.

5.3. Agricultural Development on Smallholder Irrigation Schemes Under the Former Ciskei

In South Africa around 10 % (1.3 million hectares) of arable land is irrigated (Cousins, 2012). Approximately 100, 000 hectares of this irrigated land is farmed by smallholders, mostly located in the former homelands (Van Averbeke and Khosa, 2011). There are 317 smallholder irrigation schemes across the country, of which around one-third were reported as inactive in 2007 (Cousins, 2012). Averbeeke et al (2011: 799) remark that of the key constraints noted by extension workers on 164 smallholder schemes researched across the country, “poor management topped the list (50% of the cases); followed by infrastructural problems (15%); water inadequacies (13%); conflict (12%); and theft (7%). This suggests that human (capacity) and social (institutional) resource problems were at the heart of the below-expected performance of smallholder irrigation schemes in South Africa identified by nearly all assessments that were made (Bembridge, 1997; Bembridge, 2000; Kamara et al., 2001; Shah et al., 2002; Machete et al., 2004; iSeneke Developments, 2004; Tlou et al., 2006; Speelman et al., 2008; Yokwe, 2009; Mnkeni et al., 2010).”

From 1950 the state began upgrading existing smallholder schemes and also developed a number of new irrigation schemes, all of which were canal schemes (Van Averbeke, 2008). Shiloh was established in the 1960s during a period in which the government through “segregation and apartheid-era government policies aimed to support ‘full-time farmers’ on small plots, and seventy-four schemes were constructed”(Cousins, 2012: 125-126). From 1975 onwards the state stopped developing canal schemes, which were replaced by overhead irrigation systems, reflecting global modernisation trends (Faures et al., 2007).

Between 1975 and 1985, a number of smallholder irrigation schemes were developed especially in the Eastern Cape (Van Averbeke et al., 1998). A number of these irrigation schemes were established as gravity-fed systems, as is the case in Keiskammahoek. A few very large schemes were established, notably Keiskammahoek, Shiloh, Ncora, Tyefu and Zanyokwe in the Eastern Cape (the first three are all operated by Amadlelo Agri as dairy JVs). All of these irrigation schemes were immensely capital-intensive (Averbeeke et al., 2011; Bembridge, 1987; Van Averbeke et al., 1998; Laker, 2000). Until around 1996 these irrigation schemes were governed by the relevant Bantustan governments and their agricultural parastatals (Ulimocor in the Ciskei) (Van Averbeke and Khosa, 2011). The reason for implementation of modern and capital-intensive farming systems is explained by Laker (2004) as follows:

“Since consultants always received a fee based on a percentage of the capital expenditure, it was to their advantage to plan the most capital expensive system. The South African government funded only capital expenditures and not running costs and it was thus easy to convince homeland governments to go for capital intensive projects, rather than those with higher running costs, e.g., labour intensive ones”.

The plan to create ‘a class of permanent farmers’ on these irrigation schemes, however, faced tremendous challenges. Among the reasons for this were the unreasonable pressures placed on

household reproduction, and the connected challenge of overcrowding in the former homelands, as Switzer (1993: 326) notes:

“ To establish a class of permanent farmers, the commissioners estimated that each family farm unit would have to earn 120 pounds a year to survive in full-time employment, and 80 percent of the resident reserve population would have to be resettled in nonfarm townships. Since a relocation of the resident reserve population on this scale was politically unacceptable, the commissioners *arbitrarily* reduced the self-sufficiency figure to about 60 pounds per farm unit... and the surplus farm population to just under 50 percent of the 1951 reserve population.”

Both the Keiskammahoek and Shiloh schemes, like other large irrigation schemes, included a central commercial estate or unit that was managed by the Bantustan parastatal, ‘commercial smallholder’ units on mini-farms of between 4-12 hectares, alongside ‘subsistence’ units of small food plots for household production of 0.1-0.25 hectares (Cousins, 2012; Van Averbeke et al., 1998). Averbeke et al. (1998: xi) note that:

“... Conceived as the social component of irrigation scheme development, food plot sections were introduced into irrigation scheme design primarily to compensate land right holders for making available their land for the development the scheme”.

Averbeke et al., (2011) note that “the mechanised farming system that prevailed on these schemes carried high operational and maintenance costs and required sophisticated management systems”. As a result many of these smallholders were never really able to farm independently and thus when the homeland parastatals were liquidated in the democratic era, many of these schemes fell into disrepair (Cousins, 2012). When the Ciskei was dissolved and reincorporated into South Africa, there was a total lack of handover in terms of key organizational functions to the democratic regime. Hence financial and institutional support to farming households was withdrawn in a chaotic manner. This resulted in a near total collapse of production following the dismantling of the parastatals and in Shiloh the scheme was vandalised (Van Averbeke and Khosa, 2011). This historical context has shaped the particular character of these irrigation schemes, intragroup conflicts and the class and gender relations in these locations. These historical contexts have important implications for analysing the JV schemes.

Historical Narratives of the Keiskammahoek Irrigation Scheme: Land Consolidation under ‘Settler Farmers’, ‘Glorified Workers’ or Differentiated ‘Petty Commodity Producers’?

Planning for the Keiskammahoek irrigation scheme commenced in 1970 and was implemented in 1976 by consultants Loxton and Venn ‘under the direction of the Department of Agriculture and Rural Development of Ciskei’ (Averbeke et al., 1998: 61). According to my life histories, during the first years of the schemes establishment households reported gaining access to a plot

on the irrigation scheme between 1976 and 1982⁵³. The Ciskei Agricultural Corporation and Ulimocor⁵⁴ took over management of the scheme from 1983⁵⁵ onwards until Ulimocor was liquidated in 1997. The land was operated predominantly as a dairy from 1976 until 1997. However the scheme also produced other crops at certain points, including planting tobacco briefly in 1980⁵⁶. Most landowners continued with at least marginal dairy production, alongside a mixed farming system, after Ulimocor left.

The majority of the farming households that settled on the scheme came from outside of the Keiskammahoek area. Most of those farmers that were interviewed and who gained access to their land in the late 1970s and 1980s, reported having responded to a radio or newspaper advert. The size of the original group of farmers that settled on the scheme from 1976 is contested. Holbrooke (1996) mentions an original group of 97 farmers. Various respondents however mentioned 88, 120 or 105 farming households. The conditions of joining the scheme were that at least one person from the households had to be a 'full-time' farmer on the land, they were limited to 4 heads of cattle, and they were not allowed to keep goats or sheep (de Wet, 2008). The Ciskei government officials screened the applicants who also needed to be less than 40 years, married and have a minimum education level of Standard 4 (Holbrooke, 1996). A respondent from a dividend receiving household (Farmer T) for example explains,

"I grew up in Stutterheim. I was in Joburg in 1982 and I heard an advert on the radio for the irrigation scheme. I came to the scheme and they gave me a form but they told me I am not educated so I must get someone educated to help me fill the form. My uncle helped me. They said they wanted someone who was married and I told my uncle he must say I am and I will get a wife!"

The statement represents a long legacy stretching over the Colonial and Apartheid era of state interference in the domestic and particularly marital affairs of black Africans. This was foremost a way to control labour and restrict women's rights to land (Claasens, 2013; Cousins, 2013b). Holbrook (1996: 606) also notes that: "Most participants came from outside the Keiskammahoek district because local men resented not being allowed to keep their own cattle on the scheme". Nightingale (1983: 106-7) reported that 85 % of scheme settlers came from outside Keiskammahoek. Nightingale makes use of survey data to demonstrate that in fact '4 720 men' from nearby villages met the criteria for selection but were nevertheless refused. This explains why today there continues to be some animosity among the wider community towards landowners, who continue to be referred to as settlers and the legitimacy of their land rights questioned.

⁵³ Of the 21 households with irrigation plots interviewed, two households could not remember the year, one reported accessing land in 1976, 6 households in 1977, two households in 1978, three households in 1979, one household in 1981, one household in 1982. Four households reported gaining access to their current plots after democracy, three of which had previously lost access to other plots on the scheme after being 'squeezed out' and one who bought their land from a relative.

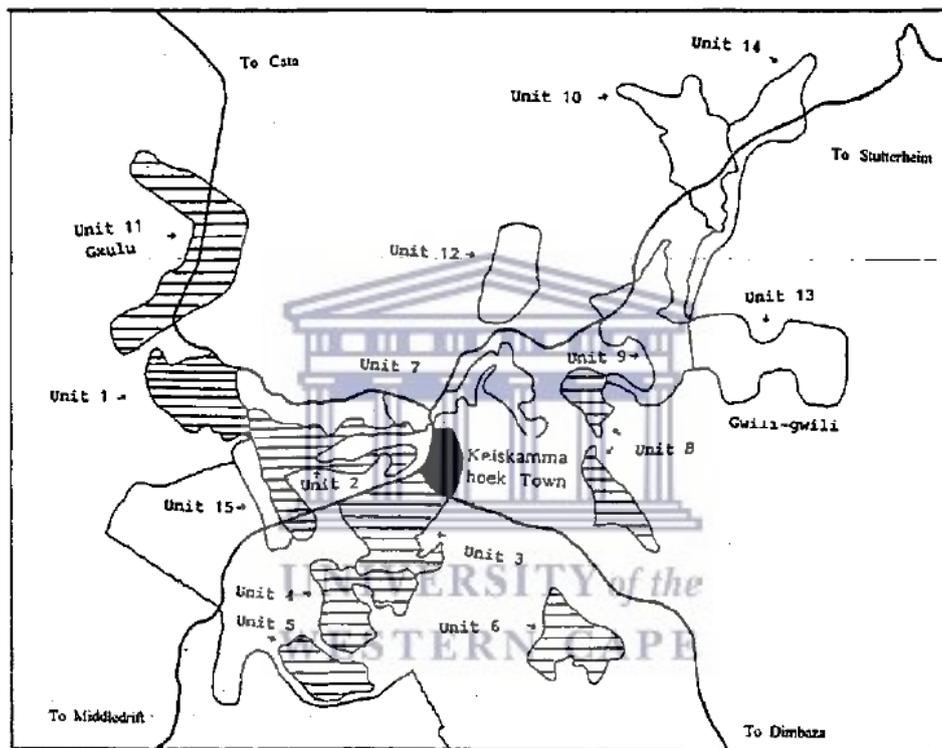
⁵⁴ Averbek clarifies in a personal correspondence the relationship between Ulimocor and the Ciskei Agricultural Corporation "Ciskei Agricultural Corporation sat on top of Ulimocor (an umbrella as it were)."

⁵⁵ In my life histories there are conflicting dates. The majority note that Ulimocor took over in 1983 while two households said they took over in 1980. Averbek et al (1998: 61) do not mention an exact date that Ulimocor took over but they do state that "when Ciskei became independent in 1981 many things changed", inferring that the change of management may have taken place earlier than 1983.

⁵⁶ Farmer T for example notes "in 1980 we planted tobacco but we just planted it once because we found out there are other white farmers selling it so they didn't take our tobacco, they just cut it down because there was enough tobacco there in the factory. I still had to pay for the tobacco even though the factory didn't take it. Unit 1,4 and 5 all planted tobacco"

The first group of ‘settler farmers’ received 4has of land. During the Ciskei era the land was farmed in 6 different units, which were organised as cooperatives of household units that milked around 6-10 cows with mostly family labour but many also hired-in some labour. The following map below from Averbek et al (1998) illustrates the different units of the irrigation scheme. Unit 11 is ‘Upper Gxulu’, which is where the irrigated food plot scheme was located. This unit with food plots has not been incorporated into the JV scheme. Units 1, 2, 3, 4, 5, 6 and 8 are incorporated under the current JV scheme. Unit 3 is the central unit, which was and remains municipal land owned by the local municipality and rented by the JV scheme.

Figure 5. Map of Keiskammahoek Irrigation Scheme⁵⁷



The contested history of land consolidation in Keiskammahoek: from 97 to 35 settler farmers

After an initial period of probation from 1976-1983, a large number of the original group of settler farmers were asked to leave the scheme by Ulimocor. This allowed for the consolidation of larger farming units of a minimum of 12 ha with some as large as 19 ha. A respondent from a dividend and wage receiving household (Farmer X) for example notes, “There were about 105 farmers and only 27 passed. Some of them were not working right or didn’t have quality of farming skills. Others failed and they went home. They came from villages all around South Africa, just a few were from Keiskammahoek”. The history of how and why the scheme

⁵⁷ Source: Averbek et al (2011)

reduced the number of farming households from 97 to 27⁵⁸ farming households is a contested history. Holbrooke (1996: 606-607) recounts the process as follows:

“...towards the end of the first decade of implementation at Keiskamma... a decision was taken to reduce the number of settlers at Keiskamma. In 1984 a process began whereby three farms of four hectares were consolidated into one 12 ha farm. Keiskamma farmers, some of whom were doing better than others, decided among themselves who would continue farming. The number of dairy farmers dropped from 97 to 33, and those who lost land were compensated by government with cash to the order of several thousand rand... A direct cause was crowding; another the increased price of agricultural input. More importantly, the 4 ha farms were aimed at providing a net income of around R2 400 per annum, even after allowing for rental and the cost of input, but research showed that the mean profit per settler was less than R2 000 for the 1983-84 year”.

The life histories revealed varying discourses around how the farmers were chosen. One view is that the decision was made according to ‘production quotas’ and the most successful farmers were chosen. Other respondents emphasise that the scheme was exploiting farmers, and that those who were forced to find outside employment to survive were asked to leave. Yet another viewpoint suggests that farmers were chosen on the basis of political allegiance and corruption. The following statement from a respondent (Farmer N) in a dividend receiving household who got pushed off his land in 1983 (but returned ten years later) reveals the latter perspective.

“Those 27 farmers that got chosen were not from around here they were from far away... Those farmers they chose each other to stay here. They told the project manager that they have no homes so they must chose those people who don't have homes to go back to. So there was a bit of corruption involved. All the ones that had a home around Keiskammahoek got pushed off and just went home to the villages. We were working equally so I don't believe it was about production only. I saw that those people staying around got taken out even if they were very good in their production. I assume that they know the Minister who was doing that process, so they were politically connected. This is an area of problem among us farmers. There are some politics but now it is ok because we have got our land as well.”

It was quite common for those farmers who were chosen to remain on the scheme to suggest that the decision was made according to ‘production quotas’ and to refer to those who were removed as ‘failed farmers’. A dividend and wage receiving household (Farmer A), for example notes: “I started with 4 hectares under Loxton and Venn and then with Ulimocor if you *work hard* they select you to go to 12 hectares” (*emphasis added*). A dividend receiving household (Farmer B), likewise explains: “During the time when they reduced the number of people they selected people according to their *production*. They looked how good you are with the cows. It was Ulimocor at that time that made the decision.” (*emphasis added*). Another dividend receiving household (Farmer M) explains, “I have three houses on my plot because

⁵⁸ Or 33 farming households according to Holbrooke (1996).

it's the houses that other people were removed from. The people who were removed, some left and others went to unit 8⁵⁹ because they were *failed farmers*" (*emphasis added*).

I interviewed the three farmers who were removed and managed to be reallocated land in unit 8 a few years later. Among them is Farmer T from a dividend receiving household, he explains his household's story below:

"When Ulimocor came around 1984, I didn't work well with Ulimocor. I just left my family at unit 4 and went to look for a job to feed my children. Most of the farmers were looking for other jobs to feed their families at that time. We weren't allowed to work though and also have the land, we had to be full time! So we got asked to leave. When we left unit 4 I was doing building jobs, most of the work was in Dimbaza but I also worked around here... It wasn't a company just informal work. We were renting a house in Dimbaza during that time. The other farmers called me in 1992 and said that I should come back and I could get land at unit 8... we moved to unit 8 in 1996, because there was no water there at first. We don't have a title yet for this land at Unit 8. Unit 8 used to belong to white farmers and Ulimocor bought this land for the farmers".

This life history serves to illustrate some of the nuances of the Keiskammahoek case. It also illustrates that although these farmers benefited in ways their neighbours did not, their lives under the Ciskei era, and particularly under Ulimocor were by no means easy. Households were clearly exploited by Ulimocor and the money they received from the scheme was barely enough to survive (van Averbekke et al., 1998). Many of these households were forced to labour in secret to try and meet their simple reproduction and some were caught out and asked to leave. Many households could no longer 'resist' under the 'squeeze' and their land was accumulated by their neighbours.

When one looks more carefully at the life trajectories of those who did survive, those farmers who had previously accumulated savings and other assets through for example public employment fared better. Household composition factors are also important. Those households with several children and other dependents to support were often forced onto the labour market to supplement their farm income. Farmer T's story (and Farmer N's story below) illustrates this trajectory. Farmer T came from a humble beginning and his household is comprised of 9 people, 4 of which are his children, who were young dependants at that time.

A continuation of Farmer N's story below illustrates that it was not only his contention that politics and corruption drove the choice of which households were able to stay. It is a classic story of differentiation among PCP households, in which his household struggled to meet the pressures of their reproduction without recourse to their labour-power. The story also illustrates the uncertainties and dynamism of class place and how they managed to regain access to land, in part through political patronage to the Sebe regime, which reallocated them land.

⁵⁹ Unit 8 is the section of land that is owned by the municipality

“In 1984 there was a performance report which says that I was recently disciplined for outside employment... That time I was only being paid R50 and I couldn't look after all my children so I left my wife to look after the cows and went to look for employment at Gita hospital ... Me and Mr (T) both got into trouble for seeking outside work because we couldn't afford to keep our families on the money we were making. The other farmers didn't need to work outside the scheme. Some of them had elder children at that time that were working at the big cities and sending them money. Some only had one small child and the older ones were helping them. At that time, all of my 9 children were very young. When the farmers came here we weren't at the same level. Some of them were carpenters, policemen and some of the wives like Mr (X's) wife was a teacher. I was not at the same level as some of them, that's why it was harder for me”

The above contrasting discourses around how land consolidation proceeded illustrate the contested nature of the history of the scheme. These contestations still play out, not only among the landowners themselves, but also the relationship between them and the wider community that continue to question their rights to the land.

Labour relations during the Ciskei era: differentiated petty commodity producers or glorified labourers?

During the Ciskei era the labour relations differed on the various household farms. A dividend receiving household (Farmer B) for example notes “You just worked with your family, we didn't hire labour because then you have to pay them, there wasn't enough money for that”. While other farmers noted employing at least a single labourer, as Farmer X from a dividend and wage receiving household describes: “Under Ulimocor I hired just one labourer. Then me and my wife worked there too. After Ulimocor I still had one labourer and I also would hire piece workers from time to time”. Farmer X's wife was a teacher and the household was believed to be relatively wealthy by other scheme members, as Farmer N's statement above indicates. Access to well-paid salaried employment would definitely have had an impact on the ability of households to hire labour or not on their farms.

Holbrook (1996: 607-609) also notes that after the scheme was reduced from '97 landowners to 33' and hence farms increased from 4 hectares to 12 or as much as 18, this necessitated a need for more hired labour from the surrounding villages. Furthermore he notes that it was during this time that differentiation among farmers became more accentuated.

These household units can be thought of during this time as petty commodity producers since production was based predominantly on family labour, and they internalised the class position of capital and labour. However some, such as Laker (2004), who was involved in the first soil surveys when the Keiskammahoek scheme was first being planned has referred to these farmers as 'glorified labourers', a term also used by Averbek et al., (1998/ 2011) and other authors since. Laker notes in a personal correspondence:

“I actually coined the phrase “glorified labourers” because of the way that the farmers of Keiskammahoek were managed, yes managed, by the central unit. KKH is/was

probably the **ultimate** example of how a development project should **NOT** be done... And, of course, KKH should never have been put under pastures for dairy cows. With its high potential soils it should have been under high value cash crops.”

At the beginning stages of the irrigation schemes development, when the ‘settler farmers’ did not own their means of production, it might have been plausible to refer to them as ‘glorified labourers’. However after some time working on their plots, they paid off the land, inputs and dairy cows and thus came to own the means of production. Although many aspects of the circulation process (e.g. milk sales) and some aspects of production was managed and overseen by Ulimocor’s managers, households still controlled the labour process on their farms. Perhaps their class position was unclear but I would still maintain that referring to those who hire-in labour (or control their family labour) and own the means of production as ‘labourers’, serves only to further obscure their class position. A similar argument has been made by Little and Watts (1994) about contract farmers as ‘disguised labourers’, which similarly obscures the type of exploitation that they face by larger capitals. In my view it makes more sense to view them as differentiated petty commodity producers, who exploited mostly their own household labour (but some also hired labour). This doesn’t negate the fact that these households might have themselves been exploited in the ‘sphere of circulation’ by the Ciskei parastatal.

Shiloh irrigation scheme: The Moravian mission and a complex history of land and intragroup conflicts

The Shiloh Irrigation Scheme is located 35 km south of Queenstown. In 1818 Shiloh was founded as part of the Moravian Missionary Society, which claimed to serve the isiXhosa speaking Thembu people. The mission station gained control of over 30 000 ha of land in the area. The Moravian Church can still be seen today in Shiloh village and continues to be an active part of social and cultural life among the customary landowners. Many respondents reported having first acquired access to their land through a church allocation. A respondent from a dividend and wage receiving household, for example, notes: “The land was first given to my great grandfather by the Ministers and Reverends that arrived here at Shiloh. There was a tendency that the oldest son must have the land, so then my mother’s father got it. It used to be a mission station. The people were coming from Germany. And when you decided to become a member of the Moravian Church you were given a piece of land with your family.” A few kilometres north of Shiloh is the small town of Whittlesea, which was established in the late 1840s as a village for white settlers involved mostly in trading.

In the mid 1960s, an irrigation scheme of 334 ha was developed by the South African government at Shiloh. 278 households received irrigated plots of 1.2 ha (van Averbeké et al., 1998). A dividend receiving household explains: “ In the 60’s each and every household had a plot, a bit more than a hectare- " isikhonkwane" is what they used to call it. Before everyone would use it to cultivate on. It was a farrow system with Mr Joko who was here before Ulimocor. After Ulimocor came they gave everyone smaller food plots and they used a sprinkler irrigation”. The development of the irrigation scheme in the 60’s and allocation of plots coincided with the resettlement of people as part of Apartheid’s forced removals onto Shiloh’s customary grazing land, which became the Sada Township and industrial complex.

The irrigation scheme however struggled to get off its feet and by 1978 was allegedly in a state of 'terminal decline' (van Averbeke et al., 1998).

In 1979 the Ciskei Marketing and Development Board commissioned the same consultants that developed Keiskammahoek, Loxton, Hunting and Associates (also referred to as Loxton and Venn by respondents), to prepare a plan for the expansion and revitalization of the Shiloh Irrigation Scheme. The 1979 report incorporated the 334 ha of the existing 278 customary landowners, as well as an additional area of state acquired land (van Averbeke et al., 1998). The Department of Agriculture and Forestry (1984) explains how production and benefits were organized on the Shiloh Irrigation Scheme:

"... the majority of the existing land right holders agreed to pool their resources of land and form a Group Farm to be operated and managed on their behalf by a Central Unit, and as shareholders they would participate in the profits of the venture. Each land right holder was also granted a 0, 25 ha food plot on which he could satisfy his subsistence requirements and produce a small surplus for sale. Provision was made for land right holders who did not wish to participate in the Group Farm to receive an annual rental for their plots and relinquish their rights to participate in the Group Farm and the food plots" (in Averbeke et al., 1998: 73).

The Nkosana briefly describes the history of the irrigation scheme at Shiloh in the statement below. The reduction of household plots to a ¼ ha clearly had an impact on the ability of households to meet their reproductive needs and their ability to produce a surplus above it. This was apparently easier to do before the scheme was 'revitalised' by Loxton and Venn.

" The scheme started in 1961 it was a farrow irrigation scheme. All the landowners had about a hectare. Then you got a lot of money- peas, peanuts and carrots, we grew. In 1981 the Ciskei got independence and they changed to sprinkle irrigation and took it to a commercial level. They gave households a ¼ hectare for food plots. And then all of this land was under Ulimocor, ¾ hectares was commercial land for Ulimocor and we got some dividend from them at the end of the year. But it was very little like R75 or R100. They give you seeds and tractors and you must pay this at the end from the profits. People still made some money from the food plots and they would sell some vegetables. The food plots was a better way to get some money. There were summer and winter crops".

The majority of the land was thus pooled into a Group Farm, on which the customary landowners would not directly be involved in production. However, the plan also made provision for 17 commercial dairy farmers who operated on 4 ha commercial farms, as was the case in Keiskammahoek in the first years of its establishment. These commercial farmers allegedly rented the land and dairy cows (deducted from their milk cheque). They hired in labour from the surrounding areas as is evidenced in this statement by a dividend receiving household:

“There used to be two dairies on the scheme... At that time the dairy farmers were renting their land, they didn't own the land. The cows also belonged to the company. There were labourers also hired, especially in the dairy, so unemployment wasn't so high. The people who were employed on the farms came from around Whittlesea so it attracted jobs.”

By 1982 the irrigation scheme had extended from 334ha to 394,75 ha. This included 68 ha of commercial farms under the 17 dairy farmers, a 120 ha Group Farm⁶⁰, 93 ha occupied by the Central Unit and 113,75 ha⁶¹ of food plots for household production. Later, an additional 60 ha of land (unit 4) was developed as commercial farms where commercial breeding of dairy cows was practiced, which meant that the total area of the Irrigation Scheme extended over 454,75 ha. The area occupied by the Scheme has remained unchanged since 1982, a part from more food plots which were being developed near Whittlesea along the Oxkraal river (van Averbeke et al., 1998). Interestingly a respondent working for Amadlelo Agri was involved in the restructuring of the Irrigation Scheme by Loxton and Venn in 1979 and explains how it was structured as follows:

“I was involved in the irrigation scheme way back when it was under Interscience which was the operating arm for the Zimbabwean consultant firm Loxton and Venn. I started it in 1978 and ran it until 1982 and then I decided to part ways and do my own thing. Loxton and Venn was also involved in Keiskammahoek. I helped set Shiloh up at that point... There were two dairies, same as the Keiskammahoek model with each farmer having 6 cows and milking around a central unit. They had a central unit and then they had quarter hectare plots where people grew their veggies. The JV is now renting the central unit and those quarter hectare plots because people don't want to use them. Under the JV now the households with quarter hectare plots get paid a land use fee, and the rest of the beneficiaries get a profit but not a land use fee”

The fact that Management personnel at Amadlelo Agri had been involved in the development of the irrigation scheme over a long period that stretched back into the homeland era is of particular interest. It may in part explain why the agribusiness firm has continued to choose a model of organizing production that resembles the kind of ‘central unit’, large-scale, capital-intensive method of farming that was developed during this time, first under Loxton and Venn and then continued under the Ciskei parastatal Ulimocor.

However, the Shiloh Irrigation scheme operated slightly differently as compared to Keiskammahoek. The main distinction is that a part from food plots of 0.25 ha, which were cultivated for household subsistence, the remainder of their land was farmed by a Central Unit and households just received a dividend. As a respondent from a dividend and wage receiving

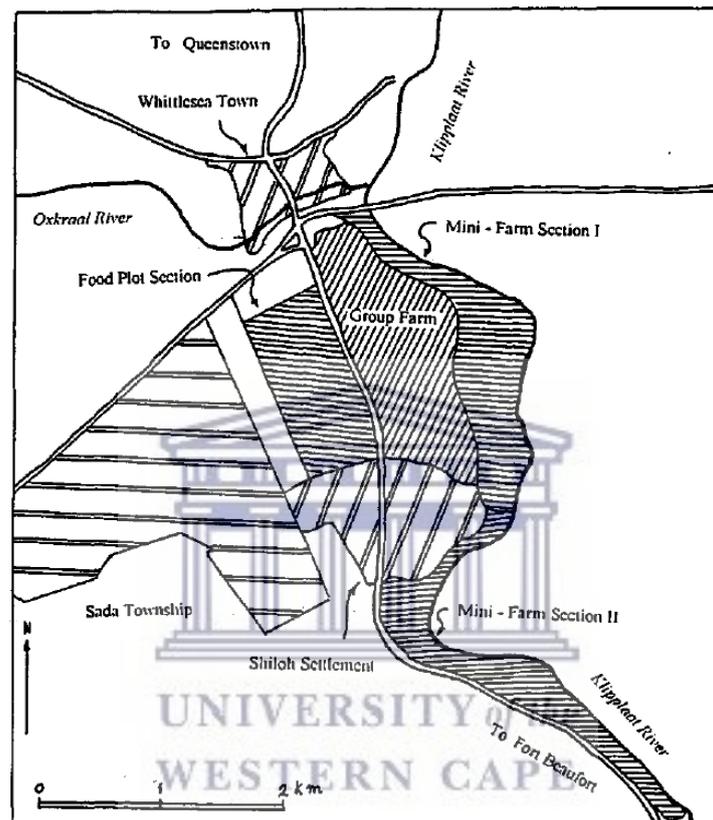
⁶⁰ Averbeke et al (1998: 74) notes in relation to the Group Farm that “Commercial farming is carried out on behalf of 272 members who have land occupational rights”. Hence 6 households appear to have opted out. This also emphasises that households were not involved directly in production on this part of the irrigation scheme.

⁶¹ Averbeke et al (1998: 73) clarifies that “the 113,75 ha of food plots consisted of 280 plots (70 ha) allocated to land right holders and 175 plots (43,75 ha) part of which were allocated to people who lost arable land when Sada Township was developed and the rest was offered for rent to households who did not have land rights”.

household reflects,

“All this land you see here each and every person had a Morgen⁶². They sat down and put their heads together and decided the land must be farmed grouped. We gave the land to government improvements under our name. We were left with ¼ ha per person to plant our vegetables. “

Figure 6. Map of Shiloh Irrigation Scheme ⁶³



This clearly differs to the set up at Keiskammahoek, where although the Central Unit played a major role in management of production, finances and marketing, the households undertook the actual farming. The bulk of the landowners at Shiloh thus did not directly produce on the Group Farm and received either a portion of the profits as shareholders or could opt to receive a land use fee. Interestingly, this model doesn't differ substantially from the current JV scheme where in reality households are just shareholders that receive dividends and land use fees and production is undertaken by Amadlelo Agri. This does beg the question of why one would chose to repeat a model of managing smallholder irrigation schemes that has been widely reported as failing. Van Averbek et al (1998: 81) comments on the economic failure of the Shiloh Irrigation Scheme, which appears to have operated at a loss:

“There has not been a single year when the anticipated flow of income exceeded the

⁶² 1 Morgen is equal to 0.8 hectare or two acres

⁶³ Source: van Averbek et al. (1998: 74). The map indicates the layout of the irrigation scheme. The JV is situated over the entire area, a part from some food plots, which have been reserved for the cultivation of grapes by Mayime Cooperative.

anticipated flow of costs. This simply indicates that the scheme was not economical even at budgeting level... It is obvious that the scheme was operating at a loss for each of the years that were covered”.

According to Averbeke et al (1998) a relatively successful aspect of the scheme was the food plots, at least from the perspective of supporting simple reproduction. However because of the small size of the plots many households were not able to sell a surplus, depending on the reproductive demands of their household and theft and access to markets was noted as challenges. This is further emphasized by van Averbeke et al's (1998) findings that the main constraints of production on the food plots in Shiloh were found foremost to be 'theft' accounting for 61% of responses. This is contrasted to Keiskammahoek where theft accounted for only 3% of responses and failure was largely believed to be a problem of delayed ploughing (accounting for 83% of responses). Some respondents do however recall that during the Ciskei era they were able to sell a surplus from their food plots.

“Nothing was difficult at that time. Children went to school, people bought our vegetables and people made money and there was no poverty at all. People would cultivate their food plots individually but it was marketed collectively. There was an office in the middle of the land where people sold their produce. The trucks would come from all over to buy the vegetables and milk. The money from veg and livestock could send the kids to school. People weren't burdened like they are now. The cost of living is so high now so there is a big change" (Dividend receiving household).

Some of these food plots in Shiloh have now been incorporated under the JV farm. As a historical context, this begs the question of whether there could be better livelihood outcomes deriving from these food plots if household production was promoted alongside the JV intervention, rather than incorporating them as part of the land farmed by the JV.

5.4. Contemporary Context of Keiskammahoek and Shiloh Villages

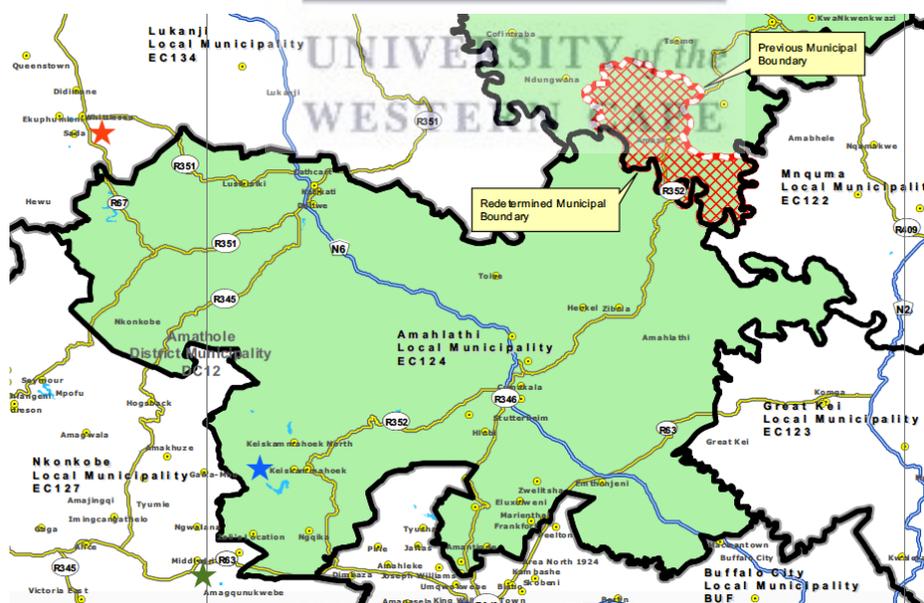
The Eastern Cape Province of South Africa, where Keiskammahoek and Shiloh are located, is the country's poorest province. Statistic SA (2017: 34) notes “There was a notable 17,5 percentage point drop in multidimensional poverty in the Eastern Cape since 2001. However, the Eastern Cape remained the poorest province in 2016, with 12,7% of its households classified as multi-dimensionally poor”. When poverty is measured according to the Upper Bound Poverty Line⁶⁴ (UBPL), the rates are much higher and the Eastern Cape remains the poorest province in the country, with a headcount of 72, 9% of the population classified as poor in 2015. This has been an enduring legacy because the Eastern Cape has remained among the countries three poorest provinces between 2006 and 2015 “In the Eastern Cape, the poverty headcount was 76,6% in 2006; 77,4% in 2009; 69,0% in 2011; and 72,9% in 2015” (StatsSA, 2017: 65). Many of these poor households rely strongly on social grants to meet their reproduction.

⁶⁴ The Upper Bound Poverty Line adjusted for inflation, per person per month in rands was R992 in 2015 and R1138 in 2017 (StatsSA, 2017).

Much of this poverty is concentrated in the Eastern Cape Province’s two former homeland areas of the Ciskei and Transkei. Wage labour and remittances have long been the dominant income sources for rural households. However, a growing crisis of unemployment in recent years has meant that the livelihood contributions of formal employment are declining, and social grants have become increasingly central to meeting household reproduction needs (Neves and du Toit 2013). The Eastern Cape notably has the highest percentage (95,4%) among all the provinces of older poor persons who are claiming an old-age grant (StatsSA, 2017). Along with increased dependence on off-farm income and state grants, as well as population increase, the ability of rural households to engage in farming has been compromised (Hebinck and van Averbek 2013).

Hebinck and van Averbek (2013) report a weakening link between the agrarian and rural in the communal areas of the Ciskei. They support the notion strongly emphasized by Bryceson (2000) and others that a process of deagrarianisation is underway. However agrarian activities continue to contribute significantly to household reproduction in spite of their contribution to monetary income being relatively low (Hebinck and van Averbek, 2013). The value of communal lands and land-based livelihoods is commonly underestimated because their full social, cultural and economic values are not adequately taken into account (Shackleton et al., 2001; Cousins, 1999). Conventional survey methods often neglect the use of these resources for exchange in informal markets, underestimate their contribution towards reducing vulnerability to diminished cash income and overlook own-consumption of natural resources and agricultural produce (Cavendish, 1999; Cousins, 1999; Shackleton et al., 2001).

Figure 7. Map of Case Study Sites: Amadlelo Agri Dairy Farms and Municipal Boundaries ⁶⁵



*Shiloh (red star) and * Keiskammahoek (blue star) *Middledrift (green star on map above),

⁶⁵ Source: Municipal Demarcation Board, 2013.

The case study sites in contemporary context

Keiskammahoek 'Seven Stars Trust' was established in 2010 and the *'Shiloh Dairies Trust'* were established in 2011. As discussed above, both farms are located on the site of homeland-era irrigation schemes. Both of the schemes had fallen out of full commercial production, although to differing degrees. The similar contexts and time frames allow for some common features that ease a comparison, however they differ in a few fundamental ways. Some key features of the farms are captured in the table below.

The much larger group of 395 households at Shiloh, with rights to relatively small irrigation plots, is sharply contrasted to the historical context at Keiskammahoek, where land consolidation benefited only 35 households. Most of the remaining 35 households have private title to their land (or are in the process of finalising their titles), unlike Shiloh, where irrigation plots are held under a form of communal tenure first accessed through the Moravian Church or traditional leaders (van Averbek *et al.* 1998). The land tenure systems thus provide an interesting contrast, which reflects the complex history of the Ciskei.

In the 2015/16 financial year beneficiaries at Keiskammahoek got a median of R110, 000 each in dividend payments. At Shiloh, on the contrary beneficiaries received R2096 but with a lot of variation reported. The differing benefits are in part a function of the size of the beneficiary group and scale of production. In Keiskammahoek 2000 cows are kept on 745 hectares, with dividends deriving to only 35 landowners. This sharply contrasts to Shiloh where you have 900 cows on 450 hectares and a huge beneficiary group of 395 households receiving dividends and land use fees.

Table 7. Key Features and Main Contrasts Between Keiskammahoek and Shiloh JV Farms

Name of JV Farm	Gov'nt funding	Hectares of land under JV	Dairy herd size	Land tenure	Size of plots per household	Mean dividends per household in 2015/16	Households receiving dividends	Number of permanent labourers
Keiskammahoek Seven Stars Dairy Trust	R66 million	745	2000	Private title, deed of sale & municipal land	12-20 hectares	R110, 000	35	50
Shiloh Shiloh Dairies Trust	R30 million	450	900	Customary tenure	+/- 1 hectare	R2096	395	26

At Keiskammahoek 50 permanent jobs have been created and 26 at Shiloh. At both farms because of the high demand for jobs in the area and the need for the farm to legitimize its use of 'communal land' they employ more labourers than a regular commercial dairy farm would. Keiskammahoek employs 1 worker for every 40 cows and Shiloh 1 worker for every 35 cows. When you look at sharemilkers operating white commercial farms in the Eastern Cape, I found

a mean ratio of 1 worker for every 62 cows. The maps of the irrigation schemes at Keiskammahoek and Shiloh below, and the densely populated surrounding villages give a sense that 'questions of labour' feature strongly. Pervasive unemployment means that there are high demands from the surrounding community for jobs, which the farms are unable to meet given the relatively low labour requirements of capital-intensive dairy farming.

Many respondents expressed the violence exerted on the social fabric of the community by the astonishing spectacle of hundreds of hectares of fenced green pastures, latest technology in rotary dairy parlours and the numerous high value dairy animals, amongst the extreme poverty of the residential locations. This was especially glaring because fieldwork took place during one of the worst droughts the country has experienced in decades. The contradictions this evokes are erupting into conflict in more obvious ways in Shiloh but nonetheless bubbling under the surface in Keiskammahoek. The reported acts of seemingly senseless vandalism against both farms, like the amputation or butchering of dairy cows in fields, can be explained by these tensions and crisis of social reproduction. The Agribusiness partner is aware of this tension, which is demonstrated in the following statement: “I was criticized the other day, someone saying this is a diamond on a coal heap but what am I supposed to do ... nothing?”

Keiskammahoek Seven Stars Dairy Trust

Keiskammahoek is located in the Amahlathi local municipality in the Amathole District of the Eastern Cape Province. Outlined in red on the map below are the areas considered part of the ‘Keiskammahoek’ settlement, including part of the irrigation scheme where one of the two dairies is located as well as the Seven Stars Trust headquarters. The 745 hectares that forms part of the irrigation scheme, run by Amadlelo Agri and Seven Stars Cooperative (in the Seven Stars Trust) can be clearly seen on the map by its green pastures. The Sandile dam, which feeds the irrigation scheme, is located on the bottom left corner of the map. Its construction involved the removal of some residents from their ancestral land by the Ciskei regime.

Table 8. Population Statistics for Settlements Surrounding the Seven Stars Trust Farm

Name of Village/ Settlement	Number of households	Population Total	Percentage Female	Percentage Male
Bomapass	134	372	55,91	44,09
Keiskammahoek SP	714	2029	56,23	43,72
Lower Gxulu	419	1400	52,43	47,64
Masinedane	81	278	46,04	54,32
Ngqudela	86	320	56,56	43,44
Tshoxa	488	1807	51,3	48,75
Total:	1922	6206	53	47

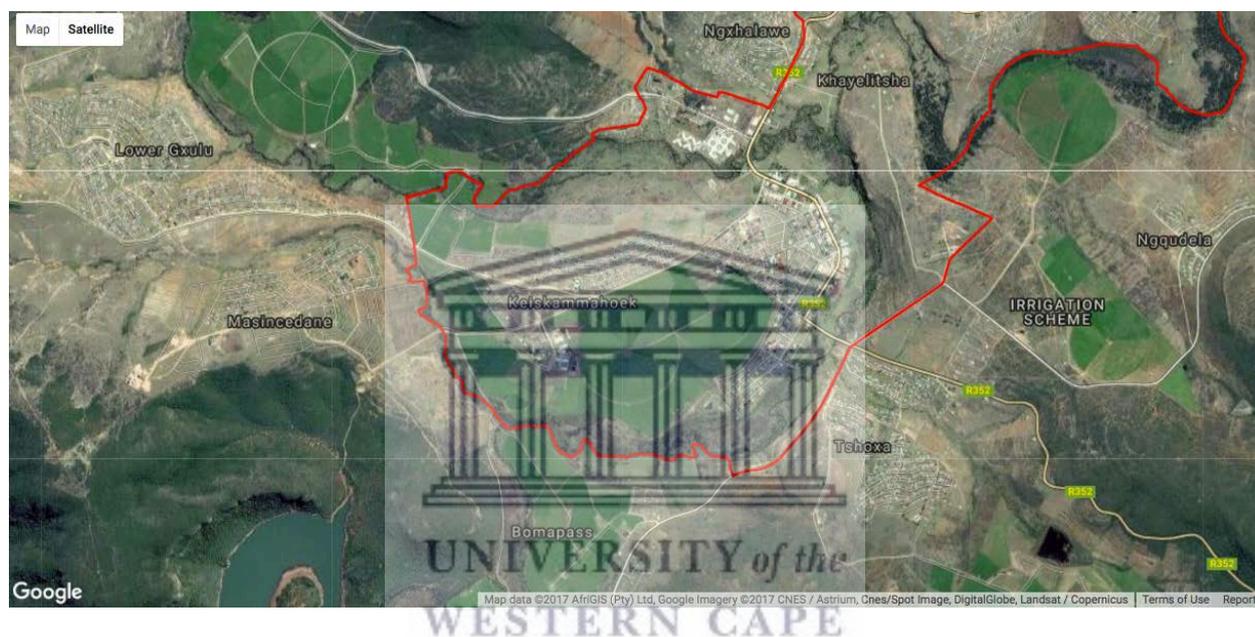
(Source: Census 2011)

The entire area of the farm (745 hectares) is spread over a significant area of this rural settlement, which extends beyond Keiskammahoek village into the surrounding villages of Bomapass, Tshoxa, Ngqudela, Masinedane and Lower Gxulu; from which households were

sampled for the livelihood survey and interviews. Merely looking at the maps themselves gives us quite an intricate understanding of the levels of inequality present in this community, which is most visually expressed by the extensive fields, which are owned by only 35 households within a surrounding community of 1922 households.⁶⁶

Some of the 35 landowners still live on their properties within the bounds of the pasture fields, which typically include between one and three residential structures. This speaks to a history of land consolidation where these 35 landowners accumulated the land of their neighbouring farmers who were ‘squeezed-out’. The extensive irrigated fields are juxtaposed by the densely populated surrounding settlements.

Figure 8. Map of Keiskammahoek Irrigation Scheme and Surrounding Villages



The Map below indicates the location of the two dairies (red stars) operated by Seven Stars Trust. These two rotary dairy parlours can each milk 60 cows at a time. The same technology is used at Shiloh. Dairy cows are milked twice daily, beginning at 4am until around 8.00am and then again from around 2pm to around 6pm. One of the dairies is located in the middle of the pasture fields, which can be seen adjacent to Lower Gxulu village. The other dairy is located in the bottom right corner of the map and is close to the Seven Stars Trust headquarters, a number of storage sheds, several houses for accommodation for labourers (including three managers), pens for calves, and a structure from which milk is sold to the community at a discounted rate.

The map gives a sense of how densely populated the residential land surrounding the farm is. Sophumelela Township, which is located on the other side of the road from the pasture fields is especially densely populated with many poor households living in small RDP houses, makeshift structures or as backyard tenants. Very few of these households keep household gardens and livestock, in part due to shortage of land, water and inputs but also due to high rates of crime and theft. Many of the labourers and some landowners live in this settlement, the

⁶⁶ Or 2454 households if you include an additional 532 households that make up the greater area of Keiskammahoek including Gidda Hospital, Keiskammahoek village, Khayelitsha, Kom and Pumlani - which were not included in the survey.

latter due to old age (preferring to live with their children) or after being relocated for the construction of new centre pivots.

Figure 9. Map of Seven Stars Dairy Trust and Location of its Two Dairies



One can see from the aerial maps that Masincedane, Lower Gxulu, Ngqudela and parts of the outskirts of Tshoxa are less densely populated. In these settlements it is more common for households to keep household gardens, some have access to fields and some keep livestock within their yard (pigs and chickens) as well as on the communal grazing lands (sheep, goats, cattle). The communal grazing lands are mostly in the hills surrounding Keiskammahoek and some people graze as far as the mountain range extending towards Hogsback. Households also graze in and around the settlements and it is common to see livestock along the side of the road. There are shortages of grazing land in this area, which have become more acute with the droughts.

In the first years of the farms establishment, community members would frequently cut fences to let their livestock on to the pastures, which caused serious challenges for the biosecurity of the farm's dairy herd. This can also be linked in part to animosity between the wider community and the households with rights to the irrigation plots. The local community continues to refer to the landowners as 'settlers', since many originate from other parts of South Africa. The legitimacy of their rights to the land is frequently questioned, framed by discourses of belonging and membership to customary groups, which endure in spite of the title-deeds these farmers hold.

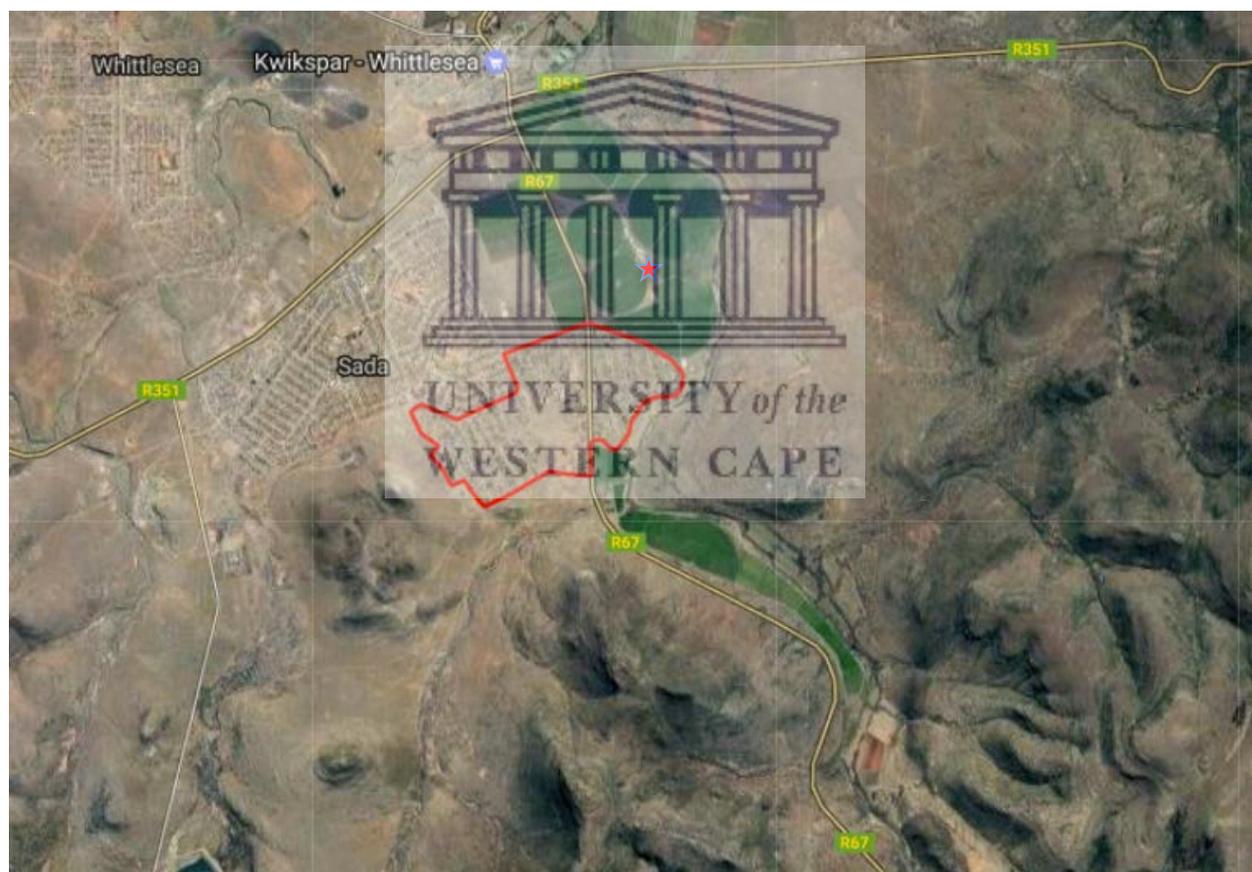
Shiloh Dairies Trust

Shiloh is in the Lukanji Municipality in the Chris Hani District of the Eastern Cape. Shiloh village (highlighted in the maps in red) is located on the R67 road and is about 40 kilometres south of Queenstown and bordering the small town of Whittlesea. The irrigation scheme, which is spread over 450 hectares, is fed by the Klipplaat/ Oxkraal catchment, jointly from the Waterdown and Oxkraal Dams (DWAf, 2018). The landowners and labourers live in residential plots in Shiloh, indicated on the maps in red. 'No JV benefits households' for my

sample, who are not directly benefiting from the JV, were sampled both in Shiloh villages and in Sada Township.

Shiloh is split by the R67 road into two settlements- Upper and Lower Shiloh. Upper Shiloh (on the right side of the R67 facing the direction of Whittlesea) is bordered by the irrigation fields and is where the historic Moravian Church is located. The church forms a central part of both the history and contemporary social life of this rural community. Lower Shiloh, is nestled alongside the sprawling and densely populated Sada Township, a historical site of relocation for households subject to historical forced removals and also the site of a collective land claim by Shiloh residents. The Claimants contend that Sada was their customary grazing land and the traditional leader intends to use the land to extend the pastures for the dairy farm⁶⁷. This conflict plays out in the distribution of benefits from the JV farm because residents from Sada are not eligible to apply for jobs. This and other land conflicts will be described in more detail in Chapter 9.

Figure 10. Map of Shiloh Irrigation Scheme, Location of the Dairy and the Surrounding Villages



The location of the dairy is indicated with a red star on the map above. A manager at the farm explains the current land use for the farm:

“The dairy is located at unit one, where we are now. There is another dairy on the other side of the road, which may be opened at some stage, it is from the old dairy under the

⁶⁷ It is highly unlikely that this restitution claim would result in the restitution of this land and is much more likely to be settled in cash.

Ciskei. Unit 2 is towards Beaufort West, we use it for grazing heifers and for annual ryegrass. We have a lot of cows now so space is running out. There are 443 dry cows and the milk cows are 523. There is not enough land at the moment for them. The farm is also using the land for the food plots, which is on the opposite side of the road to the main dairy. It is being planted with ryegrass and clover for the cows. Those people are also getting some money for their food plots”

The map below illustrates that the entire area of Shiloh and Sada are densely populated. However Sada is far more densely populated than Shiloh is. This is also indicated by census data (2011), which reveals that Shiloh is spread over an area of 2.00 km² with a population of 2193 residents (1099.09 per km²) and 616 households (308.73 per km²). The entire area of Sada is over an area of 4.57 km² with a population of 13493 (2952.04 per km²) and 3294 households (720.67 per km²). These figures give a sense of the juxtaposition of these two settlements and the historically unequal distribution of land among its residents. The neighbouring town of Whittlesea, not included in the sample, includes an additional 4051 households (263.56 per km²).

Table 9. Population Statistics for Settlements Surrounding the Shiloh Dairies Trust Farm

Name of Village/Settlement	Number of households	Population Total	Percentage Female	Percentage Male
Shiloh	616	2193	49,79	50,21
Sada	3294	13493	51,78	48,21
Total:	3910	15686	50,79	49,21

(Source: Census, 2011)

These demographic characteristics reflect the realities of a rural area that defies preconceived notions of ‘rural’ or ‘agrarian’. These residents, many of which were the victims of forced removals during Apartheid, retain strong linkages to urban areas. Many of their livelihoods are strongly linked to wage labour opportunities that can be found in nearby Queenstown and Whittlesea and also further afield in the Eastern Cape and in other provinces. Households without access to wage labour opportunities rely heavily on social grants, the Expanded Public Works Programme and opportunities to work on road works projects led by the South African National Roads Agency (SANRAL). At the time of research, the household survey affirmed that these were all still central sources to livelihoods. Construction was taking place along the R67 providing access to much needed jobs. Once this construction is finished however unemployment will again be a pressure on livelihoods and could likely increase tensions around the JV scheme.

In Sada many households live in small RDP houses many without space for a household garden, although there are also a number of households cultivating small and productive household gardens. The Sada residents do not have access to fields for cropping. In Shiloh the aerial map illustrates how many households have much larger residential plots, providing space for household gardens or a kraal to keep livestock. The open space in the middle of Lower

Shiloh, on the left side of the R67 are a number of fields (not used by the JV scheme), which however have fallen into disuse.

Figure 11. Map of Shiloh Village and Sada Township



5.5. Conclusion

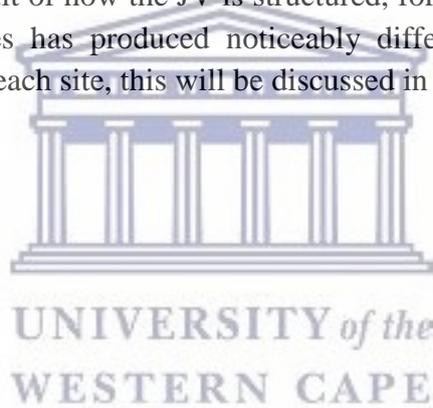
The diverse historical contexts described above for Keiskammahoek and Shiloh in terms of relations of land, capital and labour, illustrate that not only does each former homeland have a distinguishing history but also different settlements within former homelands are unique. This serves to illustrate that common assumptions of linear processes of ‘proletarianisation’ among homeland residents are misleading (Levin and Neocosmos 1989). Historical trajectories of social differentiation in each settlement have important implications for understanding contemporary dynamics, which are clearly playing out in the face of the JVs.

The JV model that is currently being implemented in Shiloh and Keiskammahoek by Amadlelo Agri is capital-intensive and involves the customary landowners primarily in the roles of landowning shareholders and workers. However, this doesn’t represent a radical departure of production systems but rather continuity, in some senses, with a historical trajectory that was inherited from the Bantustan era. From 1975 onwards irrigation schemes, including Shiloh and Keiskammahoek, were established with the key ethos of ‘modernization’ and capital-intensive methods.

Another focus was on the engineering of a class of full-time commercial farmers. This was undertaken with more zeal in Keiskammahoek, where the group of 35 landowners managed to accumulate large plots (many with private titles), dairy cows and other assets. This took place fundamentally through processes of social differentiation among a larger group of 97 PCPs, most of which were ‘squeezed out’. In Keiskammahoek there has been somewhat of a break in

capital-labour relations since landowning households no longer control the production process as they did before. Instead, they now receive dividends and can 'chose' to labour on the farm for a wage. Although there is considerably less politics and conflict around the JV as compared to Shiloh, there are still noticeable tensions, particularly between the Keiskammahoek landowners and the wider community who continue to refer to them as 'settlers'.

For Shiloh's customary landowners, during the Bantustan era, the central group farm was run by Ulimocor and they received land rents and profits. Hence the capital- labour relations do not represent such a drastic departure with the past. However, a key change is that the food plots, previously farmed by households prior to 1994-1997, have been acquired by the JV. The only households that were producing along similar lines as the Keiskammahoek dairy farmers are the 17 commercial dairy farmers. The majority of these households are not beneficiaries of the current JV farm. The on-going land conflict surrounding the history of their removal, as well as other divisions within the current customary landowning group sparked by the vandalism that took place when Ulimocor left the scheme in 1997, are important contextual factors in understanding the intragroup conflicts that are now emerging around the JV itself⁶⁸. These conflicts have historical roots that cannot be understood or explained solely in the contemporary context as a result of how the JV is structured, for example. The impact of these divergent historical trajectories has produced noticeably different intragroup relations and character of class dynamics in each site, this will be discussed in depth in Chapter 12.



Chapter 6. The South African Dairy Sector: Competition, Volatility and Large-Scale Capitalist Farmers

6.1 Introduction

⁶⁸ See Chapter 9 for more detail

This chapter provides an in-depth look at the political economy of dairy in South Africa. It is essential to sketch the contours of the dairy sector, in order to better understand how the structuring of Amadlelo Agri’s JV model has been influenced by the specific opportunities and challenges of the dairy sector in South Africa. I briefly provide an overview of the historical trajectory of dairy farming in South Africa. I look at some of the underlying political and economic dynamics that are responsible for the contemporary context, which is dominated by a few highly efficient large capitalist dairy farmers and large processors. I draw on the agrarian question(s) to provide some explanations for this trajectory. I then briefly consider the prospects of alternative models to sharemilking joint ventures. These insights about the nature and dynamics of the dairy sector, and the limitations they pose to smallholder production elucidate why joint ventures are currently the government’s preferred mechanism for organising milk production, in the context of land and agrarian reform.

6.2 Overview of the Political Economy of South Africa’s Dairy Sector

Some of the salient features of the dairy sector in South Africa are summarised in Table 10 below. The character and structuring of the dairy sector in South Africa has undergone some drastic changes over the last few decades. The dairy industry has transformed from being highly regulated, subsidized and protected, with its activities overseen by a dairy marketing board, to the exact opposite. The contemporary context is a dairy sector that is unregulated, unsubsidized and unprotected. The sector is dominated by ‘market forces’, large processors and few highly efficient, large capitalist farmers.

A brief look at some key historical events and processes, aids an understanding of how this radical transformation occurred. In 1930 the Dairy Industry Control Board was established. Following the Marketing Act of 1937⁶⁹, the Board was reconstituted in 1939 in line with the terms of the act. The Dairy Board had the exclusive rights to sell milk. Milk producers were paid a fixed price for their milk, which was established by the Minister of Agriculture and renegotiated periodically in consultation with The Dairy Board (ARC, *undated*). This historical context created an environment in which dairy farmers were able to accumulate, under the economic and political certainty and support assured by the state. Interestingly, these reforms in South Africa matched international trends: “most Western countries had instituted some type of regulatory mechanisms in the 1930s to provide stability and order to an otherwise volatile market” (Schwarzweiler and Davidson, 2015: 4). This is perhaps not surprising since dairy has always been a commodity susceptible to international market volatility.

Table 10. Salient Features of the South African Dairy Sector

Number of dairy farmers	1683 (0.003% of the 55 million total population) (MPO, 2016).
Jobs created in the	60 000 farm workers and 40 000 people with indirect jobs within the

⁶⁹ The act aimed “to protect agriculture in South Africa, where continuing surpluses and low agricultural prices were being experienced... to give stability to farmers and to reduce the gap between producer and consumer prices” (Black Sash, 1962: 22). See: http://disa.ukzn.ac.za/sites/default/files/pdf_files/BSJun62.0036.4843.006.002.Jun%201962.15_0.pdf

dairy industry	extended value chain, including the milk processing and milling industry (DAFF, 2017)
Contribution to world production of milk	South Africa contributes 0.5% of world production (MPO, 2016; DAFF, 2017).
Cost of production	+/- US\$35 per 100KGs. Produces competitively due to irrigated and rainfed pasture-based systems, large herd sizes and cheap wage labour (Hemme et al., 2014).
Contribution of dairy to GDP	4th most important agricultural commodity, accounting for 7% of agricultural GDP. In terms of production (tonnage), it is the third largest agricultural product (MPO, 2016; Midgley, 2016; DAFF, 2017).
Markets for dairy	96% of milk sold in formal market, 2% informally and 2% for on-farm consumption (MPO, 2016).
Dairy products	The dairy market is divided into 60% liquid and 40% concentrated products. Pasteurized milk and UHT milk are the major liquid products. Hard and semi-hard cheese is the major concentrated product (DAFF, 2017).
Dairy animals	1.7 million dairy cows in production in 2016. Relatively high productivity, 4 th largest herd sizes in the world with the average at 399 dairy animals (MPO, 2015/6).

The Cooperatives Societies Acts of 1922 and 1939 (which provided a framework to secure input supply and output marketing services), created an enabling environment for dairy farmers to organize in agricultural cooperatives. The Land Bank (first formed in 1912) used cooperatives to provide credit services to commercial farmers at subsidized interest rates. The state also used cooperatives as the preferred institution to direct disaster assistance to farmers (Ortmann and King, 2007). During this time agricultural cooperatives were thus important financial intermediaries. The incentives created to organise in this way, led to the emergence of many thriving dairy cooperatives (Piesse et al., 2003). However, changes to the dairy sector began in the 1980s, before the democratic era. Ortmann and King, (2007: 46) note:

“With political change also happening, a series of reforms commenced in the 1980s, including removal of subsidies and tax concessions and deregulation of agricultural financing and marketing, which reduced the role of agricultural cooperatives and made them less dependent on government support”.

The state employed several measures to end ‘statutory intervention in the dairy industry’. In 1983 retail price control of fresh milk was abolished and this was followed by a number of other measures to liberalise the dairy market. On the 31 December 1993 the Dairy Board was terminated. A new Dairy Board and Milk Producers Organisation replaced it in 1994. However, a key difference is that it only represents the interests of dairy producers, whereas its predecessor had also handled the affairs of the secondary dairy industry. The new Marketing of Agricultural Productions Act of 1996 also created very different conditions for the dairy sector. The act stated that, “producers can now produce milk on their own responsibility and sell to milk buyers of their choice at a mutually agreed price”. In the 1990s all subsidies were

abolished and by 1998 all agricultural marketing boards had been phased out and the state no longer controlled agricultural commodities (ARC, *undated*).

These major policy reforms had an immense effect on the role of cooperatives in agriculture in general, and on dairy in particular. The reforms also compromised the relative bargaining power of producers in favour of processors, distributors and retailers. Cooperatives were stripped of the privilege of serving as agents on marketing boards and distributing government subsidies. Thus they lost the considerable regional monopoly powers they had enjoyed for so long. They could still provide credit to farmers, however, like the Land Bank they also had to compete with commercial banks to provide this service. With this inhospitable political environment, most cooperatives converted to investor-owned firms (IOFs) and many listed on the Johannesburg Securities Exchange (Piesse et al., 2003; Ortmann and King, 2007).

Cooperatives no longer play the role they used to in the dairy industry. Stanford's (2012:5) research on commercial dairy farmers revealed that the departure of cooperatives from the dairy industry, has made it difficult for smaller farmers to survive. One dairy farmer that she interviewed noted, for example, that:

“The few big players that dominate supply to farms, and that market the produce, make for huge problems for farming. The processing companies are too big and powerful and can really squeeze the farmers. Even if the competition commission steps in to deal with the problem, the farmer ends up paying, as the cost of fines to the processors are simply recovered from the farmers.”

Many dairy farmers note that the disintegration of the cooperative system has had a negative impact on farming. However, they also concede that the new political and economic environment does not provide the right conditions to re-establish cooperatives. Another farmer Stanford interviewed (2012) notes: “It would be difficult for farmers to agree and form the types of coops that gave them stability in the past. The legislation has changed, but a greater difficulty is for farmers to work together - it would be hard to regain the advantages of the coops of the past.” While another states unequivocally: “we would have to agree as farmers and that is difficult. Essentially I see other farmers as my competitors. I need to be more efficient than them” (*ibid*). Competition is the new logic of the dairy game, which neither provides promising prospects for cooperation, nor for new entrants to the dairy industry.

In South Africa, capitalist relations of production have become firmly established in dairy farming. The basis for this immense accumulation of capital and for the establishment of productive forces in dairy was undoubtedly aided by the period of state protection of dairy farming from the 1930s to the 1980s. The dairy sector is now characterised by an increasingly small number of large capitalist farmers, producing on relatively extensive landholdings. These farms have large herd-sizes⁷⁰, use capital-intensive production systems and employ wage labour (Midgley, 2016; DAFF, 2017). The prevailing discourse around ‘viability’ is that to

⁷⁰ South Africa has the 4th largest herd sizes in the world with an average of 399 dairy animals (MPO, 2016). In South Africa there are four major dairy breeds: Jersey, Holstein, Guernsey and Ayrshire. Farms make use of imported semen for artificial insemination of dairy cows (DAFF, 2017). Therefore the sector is technically innovative and highly productive, which presents barriers of entry to new-comers.

compete in the formal market one requires at least 300 cows, with the average herd size at 399 (Milk SA, 2013; Standford, 2012).

Increasingly capital-intensive production systems have also been employed by these on average larger farms e.g. use of rotary dairy parlours, which can take between 40 and 80 cows at a time, milking between 180 and 440 cows per hour⁷¹. A labourer on the Keiskammahoeck farm notes some of implications for production and labour requirements, with the introduction of the high-tech rotary dairy parlours. The statement illustrates how mechanisation of dairy farming means little labour is required, which poses questions for the suitability of dairy farming for land and agrarian reform:

“During the Ciskei we could milk 6 cows at one time. The difference is now the milk goes straight to the tank. With the old system, you would have to empty the bottles in a bucket and then you write down how much it takes. You used your hands to change the milk... This new one is automatic. This one is easier and we need fewer workers. Even one person can milk all 2000 cows on these machines... The computer feeds the cows and records everything now. On the old one you must take a dish to feed the cows”.

The dairy sector is mainly involved in production for the domestic economy and food security. However, due to the drop in value of the Rand and an appealing international price for milk, the South African dairy industry is increasingly supplying neighbouring SADC countries, especially Mozambique, Zimbabwe and Angola. Since 2010 export earnings have risen steadily to around R1.1 billion (DAFF, 2014). Dairy products and milk imports have fluctuated, at times depressing local production and profits. In 2014 the value of imports peaked at R1.4 billion but has since decreased in part as a result of the depreciating value of the Rand (Midgley, 2016; DAFF, 2017).

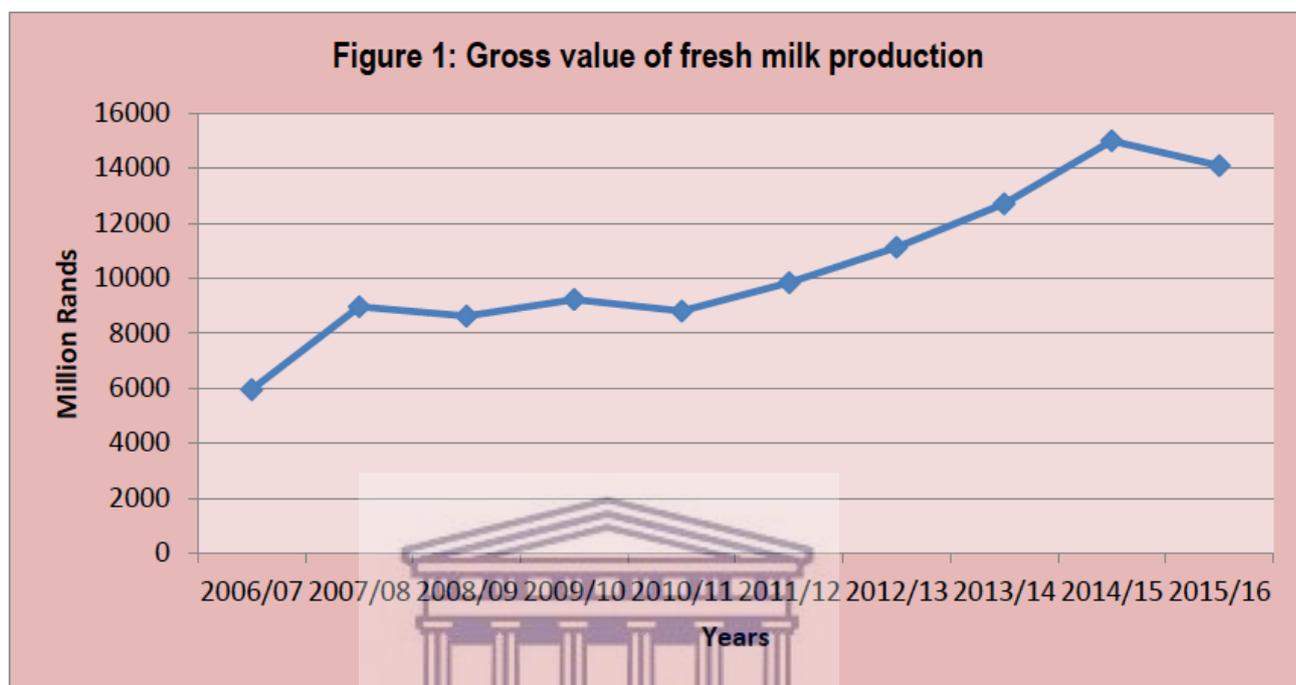
The South African dairy industry produces competitively, with the cost of milk production per farm lower than many other dairy producing countries. The cost per 100KGs of milk is around US\$35, which is equal to that of New Zealand, considered a leader in the world dairy industry. However, due to lower grain prices in South America, countries such as Argentina are able to produce with even lower production costs. As the figure below demonstrates, the total gross value of production for fresh milk has been increasing over the last 10 years and reached its peak in 2014/15 at R15 billion (DAFF, 2017). The gross value of production is determined both by the producer price for fresh milk and the quantity produced; both of which necessarily influence each other (Midgley, 2016).

The increasing demand for dairy products in South Africa (especially a growth in demand for cheese) is expected to continue over the next decade. If favourable weather conditions remain, and if the milk-to-feed price ratio remains stable, conditions for production are expected to be favourable and to meet rising demand. It is estimated that this will be accompanied by a rising producer price, which will drive milk production upwards by 28% (BFAP, 2015). The dairy value chain is, however, vulnerable to the continued depreciation of the value of the Rand.

⁷¹ See: http://www.waikatoso.co.za/product_categories/7-milking-systems

Although currency depreciation is offset by a rise in dairy exports, it also negatively impacts the cost of production, since it increases the costs of imports such as fuel, fertilisers and feed (Midgley, 2016).

Figure 12. Gross (Nominal) Value of Fresh Milk Production in South Africa 2006-2016



Source: Statistics and Economic Analysis, DAFF

The limited availability of land and water restricts the growth of the dairy sector. Climate change also poses a risk to the favourable forecasts for the dairy sector (Midgley, 2016). Climate change is expected to impact dairy production through lower fodder and pasture yields, feed scarcity and increasing cost of feed, increased disease pressure, rising energy costs and demand, and possible damage to infrastructure. Dairy cows are particularly vulnerable to heat stress at temperatures above 25 degrees Celsius. Rising temperatures will therefore affect the frequency and intensity of heat stress, which impacts negatively on milk yield and quality, and on conception rates in dairy herds (Du Preez, 2014; Midgley, 2016). Another lesser emphasised impact of the pressures of climate change is the change of land use patterns in coastal areas, which could be precipitated by a possible demographic shift towards the cooler coastal areas, limiting access to land for dairy farming (Midgley, 2016).

This is particularly important in the South African context, since production has shifted to the coastal regions, which have milder climates and where pasture-based systems (some with irrigation and others rain-fed) are cheaper to produce on. These favourable climatic conditions bring down the cost of production, which has become necessary in order to survive in an unprotected dairy market where producers are price-takers. The interior regions struggle to be competitive, since they must make use of more expensive, intensive feedlot production systems (Midgley, 2016). In 2016 the coastal regions produced 83% of South Africa's milk and the Eastern Cape Province was responsible for 28% of production (DAFF, 2017). This also

explains the attraction of entering a JV with communities in the former homeland areas. In the milder coastal regions of the Ciskei and Transkei, agribusiness can reap the benefits of mild climates with gravity-fed irrigation on pasture-based systems.

These key features, explained above, of a 'competitive dairy farm' have become essential if producers want to avoid being 'squeezed out'. For example, Mkhabela and Mndeme (2010: 122) note that for milk producers "economies of size exist, with larger farms able to produce any given level of output at lower costs compared to their smaller counterparts". As an illustration of the scale of production we are taking about, the largest dairy farmer, operating under the company 'Grasslands', owns 14 extensive dairy farms, milking 15 000 cows, and also sharemilks⁷² on one other farm owned by land reform beneficiaries, with plans to extend to another one (Mysen, 2017; Key Informant Interview, 2016).

Research and official government reports (DAFF, 2014; Migley, 2016) reveal that dairy producers can be characterised as predominantly large capitalist farmers (or large-scale commercial farmers to use the government's terminology), along with a marginal number of small- to medium-sized producers (MPO, 2015; DAFF, 2014; Milk SA, 2014). One can infer from government documents, that these categories are defined in terms of the size of the farm, herd size and which markets they target (the latter two categories selling directly to consumers) (DAFF, 2014). However, there are no exact statistics on the relative numbers of each of these three categories⁷³.

The figure below from DAFF (2014⁷⁴) maps the 'dairy supply value chain'. However, it excludes providers of inputs to dairy producers, (including renting of dairy cows which is a prominent practice), provision of grain for feed, fertilisers and herbicides for pastures, medicine and other infrastructural inputs etc. The dairy industry generates 60, 000 on-farm jobs and the extended value chain provides a further 40, 000 jobs (Midgley, 2016; DAFF, 2014). There is also a lot of vertical integration of the dairy value chain, which is a means to capture scattered value. For example, Amadlelo Agri also has an equity stake in a processing firm, COEGA Dairy.

As the figure below demonstrates, the few existing small and medium dairy farms mostly sell informally to consumers, and thus they are not capturing much of the market. Only 2% of total milk is sold informally, while 96% is sold in the formal market (and the remaining 2% is for on-farm consumption) (MPO, 2016). This constricting 'market reality' has likely contributed to government's decision to partner customary landowners up with commercial farmers and agribusiness, rather than transforming the value chain, which would require more intensive interventions and investment.

⁷² See below section on sharemilking for more details.

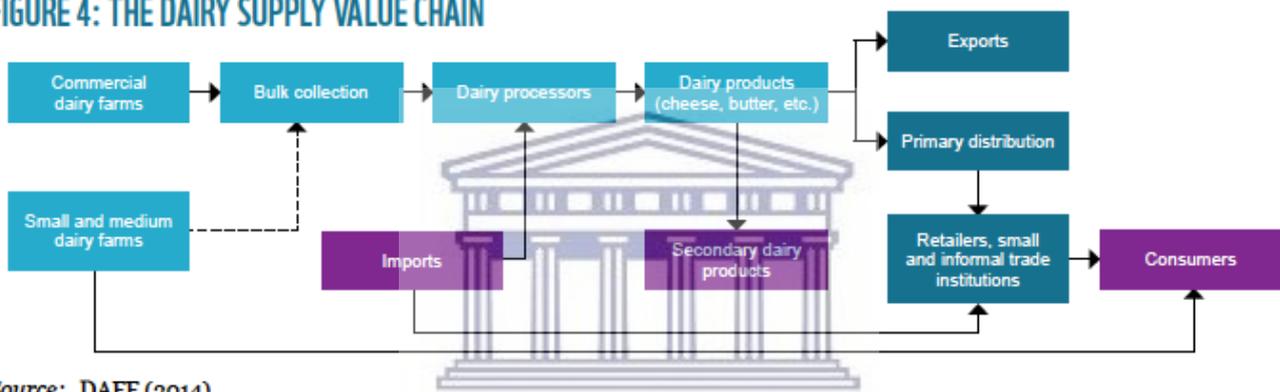
⁷³ There is, however, data on the distribution of herd sizes, which could be used as a basis to differentiate between producers, although this would exclude important factors for a class-based analysis, such as the use of wage labour versus household labour. This analysis is thus not attempted here.

⁷⁴ In Midgley (2016)

Concentration of land and dairy herds is evident in how two decades ago there were around 50,000 dairy farmers, this reduced in 1994 to around 9000 dairy farmers¹, but only 1683 remain today (MPO, 2016, McCullough, 2017; Key informant interviews). This entailed a decrease of 30% between 2001 and 2007 to 3 727 dairy producers (Scholtz and Grobler, 2009). Then between 2007 and 2015 the number of milk producers in South Africa decreased even more radically by 53%, leading us to the current context where only 1683⁷⁵ milk producers remain as of January 2016 (MPO, 2016; Midgley, 2016). In spite of the fact that the numbers of producers have reduced drastically, between 2006 and 2016 the number of dairy cows in production increased by 28% and milk production increased by 23% (DAFF, 2017). This indicates that the surviving enterprises are highly productive. This obviously poses many barriers of entry for new farmers and to the viability of smallholders (Mkhabela and Mndeme, 2010).

Figure 13. The Dairy Supply Value Chain in South Africa

FIGURE 4: THE DAIRY SUPPLY VALUE CHAIN



Source: DAFF (2014)

Over the years both the global and national markets for dairy have become increasingly competitive. In South Africa, coupled with varying other factors, this environment has become near impossible for small producers to survive in, and many have been squeezed out. This has resulted in concentration of land under fewer dairy producers (Midgley, 2016; MPO, 2015). Mkhabela and Mndeme (2010: 122) note that:

“There are those in the agricultural industry that hold the view that there is no future for the small dairy farm in SA agriculture, since its unit cost of production is perceived to be higher than that of its larger counterpart”.

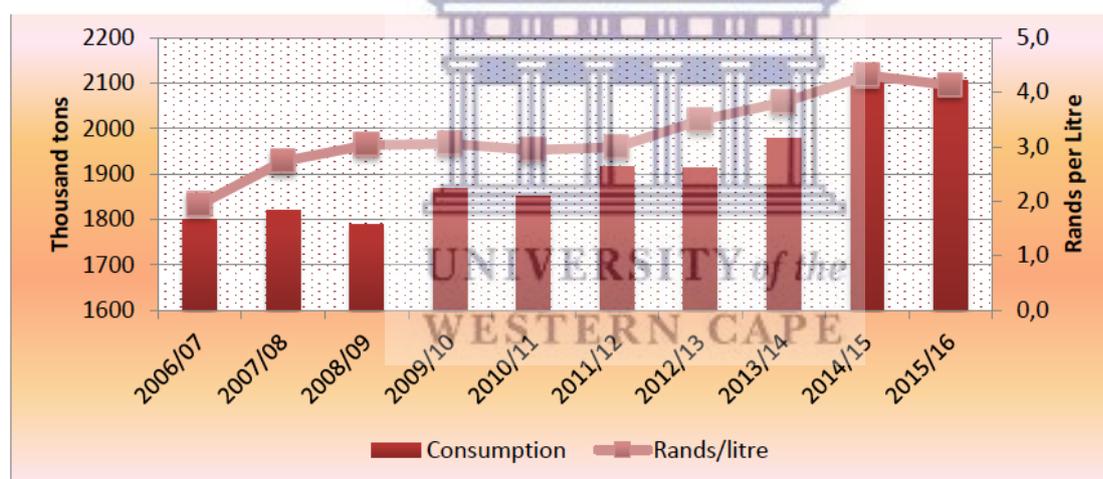
The deregulated market for dairy means that farms must produce competitively and their survival rests on their ability to lower costs of production, given that individual farms cannot influence the producer price for milk (Mkhabela and Mndeme, 2010). Another defining feature of the South African dairy industry is that the dairy processing sector is dominated by four large national processors – Clover, Parmalat, Nestlé and Dairybelle (Daff, 2017; Stanford, 2012). These processors force dairy producers into a price-taking position. However,

⁷⁵ DAFF (2017) reported in their Dairy Value Chain Analysis report that there were now 1961 milk producers. However I use the 2016 statistics since my case study was conducted in 2015 - 2016.

processors also complain that they are in turn being squeezed by retailers, particularly large supermarkets that conduct immense power in the value chain (interviews with key informants).

In South Africa the dairy market experiences cyclical periods of milk shortages, which are often followed by surpluses. These are said to be the result of market forces, in many cases, which force several dairy producers out of production (Scholtz and Grobler, 2009). For example, Scholtz and Grobler, (2009) note that several milk producers left the dairy industry in 2005 due to an unexpected decline in the milk price during winter, when producers generally receive higher milk prices (due to a seasonal reduction in milk production). This resulted in significant milk shortages in the South African market at a time when demand had actually increased for dairy products. Demand for dairy products was met between 2005 and 2007 through net imports and was sustained by a sharp increase in the producer price (35% year-on-year) for milk. However, we experienced an opposite trend from 2008, possibly linked to the financial crisis. There was a decrease in demand for dairy products, which resulted in a surplus and a drop in the producer price of milk. These types of fluctuations in the dairy market are common in South Africa and demonstrate the vulnerability of milk producers to market volatility.

Figure 14. Local Milk Consumption and Producer Prices for Fresh Milk ⁷⁶



The local producer price for milk and consumption are mapped out on the above figure from DAFF (2017). The chart indicates that consumption of milk has been fluctuating but it reached a peak of 2.1 million tons in 2014/15. During the period relevant to this study (when fieldwork was undertaken in the case study sites in 2015/16), the milk price experienced a 4% decline and consumption also decreased by 0.7%. In 2015/16 the gross value of fresh milk⁷⁷ also experienced a decrease of 6%, which is believed to be connected to the drought. Despite the fluctuations, milk consumption increased by 17% between 2006/07 to 2015/16 (and is expected to continue to grow). Rising consumption is driven by population growth and changing consumption patterns. Between 2006 and 2016 South Africa experienced an exponential increase in the value of milk by 136% (DAFF, 2017). The National Development Plan (2011)

⁷⁶ Source: DAFF (2017: 4).

⁷⁷ “The gross value of production for milk is dependent on the quantity produced and prices received by producers” (DAFF, 2017: 1).

also identified dairy as having high growth potential. In spite of market volatility, the growth potential of milk thus still makes the sector attractive to (large) agrarian capitals, which are able to effectively navigate risks.

Volatility, however, is an international character of the dairy sector and is not specific to South Africa. Major milk producing countries around the world have experienced similar pressures to production and profitability. Schwarzweller and Davidson, (2015: 1) for example note:

“Dairy farmers and their families, in almost every industrialized country of the world, face an extremely uncertain future. The forces of change - locally, regionally, and globally - are formidable, persistent, and extremely complex. Many dairy farmers, in an effort to remain competitive, are being pressed to restructure their enterprises and to rearrange their lives. Some will make it, and some will not.”

The reasons for the drastic changes taking place and the pervasive volatility of the dairy market, however, remain somewhat under-researched. In spite of the voluminous literature on agrarian political economy “scant attention has been accorded to structural shifts within the rapidly changing dairy industry, both in terms of description and theorisation” (*ibid.*: 4). This is startling because the dairy sector resembles many of the tendencies unleashed by transformations to capitalist agriculture, since it is arguably the most heavily capitalized agricultural commodity sector in the world.

Key threats which are commonly noted to the survival and profitability of dairy farmers in South Africa include: the threat of land reform, undervalued land, financial insecurity, difficulty in accessing credit, rising prices of inputs (especially the price of grain), the threat of cheap imports, low producer price for milk, distributors and retailers are capturing profit margins and forcing producers into the position of ‘price-takers’, climate change, the increasing cost of wages for farm labour, and the impact of HIV on labour productivity (Findlay, 2006; Midgley, 2016; DAFF, 2017; Scholtz and Grobler, 2009; Key informant interviews).

The threat of cheap imports is frequently noted to create havoc for the dairy industry, both from the producer and processor perspective. For example, Melt Loubser, the chief executive officer of Fair Cape Dairies noted in an interview in 2017 that, “South Africa exports dairy produce as well but is a net importer. With cheap imports coming into the country there is no way we can compete on a national basis...Our prices fell and with so many farmers leaving the dairy industry it is concerning to see where it will end up.”⁷⁸ All of the above factors have intertwined to produce a context where profitability has suffered over the years. Findlay (2006: 5) explains the effect of this context from the milk producer’s perspective:

“The most immediate threat to dairy farmers was identified as small and declining profit margins. In 1973 dairy farmers experienced an average cash flow margin of

⁷⁸ See: McCullough, (2017): <https://www.independent.ie/business/farming/dairy/why-the-number-of-south-african-dairy-farmers-has-slumped-from-50000-in-1997-to-just-1600-today-35629779.html>

R1.50 per liter. By 1986 this had dropped to 80c per liter. In October 2006 the average cash flow margin on a liter of milk was 20c. Farmers believe they are in the middle of a “price squeeze” between increasing input costs (maize, fertiliser, labour), which average around R1.75 per liter, and decreasing prices offered by distributors and processors.”

This statement was made in 2006, however, it doesn’t seem like things have changed much since then. In April 2016 a respondent from Amadlelo Agri noted that the JV dairy farms were making around 20c profit per litre of milk. He explains the volatility of the milk market in the statement below:

“The market is ever-changing. Last year the equivalent of a month and half was imported into this country in a day. So it threw our milk market on its head! The price crashed from R4.50 to R3.50 a litre. Remember that the price of production is R3.30, so we were making 20 cents a litre. So a farm like Middledrift that is producing 3000 litres went from R3.5 million profit to R600, 000. And our commitments on borrowed money are R1.5 million, so we were down the drain by R900, 000. This year there are threats of imports again...”

The inputs worry us more than the imports though, especially the price of maize. We have disproportionate labour and security costs, because of where we operate. So we have to strive to get our costs down to R3 per litre, so last year’s pricing put us in a difficult spot. The price of maize has gone from R2000 per ton to R3000 per ton, which put us in a difficult position. The biggest component that we buy-in is grain. At Ncora you can grow dry land maize but it doesn’t pay for us to grow grain where you can irrigate the land like in Shiloh and Keiskammahoek. A hectare of grazing land irrigated gives me R20, 000 net profit, a hectare of grain gives me R5000 per hectare.”

The above statement gives one an idea of the immense uncertainty and volatility within which dairy farmers are forced to operate. Producing profitably has become increasingly difficult within this context. It also demonstrates how having access to government funding e.g. as was the case in Shiloh and Keiskammahoek, assists in surviving through these periodic price-squeezes resulting from unanticipated cheap imports, the rising costs of inputs and the dominance of processors and distributors in determining milk prices. A farm like Middledrift really suffers through periods of increased market volatility, while profitability will be affected at Shiloh and Keiskammahoek but not to the same extent, since they do not have the burden of loan repayments. This somewhat more secure set-up would obviously be an incentive for agribusiness to engage in sharemilking JVs. A key informant from Amadlelo Agri notes,

“ In dairy farming you generally get a 12% to 15% return on capital but if someone lent you all the start-up money you will basically be working for them forever. This is the case at Middledrift, the debt is creating zero benefits for the community! I will never get myself into the same arrangement again, there has to be a government grant for the infrastructure!”

Those producers who manage to survive the volatility of the dairy industry have engaged in a few notable strategies. Firstly, some have undertaken horizontal integration (e.g. like Grasslands' strategy above, buying more land and producing at scale) and investing in capital inputs to boost income and profit margins. Some rely on cost-saving measures like accessing 'gravity irrigation' or particular grain growing practices. Some diversify into niche markets e.g. producing organic milk or selling a portion of milk informally as unpasteurised milk,⁷⁹ which both have higher profit margins. While many also survive by investing in enterprises outside of agriculture, or engaging in vertical integration 'upstream and downstream from the farm gate' (Genis, 2012:17).

I interviewed a number of white commercial dairy farmers, in an attempt to get a better sense of the dairy sector. Some of these respondents were shareholders of Amadlelo Agri (from the 50 white commercial dairy farmers) and others were not. Among the former group, one such respondent was a sharemilker, who milks predominantly on white commercial farms in the Alexandria area, which is a dry land area (i.e. rainfed) of the Eastern Cape. However, the sharemilk business is a part of a much larger, diversified family business- TGK Farming. They have utilised the latter strategy, mentioned above, of investing across the agricultural value chain, as well as in other sectors outside of agriculture. These businesses include macadamia farms (including Ncera Macadamia JV mentioned in Chapter 4), three sharemilking farms, a consultancy, a transport business and a medical distribution business. The following statement from an interview in July 2016 illustrates their business strategy and how central their other businesses are to 'riding-out' the challenging times in the dairy industry:

"Farming has become corporatized, if you don't have six or seven operations it's hard to survive... My brother went the macadamia route and I started sharemilking, so we have a corporate structure TGK Farming Group and we have the sharemilking farms, private macadamia farms in KZN and then the community macadamia farms. These all fall under one umbrella. It really helps sharing your assets. Now Macadamia is booming and dairy is suffering, so they are giving me money. When they are in trouble hopefully we can help them. So diversification really helps. You will battle as a sharemilker if you don't have investment ... what keeps us in the dryland game is the consultancy revenue on community farms, our transport business, and our distribution business [medical]. For the first three years TGK was putting money in those businesses and now it is putting money into the sharemilking. For me to capitalise on opportunities in this area I need diversified portfolios. If you are a family business you must become corporatized. You have big troughs and peaks, and those troughs are deep! You need to plug those gaps with income from elsewhere"

The above analysis has illustrated that the potential for profitability in the dairy sector has

⁷⁹ It is technically illegal to sell unpasteurized milk but many farmers, including the Amadlelo Agri dairy farms sell it because there is a high demand for it to make sour milk or Amasi and it is more profitable. A key informant from Amadlelo Agri notes, "Our customers don't want pasteurized milk. They can buy from us for R5.50 a liter or at the shops it costs R10... so what do you let your people starve? ... From my view as long as your cattle tests negative to CA (contagious abortion) and TB (bovine tuberculosis) its fine... None of us growing up on a farm had anything but raw milk... We sell about 10% or 15% of our milk unpasteurized. It gives us a price of 10 cents more than the average price for milk. Remember our farms do about 4- 10 million liters, 10 cents on 4 million liters is R400, 000 per year, giving a bottom line increase of about 10%. Those are the little things we are seeking to mitigate where we can to improve profitability".

suffered over the years, contributing to the declining number of dairy farmers. The reality is that if one is not operating at scale or diversifying, it is difficult to survive the competitive pressures of the dairy market. Findlay's (2006:6) comment, for example, represents the dominating logic that drives the structuring of the dairy sector in South Africa: "Due to globalisation, the world market is far more competitive than it has been in the past. Essentially, the biggest player wins". The specific nature of dairy as an agricultural commodity, which is particularly amenable to technological innovations and capital-intensive methods, has resulted in extreme competition between producers and a necessity to produce cheaply to keep up with the largest competitors. This specific nature of the industry must be considered when coming up with new avenues for black emerging farmers to enter the sector and also when envisioning alternatives to JVs.

6.3 South African Dairy and the Agrarian Question

In this section I will explore explanations for how South Africa's pathway of capital-intensive dairy production has been produced under the pressures of a pervasive system of global capitalism, liberalisation of the international market for dairy and deregulation of the dairy sector which occurred in South Africa in 1997 (Milk SA, 2016). A brief look at how the agrarian question in South Africa has unfolded can shed some light on the particular trajectory of development of South Africa's dairy sector, and also what contributions dairy can realistically make to economic and social development in the country.

Firstly, there is the 'problematic of accumulation' (Bernstein, 2009) and the question of what contribution agriculture and the transfer of agricultural surpluses can make to industrialisation, accumulation and the emergence of capital (Preobrazhensky, 1926; Akram-Lodhi & Kay, 2009; Byres, 1991; Lerche, 2013). It has been proposed in South Africa that this question has been resolved for white capital (at least). Moreover Bernstein (2009) suggests, the agrarian question of capital has been resolved on a world-scale.

In South Africa the service sector has become increasingly dominant as the main source of capital accumulation, accounting for 60% of GDP and therefore capital transfers from agriculture may no longer be significant. However, in spite of this we may contend that cheap food remains important to national capital and processes of accumulation in the countryside have political significance as a national concern. Dairy is especially important, as it is a central component of a basic food basket. There is a tension that plays out between on the one hand, the interests of industrial capital which benefits from low food prices, (which directly impact wages) and on the other hand, the interests of milk producers to receive a fair price for their produce. In South Africa this dynamic plays out in terms of frequent flooding of the market with cheap European dairy products, as discussed above.

In South Africa there is a dominant and increasing urban population of more than two-thirds, which is expected to grow to 80% by 2050 and only 4.6% of people derive employment from agriculture (ILO, 2014). A higher price for dairy products would impact the urban poor negatively and could compromise employment in the industrial sector, thus negatively

affecting the overall position of labour. In this context, the government's interests are in keeping food prices low, possibly even if this means squeezing out producers. This explains why milk producers in South Africa are extremely vulnerable to fluctuations of global dairy prices and to the threat of cheap imports (Midgley, 2016; DAFF, 2015).

Dairy producers are not a politically important constituent in the eyes of the state, when compared to industrial capital and labour. From a politically pragmatic position, this perhaps doesn't bode well for the prospects of supporting a smallholder dairy sector; since we know they would be unable to produce as cheaply as the larger farms (Mkhabela and Mndeme, 2010). To survive they would need to target niche markets, government would need to provide effective extension support (which is notably poor in South Africa), and importantly, to secure markets for smallholder produce, such as procurement to state schools, prisons and hospitals (Aliber and Hall, 2012; Cousins, 2015). This would require considerable changes to the current trajectory of land and agrarian reform in South Africa; however, it doesn't appear that there is political appetite to lead these types of reforms. The JV model on the other hand allows the state to leave the market for dairy as is.

Let's now consider the second agrarian question, concerned with the problematic of 'production' (Bernstein, 2009). This investigates the extent to which capitalism has penetrated the countryside and agriculture and which class relations remain obstacles to it (Kautsky, 1899; Lenin, 1899; Byres, 1991; Lerche et al., 2013; Akram-Lodhi & Kay, 2009). Here tendencies towards or limitations of class differentiation could be explored, as possible explanations for the dominance of capitalist dairy farming in South Africa. The trajectories of capitalist agriculture in general, have already been explored in Chapter 2. As noted above dairy is a commodity particularly susceptible to technological innovation and capital-intensive methods, and thus the dairy sector exemplifies what Bernstein (2013) has described as 'natural, simply capitalism'. The many decades of state support for dairy farmers has contributed to the establishment of highly efficient, large-scale capitalist dairy farmers. However processes of differentiation are on going, which have been exacerbated by the liberalisation of the dairy market, resulting in many smaller producers being squeezed out.

'Sharemilking joint ventures', aimed at creating livelihoods for previously disadvantaged communities, are likewise premised on this capitalist farming model. The introduction of wage-labour on this land in some cases has replaced the household-labour regimes of previous petty commodity producers. However, these communities themselves are also highly differentiated and these context specific class dynamics have important implications for how JV interventions fare.

In these arrangements communities mostly cease to be involved in the productive process, although some are employed as wage-labourers. They thus occupy an ambiguous class position as landowners, shareholders and labour. Under certain conditions this can create a labour disciplining effect. However, in other contexts it can result in conflict, which is ultimately shaped by currents of class formation. It is these tensions that the new capitalist social relations

of production introduce to processes of social reproduction engaged in by diverse households that is driving these divergent outcomes.

Third, let's consider the agrarian question as a political question of the nature of class struggle and emerging alliances between classes, both in and outside the countryside, including which classes the state supports. How might these dynamics shape the organisation of dairy production? Liberalisation of the dairy sector since 1997 and the immense competitive forces this exposed South Africa's dairy farmers to, helps to explain the radical reduction of dairy producers over the years to a mere 1683 (Midgley, 2016; MPO, 2016). However processes of class formation in South Africa's countryside, described in Chapter 2, point to a longer-term trajectory across the agrarian landscape, which has seen smaller producers being squeezed out overtime (Bernstein, 1996; Cousins, 2015; Genis, 2012).

Political uncertainty around land reform, coupled with a volatile market for milk in South Africa, also explains in part why white agrarian capital is looking to enter into dairy joint ventures with black landowners, as a strategy to 'hang in' and access government funding to make investments less risky. The political significance of the ambiguous class position of these 'beneficiary communities', who are at once landed property, labour and a smaller form of capital (with shares in the farm operating company) is not entirely clear. Neither is it clear what impact this will have on the productivity of agriculture. The disguised class position may serve the continued survival of white agrarian capital in its profit extracting relationship, in complex ways.

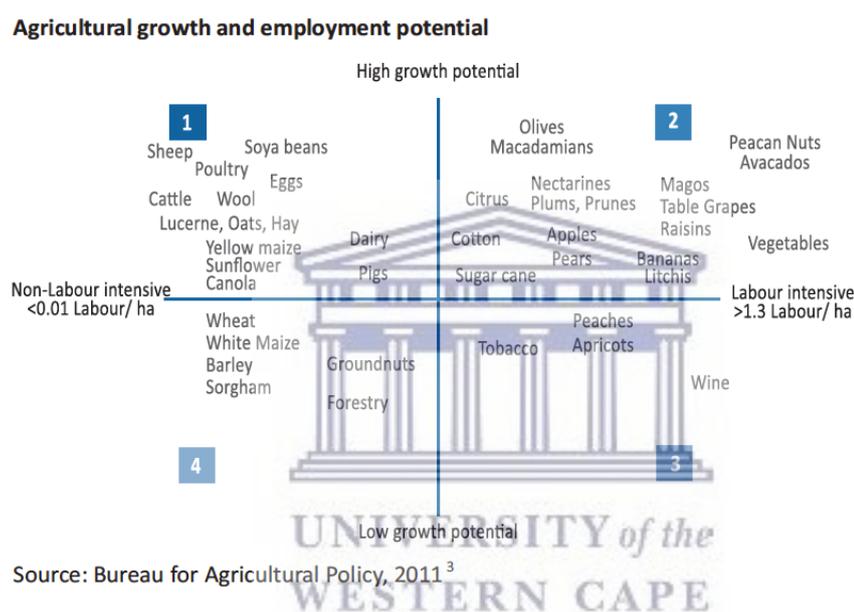
As discussed in Chapter 3, under modern capitalism providing employees, or other 'vulnerable classes', with equity ownership in a firm has become a global trend. Social or worker ownership is a way to deal with the inability of firms to raise wages in a context of economic stagnation (Minns, 1996; Sesil et al., 2001). These types of arrangements can be seen as a compact between the state and capital, to jointly manage the threat of labour and political unrest that might arise from falling living standards in contexts like South Africa that suffers from pervasive unemployment. Although it might be acknowledged that arrangements like JVs cannot provide opportunities for wealth and capital accumulation among beneficiaries, they might be seen by the state as contributing to social welfare for the growing masses of the poor in the former homelands.

Lastly, there is the addition to the classical agrarian question, of Bernstein's (2007) 'agrarian question of labour'. This is concerned with the reproductive demands of 'fragmented classes of labour', who pursue their reproduction through complex combinations of self and wage-employment. Here we consider both wage labourers on dairy farms and poor farmers, who are not dispossessed entirely of the means of production but do not possess sufficient means to reproduce themselves (Bernstein, 2010).

In respect to the Sharemilking JV model, which one can assert is intended to be a mechanism with which to address South Africa's agrarian question of labour in the former homelands, we see divergent outcomes. The dividends that landowners receive vary depending on the size of

beneficiary groups. At Shiloh, the large beneficiary group translates into limited benefits. Whereas, at Keiskammahoek they receive more substantial benefits because of the much smaller beneficiary group. Unlike the household consumption of milk by petty commodity producing entities, here JV farms are run as strictly capitalist operations and although labourers receive some milk, landowners do not, which is an area of contention. In general, tensions arise in this sharemilking JV model between the immediate reproductive demands of poor landholding groups and the profit imperative of capitalist agriculture. Difficult choices must be made between paying out dividends to landowners or reinvesting them in the sharemilking business, as we will see in the coming chapters this creates conflicts and contestations.

Figure 15. Agricultural Growth and Employment Potential: A Matrix of Agricultural Commodities



Although formal employment provides some security to labouring households, along with dividends and land use fees, there is still the question of whether dairy is the right kind of commodity to produce in the communal areas, where there are high demands for employment. The National Development Plan (2011) identified dairy as an agricultural commodity with relatively high growth potential but with a limited capacity to absorb labour, given high levels of mechanization. As the matrix above indicates, alternative commodities have been identified which have high-growth potential and importantly absorb more labour, since they are less amenable to mechanisation. In the context of market-oriented smallholder farmers, Cousins (2015) particularly suggests that we should consider 'labour-intensive fresh produce on irrigation schemes' and 'indigenous goats and cattle on communal rangelands'.

6.4 Viable Alternatives to Large-Scale Capitalist Dairy Farms and Sharemilking Joint Ventures?

“... The emphasis on partnerships involving agribusiness companies does not imply

that family farmers need to partner up with large outside investors in order to succeed. There is plenty of evidence that suggests that, where placed in a condition to work through enabling policies and appropriate infrastructure, small-scale producers are able to farm competitively and seize new market opportunities” (Cotula and Buxton, 2010: 7).

Chapter 3 on inclusive business models, along with Chapter 2 on South Africa’s agrarian question, provided some insights on possible alternatives to JVs. Particularly, the promotion of ‘small- to medium-scale market-oriented farmers’. Research has suggested that they can indeed be successful if producing crops that are well suited to their labour regimes, capital requirements and scale of production, such as horticultural crops (Cousins, 2015; Aliber and Hall, 2012). However, what are the prospects of supporting smallholder dairy in South Africa, given the extremely competitive, capital-intensive production systems and market volatility sketched above? Realistically, the ‘political economy of dairy’ in South Africa seems to be quite hostile to the conditions required to make production viable for smallholders. However, there are examples to be found elsewhere, where smallholder dairying has been successful in creating livelihoods for rural people.

Small-scale dairy production and cooperatives in India

Despite all the conflicting reports of successes and failure, farmer cooperatives for smallholders have shown promise where they are properly supported by government. The case of small-scale dairy production in India is a good example of their potential. Although given the concentrated nature of dairy in the South African context and our failure to support cooperatives, I would argue that replicability is questionable (Bunce, 2016). In India around 50% of the milk processed and marketed in the ‘formal sector’ is handled by cooperatives (IFPRI, 2011). Cooperative dairy farming is a major policy focus of government and there are around 110, 000 village-level cooperatives (Gupta and Roy, 2012) with 11 million milk-producer members (Rajendran and Mohanty, 2004).

Much of India’s success in raising milk production has been attributed to ‘Operation Flood.’⁸⁰ This national dairy development programme was implemented between 1970 and 1996. It is responsible for building the successful cooperative sector that remains so prominent today across many parts of India (Gautam et al., 2010). Along with productivity gains, it is also acclaimed for the livelihood benefits it has afforded to poor, marginal and landless farmers, women, and vulnerable groups (Banerjee, 1994). In sharp contrast to South Africa, in India the majority of dairy farmers are ‘smallholders’, as well as a substantial number of landless people. These producers rely primarily on household labour (Shukla and Brahmankar, 1999). In India dairy farming is almost exclusively undertaken as a component of a mixed farming system (usually complemented by crop production), along with other livelihood activities both in and outside the countryside. While crops provide seasonal income, the fact that dairying can

⁸⁰ Operation flood is widely hailed as one of the most successful dairy programmes implemented at such a large scale. It is seen as a unique way of using foreign food aid, which is anti-inflationary, to build a productive agricultural sector rather than pushing local farmers out of production (Banerjee, 1994; Gautam et al., 2010).

provide year-around income, is a critical incentive for many people engaged in dairy production (Banerjee, 1994; Gautam et al., 2010).

A part of what makes the dairy cooperative sector in India function relatively effectively, is the well-organised system of vertical coordination and comprehensive extension services provided to the farmers. Cooperatives are under the regulation of the National Dairy Development Board (NDDB) that has been in existence since 1965 (Banerjee, 1994). Gupta and Roy, (2012) evaluated the impacts on household livelihoods for producers integrated under the Milkfed cooperative. They found that cooperative producers received around twice the net profit, in comparison to independent producers. This was not linked to higher prices received, as the cooperative members actually received lower prices for their milk, compared to the 'outside market price'. Rather, the higher profitability was a result of the significantly cheaper inputs procured through the cooperative at below market prices. These inputs are delivered to the village cooperative societies, along with extension services. This meant that operating costs were on average 27% lower for cooperative members and marketing costs were 29% lower.

This stands in sharp contrast to South Africa, where the government's assistance to agricultural cooperatives is primarily limited to registering the cooperatives (Impact Economix, 2014). Research has found, for example, that in South Africa a mere 2 644 of the 22 619 registered cooperatives in 2010 could actually be regarded as functional, amounting to a failure rate of 88% (Wessels, 2016). The Indian government's thorough support to dairy cooperatives and the extensive investment in procurement infrastructure makes a smallholder sector viable. This stands in contrast to milk producers in South Africa, who are left to the whims of private processors. They are often unwilling to procure milk from rural producers in remote areas, as it is not 'economical' in the context of competition between capitals (different milk processors). In fact Amadlelo Agri claims that their incentive for setting up their own processing company (COEGA Dairy⁸¹), was premised on the fact that none of the processors were willing to procure milk from some of the rural areas where they were setting up community dairies e.g. Ncora and Port St Johns in the former Transkei.

The table below compares the salient features of the dairy sector in India and South Africa. The sharp contrasts also reflect the very different agrarian structures. India has a large agrarian population, with only 32% of the population categorised as urban and 49.7% of the population is employed in the agricultural sector (ILO, 2013). In South Africa two-thirds of the population lives in urban areas and only 4.6% of people derive employment from agriculture (ILO, 2014).

In short, South Africa's agricultural sector is dominated by a path towards what Bernstein (2013) coined as "natural, simply capitalism", while in India "the common man is a petty producer" (Harriss-White, 2012). While South Africa is dominated by 1683 large-scale capitalist farming enterprises, in India dairy provides livelihoods to 75 million people (many of them women and landless producers), with an average herd size of 1-2 dairy animals (as compared to South Africa's 399) (Hemme et al., 2003; Rajendran & Mohanty, 2004).

⁸¹ See the following section for more detail. Clover previously procured their milk but was unwilling to procure milk from more remote rural farms in the communal areas, where transport costs would be punitive.

Table 11. Salient Features of Dairy Farming in India and South Africa: Contrasting Agrarian Structures

	India	South Africa
Number of dairy farmers	75 million people involved in dairy production (5.72% of the total 1.311 billion population).	1683 (0.003% of the 55 million total population).
Contribution to world production of milk	India is the world's largest milk producer and contributes 18% to world milk production.	South Africa contributes 0.5% of world production.
Cost of production	<US\$30 per 100KGs. Dairy is predominantly part of a mixed farming, low-input system, characterized by cheap feed from crop residues and household labour (Hemme et al., 2014).	+ US\$35 per 100KGs. Produces competitively due to irrigated and rain-fed pasture-based systems, large herd sizes and cheap wage labour (Hemme et al., 2014).
Contribution of dairy to GDP	Most important agricultural commodity in India, accounting for 24.8% of agricultural GDP.	4th most important agricultural commodity accounting for 7% of agricultural GDP.
Markets for dairy	30% consumed in households and never reaches the market, thereafter, 80% is sold in informal markets and 20% in the cooperative and private sectors.	96% of milk is sold in the formal market, 2% informally and 2% for on-farm consumption.
Dairy animals	The largest herds of dairy cows and buffalo in the world (over 300 million), however, productivity of dairy animals is low. Over 80% of dairy animals are kept in herds of 2-8 and the average herd size is 1-2 dairy animals (Hemme et al., 2003; Farmers Weekly UK, 2015).	1.7 million dairy cows in production in 2016. Relatively high productivity. 4 th largest herd sizes in the world with the average at 399 dairy animals (MPO, 2016).

While it has been proposed that the 'problematic of accumulation' has been resolved for *white* capital in South Africa (Bernstein, 2013), in India it has been 'bypassed' since Petty Commodity Producers continue to dominate and they expand by multiplication rather than through accumulation (Lerche, 2013; Harriss-White, 2012). In South Africa where we have experienced concentration of land and dairy herds (Cousins, 2015; Bernstein, 2013; MPO, 2016), India has experienced an opposite trajectory of subdivision of land (Harriss-White, 2012; Basu and Das, 2013). For dairy farming, sub-division means land holdings can't support large herds which prevents the introduction of technologies like rotary milking parlours that mark the penetration of capital into dairy farming. These factors together explain the dominance of small-scale, petty production in India's dairy industry.

African examples of small-scale dairy production

Kenya, Tanzania and Uganda also provide some African examples of relatively successful small-scale dairy cooperative production. Like India, many of these systems are also dairy-crop mixed farming systems, which are supported by wage labour incomes as well (Moll et al., 2006; Bebe, 2003; Muriuki and Thorpe, 2001; Kurwijila, 2001). In Kenya, which has the most prolific smallholder dairy sector, it has been estimated that dairy production, contributes to the livelihoods of around 1 million smallholder farmers (IFAD 2006; Odero-Waitituh, 2017). Smallholder Dairy farmers comprise 80% of all the country's dairy producers and produce 56% of Kenya's milk. Unlike South Africa, in Kenya about 80% of milk is sold on the informal market and bought by the consumer in raw form (Odero-Waitituh, 2017).

The dairy production system for smallholders is based on the integration of dairy farming into the predominantly maize-based farms. Many farmers also grow cash crops such as tea, coffee and pyrethrum. Manure from dairy cows is used to fertilize crops, while maize Stover and other feed is grown including Napier grass and crop residues for cattle (Njarui et al., 2011). Therefore the dairy-crop mixed farming system has been developed to suit smallholdings and reduce vulnerability. Farms are small in size (a few acres) and 71% of farmers keep between one to three dairy cows (pure and crossbred cows) (Bebe et al., 2003; Mugambi et al., 2015).

Fostering a productive smallholder dairy sector in South Africa, along the lines of its African neighbours, would necessitate drastic changes in how government supports milk producers. However, it seems that there are perhaps both ecological as well as policy and economic constraints to establishing a successful smallholder cooperative sector in South Africa:

“By contrast, in Malawi, South Africa and Zimbabwe, the mid altitude, mono-modal rainfall agro-ecologies of southern Africa (with their lower potential for biomass production), the risk for cattle diseases and, until recent years, the policy and institutional environments have inhibited adoption of dairy production by smallholders... Furthermore, as yet, market mechanisms are not in place to extract milk from traditional systems, which, in any case, are largely in agro-ecologies adverse to producing milk in excess of the needs of the producer households and their neighbours. Most countries in E&SA have, therefore, not benefited in the way that Kenya has and to lesser extents Tanzania and Uganda have from smallholder dairy development” (Muriuki and Thorpe, 2001: 193).

Cotula and Buxton (2010: 18) comment in regards to the proliferation of inclusive business models that: “it is better for farmers to have their own lands and farm for themselves rather than to work for somebody on a farm”. However, this statement would obviously not hold true in all situations and in some cases landowners may prefer to have access to jobs and dividends rather than face the risks and uncertainties of farming themselves. This may very well be the case in regards to South Africa's competitive dairy sector. Sender and Johnston (2004) have also argued the contrary to Cotula and Buxton (2010), that creating rural jobs may do more to alleviate poverty for the poorest classes of the rural poor than promoting smallholder production.

Clearly supporting a differentiated smallholder sector does hold promise for South African land and agrarian reform. However, there are many limitations of integrating smallholders into the competitive dairy sector. This explains to a large degree why large-scale capitalist JV farms have been seen as a more practical way of ensuring the viability of land reform farms. However, given the context of extreme poverty and unemployment in which these JV farms are being established, there is also a question of whether dairy is the right kind of commodity to produce.

6.5 Conclusion

The volatile and highly competitive nature of the dairy industry has shaped the type of large-scale JV sharemilking arrangements that are emerging in the communal areas of South Africa. The above review has illustrated, however, that alternative models of integrating new entrants into the dairy sector are limited. Unfortunately, reality seems to demand that even proponents of smallholder models need to pragmatically consider whether there is a future for dairy smallholders in South Africa. Without a significant shift in the way government supports and protects the dairy sector, the review seems to indicate that it would set up customary landowners to fail. The National Development Plan (2011) identified dairy as an agricultural commodity with relatively high growth potential, but which has limited capacity to absorb labour given high levels of mechanization. Other crops have been identified which are high-value, have high-growth potential and importantly absorb far more labour, since they are less amenable to mechanisation e.g. vegetable farming and various fruit and nut tree crops.

The way sharemilking JVs are shaped also represents how the dairy sector and the political climate for land and agrarian reform has reshaped agrarian capitals strategies, in an attempt to remain profitable and mitigate risks. Agribusiness firms now focus on capturing value across the value chain and minimizing risks in the production process (e.g. by investing solely in moveable assets). It is argued in this thesis, that JVs provide such an opportunity and incentive to agrarian capital to survive in this highly competitive sector.

Chapter 7. Amadlelo Agri's Joint Venture Model: Governance and Financial Arrangements

7.1 Introduction

This chapter describes how the Amadlelo Agri sharemilking model is structured as a joint venture, in relation to financial arrangements, property rights, production systems, capital-labour relations and governance arrangements. Sharemilking is a form of organising dairy production that originated from New Zealand, which Amadlelo Agri has adapted in the JV schemes. I look at the financial and governance arrangements of Amadlelo Agri as an agribusiness firm, the community cooperatives and the farm operating trusts (the jointly owned governance structures). I briefly document and analyse some of the governance challenges and how these might impact the outcomes at each farm. This chapter also describes how Amadlelo Agri's 50/50 sharemilking model is structured in terms of the relative ownership of assets, the social relations of production on the farm, and how benefits and risks are distributed. A more in depth analysis of how this model might be theorised is reserved for the following chapter.

7.2 Amadlelo Agri's Sharemilking Joint Venture Model

Amadlelo Agri's model has built on the sharemilking model from New Zealand, with some adjustments that, in their view, have simplified the model. The 50/50 sharemilking model⁸² involves the community through government investment, bringing the fixed assets to the business, including the land, irrigation infrastructure and the milking parlour. The land and fixed assets are owned by the respective community cooperatives:

- Mayime Cooperative at Shiloh; and
- Seven Stars Cooperative at Keiskammahoek.

Amadlelo Agri contributes the cows⁸³ and other movable assets to the business. Amadlelo Agri is also responsible for the day-to-day running of the farms, for which they employ farm managers⁸⁴. After a 10% management fee⁸⁵ has been deducted, profits from milk sales are equally split between Amadlelo Agri and households affiliated to the community cooperatives, in the form of dividend payments. A key informant from Amadlelo Agri explains the 10% management fee:

"That 10% we take is in essence a 10% community facilitation fee, because that's where it goes, it doesn't go anywhere else. I spend 80 to 90% of my time just doing that, so it's a tough environment we have chosen."

⁸² Although the Shiloh and Keiskammahoek farms are run as '50/50 sharemilking'⁸² agreements, Amadlelo Agri also employs a range of other complex governance arrangements across their other JV farms (see the figure below). A key informant from Amadlelo Agri explains the nature of ownership of the JV farms at Keiskammahoek (and Shiloh is similarly structured) as follows: "This is not a company, this is a sharemilk business. It's not an equity joint venture like Middledrift. In other words all the land and infrastructure belongs to the 35 people."

⁸³ The majority of cows are rented from commercial farmers. In the long-term Amadlelo Agri plans to buyout these leases in order to own all of its livestock.

⁸⁴ Farm managers are essentially employed by the Trust, like all other workers. However, Amadlelo Agri plays the key role in ensuring both skills development and profitable operation.

⁸⁵ The management fee is however, conditional upon profits being made by the farm.

The sharemilking JV farms involve residents from the surrounding rural settlements as both landowners and workers. At Keiskammahoek, Amadlelo Agri signed a five-year sharemilk contract with the Seven Stars Cooperative in 2010, which was extended for a further five years in 2015. Amadlelo Agri entered into a 10-year sharemilk contract with Mayime Cooperative at Shiloh in 2011, with options to renew it in 2021. The sharemilk agreement specifies the assets owned by the parties, a list of equipment and implements contributed by Amadlelo Agri and outlines the financial and governance arrangements. Each of these JV sharemilking farms has an operating company in the form of a farm trust (respectively Seven Stars Trust and Shiloh Dairies Trust). The trusts serve as the agent for the implementation of the sharemilk agreement.

Leasing and ownership of dairy cows on the JV farms

Leasing of dairy cows has been a common practice in South Africa for at least 25 years. It is increasingly popular with both commercial farmers and urban investors as a means of earning a substantial passive income. It allows farmers to quickly grow their herd and achieve economies of scale with limited available capital, earn profits on milk from the leased cattle, and to benefit from growth of capital from calves born (although they bare the risk of mortalities). The lessor carries very little risk since the original number of animals, at the same value (and same age), is owed back to them at the close of the contract. As a farm manager at Keiskammahoek notes:

“On a lease agreement if I give you 10 pregnant heifers this year, in 5 years time you must give me back 10 pregnant heifers... So cows don't get old in lease agreements”.

Alternatively the lessee can opt to purchase the cattle. In general the lessee pays around 12% of the value of the cows per month, which amounts to a 2% return on investment above the prime lending rate (Du Preez, 2011; key informant interviews). Amadlelo does not own the majority of their dairy cows, which are leased through a dairy cattle broker⁸⁶. A manager at Amadlelo Agri notes:

”Our aim is to own all our own cows. But that's going to take a while, maybe 10 years. Of the 8000 cows we are milking across our farms, in total we own 1000”.

Amadlelo plans to buy out these leases over time so as to own all the livestock and improve their returns from the JV projects. On their website they explain the financial challenge of becoming a 50/50 sharemilker at all of their JV schemes:

“To date Amadlelo has not had the funding to purchase the required livestock and assets (R12 million for a 1000 cow unit) to be the 50/50 sharemilker and have got

⁸⁶ Amadlelo rents the majority of their cows through the ECSIT division of *Agricultural Consulting Services (ACS)*. This is a consulting firm that the Chief Executive Director of Amadlelo Agri used to be involved in several years ago. After talking to a number of other commercial dairy farmers, I realised that they are central to the industry. One of the 50 commercial farmers from the Amadlelo Milk Producers states “When we were leasing cows we leased from ACS which is an accounting firm, they are in the know! They are a good place to network. They provide a platform for farmers to get together, they are also doing management consulting. They are the glue in a lot of these deals. They put me in touch with one of the farms I am sharemilking on. They create circles of trust and integrity... They do accounting, auditing and consulting. They facilitate leasing of cows, and then get a little bit of commission here and there. They are critical to the industry. They are based in PE... Amadlelo is probably one of their biggest clients and they do all of our books for all of our five sharemilking operations”.

commercial farmers involved to fund the livestock and assets, or leased the livestock from commercial farmers.”⁸⁷

The farm operating companies don't have to pay for the expenses related to the dairy cows or rental fees because Amadlelo Agri is responsible for this. However, the Mayime and Seven Stars cooperatives do share in the benefits from calves born on the farms. A key informant from Amadlelo Agri explains:

“If there were 100 surplus heifers, 50 belong to Amadlelo and 50 to Mayime. We tell them to take the animals and lease them out which will help them to buy more animals. We want them to build up stock so they can get other income and then if Amadlelo or Mayime, for example, call it a day, then they have enough stock... the community can build livestock numbers to the point that they can buy us out. Cows that die, cows that are old etc... those ones will be replaced and any surplus is shared 50/50”.

A member of the Seven Stars Cooperative confirmed that at Keiskammahoek 300 cows are owned by the landholders and leased to Amadlelo Agri. Dairy heifers (female calves) born on the farm may be reintroduced to the dairy herd and raised as replacement heifers. Beef heifers and bulls born on the farm are sold to the surrounding community or other commercial farmers. Fieldwork revealed that surrounding communities were purchasing these, especially for ceremonial purposes.

A key motivation for dairy farmers to accumulate cattle for lease to other farmers is the tax benefit. It can be used as a way to avoid paying tax on farm profits. A key informant from Amadlelo Agri explains:

“If I have 5 million worth of tax income I can rather go and buy cows and then I don't have a tax problem... So two things happen I have surplus animals that I can't use but I don't want to sell them and pay tax on that money, so I prefer to lease them. And, I want to build another milking parlour so I can park my profits in cows and pay no tax... one day I sell the cows and build a milking parlour for 10 million and still pay no tax. So it all relates to sensible use of the law as it stands, in terms of accumulating my money for something in the future. If I can sell my cows and put in irrigation and pay no tax etc. So it's born out of that. There are some guys making a significant contribution to their income this way, like R2 million bucks a year. I rent out cows too!”

The high profitability potential of accumulating dairy cows and renting them out, in part explains the sharemilker's motivation (Amadlelo Agri) to be involved in production this way. Although Amadlelo Agri is not yet at the point where they own all the dairy cows, the aim is to achieve this in the future. In the meantime the rental market is allowing them to accumulate cows through the birth of heifers on the farm. This is obviously mediated by the high bio-

⁸⁷ See Amadlelo Agri website: <http://www.amadlelo.co.za/company-profile/>

security risk on these farms, in part due to outside cattle being let on to pastures by the surrounding community, which leads to high calf mortality rates.

Sourcing labour from the local communities

The JV farms commit themselves to hiring labour from the local communities. Amadlelo Agri concedes to a preference to hire landowning households, which are perceived to be more invested and easier to manage. There is also considerable pressure placed on the farm operating companies to hire landowners' household members and kin. However, the farms' legitimacy also rests on meeting demands for labour from the wider community. This has produced several tensions, which will be discussed in more detail in Chapter 10 and 11.

The technical nature of dairy farming requires a high level of skill from the labour force, which must be adequately trained to work with valuable, disease sensitive animals. A manager at Shiloh explains the impact of having to source labour locally:

“There is a lot of politics here! Because it’s a communal farm, we must take staff from here but the quality of the workers is not up to standards. We have a high calf mortality rate here because guys don’t follow procedures. We are not building our equity because you have so many animals dying”.

Currently these higher labour and production costs are being mitigated by the benefits of access to gravity irrigation, government funding for fixed assets and Amadlelo’s investments in processing downstream of the value chain (which ensures a favourable milk price). However, in the long-term the farms may struggle to continue to meet high demands for labour, while maintaining profitability within the context of South Africa’s competitive dairy sector. The need to maintain social networks in the community and the continued legitimacy of landowners' rights to the land is mostly addressed at the farms by hiring more labour than is required, as well as by the sale of calves and cheap unpasteurised milk to the community.

Training and mentoring of black farm managers

An important focus of Amadlelo’s JV model is to train and mentor skilled black farm managers. Amadlelo Agri has partnered with Fort Hare University to develop a one-year diploma programme in dairy training, with a focus on management training. Graduates of this programme (and from other university programmes) also get the opportunity to intern on the JV farms, or on the farms of those 50 commercial dairy farmers who are shareholders of 'Amadlelo Milk Producers'. Many of the current managers at the JV farms have come through this programme, including the managers of Middeldrift and Fort Hare, a senior manager at Keiskammahoek and a junior manager at Shiloh. A respondent from Amadelo Agri notes:

“It’s a holistic training and we also teach students how to be financially savvy. How to give up money now to make money later. We teach them the principles in Robert Kiyosaki's book ‘Rich Dad, Poor Dad’...we put a target that by the time our guys are

40 they should own 1000 cows ... We are trying to keep our managers away from the BMWs and Blackberries... it's not sexy to own a cow but we are trying to change that".

Amadlelo Agri also arranges for their managers to spend a year in New Zealand on a sharemilking farm internship. This was an experience that many of the managers spoke highly of. Amadlelo Agri has therefore been successful in facilitating the entrance of black managers into a sector dominated by white commercial farmers and managers. Therefore, from this perspective, they are contributing to transformation of the dairy sector. This has obviously been the most positive impact of their JV model.

All nine senior and junior managers I interviewed across four JV farms (Keiskammahoek, Shiloh, Middledrift and Fort Hare) were complimentary of the opportunities the Amadlelo Agri model afforded them for professional growth, skills development and a competitive salary package. It is, however, important to note, that apart from one of the junior managers at Shiloh, none of the managers come from the beneficiary communities. The explanation for this, from the viewpoint of the farm managers and Amadlelo Agri is twofold. Firstly, there is a lack of skills in the host communities. Secondly, because of the difficult dynamics of having a young person managing other workers from their own community.

The production manager's case is illustrative of the accumulation path of their farm managers. When asked how joining Amadlelo Agri had impacted his livelihood he explained:

"To break into the industry in farming as a black person is not an easy one, it requires character. I was lucky that I managed to get the job with Amadlelo, I took a chance quitting my previous job, but accumulating cattle has really changed my life. Since I am a 10% sharemilker, I sign my own check. I made R1.1 million last year. This year [2016] I got a new opportunity as the production manager at all of the farms. This opportunity is huge, the assets that I have, everything is because of Amadlelo!"

Amadlelo Agri encourages its farm managers to accumulate cattle. Shareholders from Amadlelo Milk Producers have stood surety for two managers to take loans to purchase heifers. One female farm manager had accumulated 92 dairy cows over eight years, which are being leased on the Middledrift JV farm that she manages. The production manager had accumulated 160 dairy cows over nine years, which are being leased on different farms across the Eastern Cape. The rentals from their dairy herds provide significant passive incomes for these managers. The production manager notes:

"So far the rented cows are generating R16, 000 per month for me but I keep it as passive income. At the end of the year I use it to buy more cows... I also encourage the junior managers to do this... The rest still want to do it, but you need discipline for this. They all bought cars long before I did. You have to be someone to see the long-term goal. You need at least 60 cows for them to begin paying for themselves and giving profits".

Another farm manager, who has not yet invested in dairy cattle, explains the limitations of this type of accumulation path. His ability to invest his income in cattle is limited by the demands of social reproduction from his wider kin network, which he refers to in the common colloquial of 'black tax':

"I haven't invested in livestock yet, but I plan to. The challenge is starting to save money. So far I spent everything on clothes, cars and entertainment. It's a personal choice. But black tax is also a big problem! At varsity they don't teach us how money works. After varsity all we want is a job and a fancy car. Success is driving a big car and having a house and you don't realize the debt that puts you in. They don't teach us and by time we realise it, it's too late, you can't pull out!"

Interviews and life histories revealed that the JV jobs had made a significant impact on the livelihoods of managers and their households. In many cases senior managers had also managed to accumulate dairy cattle and other assets e.g. another manager invested in tractors, which were rented out. As the quote above illustrates, others have not invested in 'productive assets' but their lifestyles have changed drastically, and in the end, it is a matter of 'personal choice' how salaries are used.

7.3 Governance and Financial Arrangements in Amadlelo Agri's JV Model

Amadlelo Agri agribusiness firm

Amadlelo Agri is an agribusiness firm whose stated vision is 'to contribute to transformation by creating profitable, sustainable, black empowered agribusiness'. On their website Amadlelo Agri's mission statement is as follows:

"Contribute to the transformation of agribusiness in South Africa through the training and mentoring of black farmers by entering into long term partnerships. Transforming latent community assets into profitable business upliftment, poverty relief, job creation and food security. Growing and empowering business through investing and sharing".

Amadlelo Agri was first established in 2004 by 70 commercial dairy farmers⁸⁸ from the Eastern Cape and KwaZulu-Natal provinces. Amadlelo Agri has since established seven dairy JV farms in the Eastern Cape and KwaZulu-Natal provinces. They are located in Shiloh, Keiskammahoek, Middeldrift, Ncora, Fort Hare and Port St Johns⁸⁹ in the Eastern Cape and Makhoba in KwaZulu-Natal. In addition Amadlelo Agri also has shares in a Macadamia JV in Ncera⁹⁰ and a Piggery JV in Fort Hare, both located in the Eastern Cape.

Amadlelo Agri's shareholders include: Vuwa Investments (a black empowerment company) which has a 35% share, Amadlelo Milk Producers Investment Company (owned by 50 white commercial dairy farmers) which has a 49.9% share and the Amadlelo Empowerment Trust

⁸⁸ At the time of interviews in 2015 and 2016 the shareholders had reduced to 50 commercial farmers.

⁸⁹ At the time of research Port St Johns was still in the planning phases and Amadlelo Agri was negotiating with the community and government.

⁹⁰ As discussed in chapter 4 of this PhD I conducted preliminary fieldwork at this JV farm.

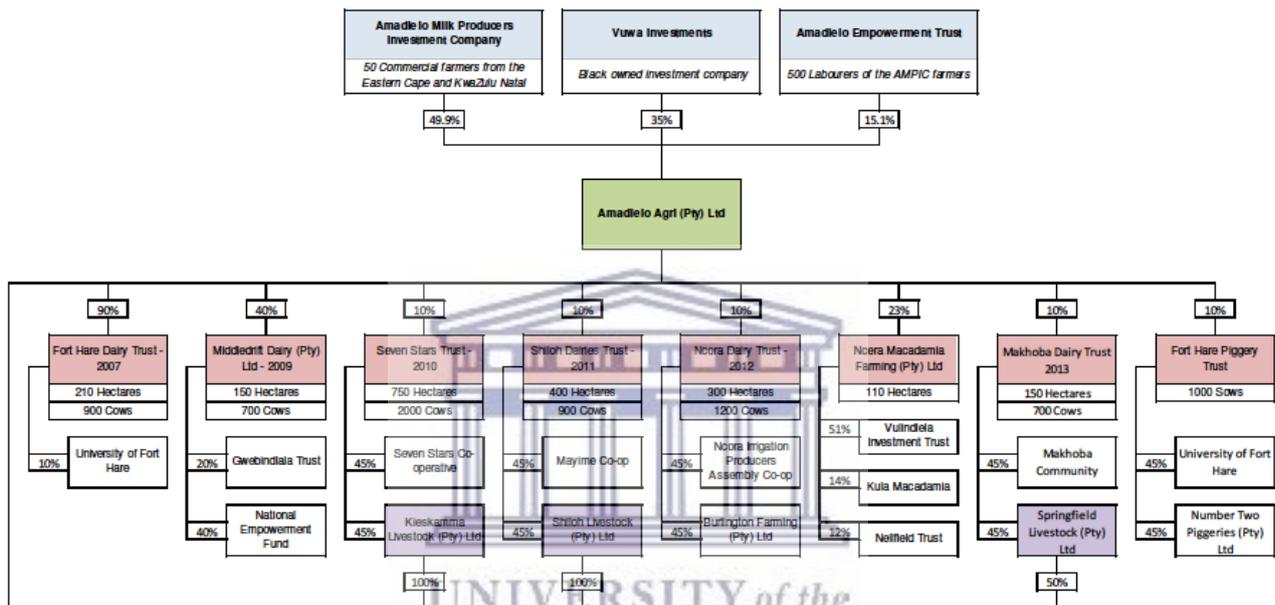
(500 workers from the 50 commercial dairy farms) which has a 15.1% share (see the figure below).

Figure 16. Amadlelo Agri Shareholding and Governance Arrangements on JV Farms ⁹¹



Annexure A

Amadlelo Shareholding



Amadlelo Agri’s board of directors meets quarterly and is chaired by an individual from Vuwa Investments. Vuwa Investments main role in the organisation is as the ‘empowerment player’ and they don’t play a role beyond the affairs of the Board of Directors. A representative from Amadlelo Milk Producers notes “Vuwa Investments doesn’t really play any role other than their representation on the organisation. They only made one small loan of R1.5 million to Amadlelo Agri in the beginning of the organisation’s formation”.

Both the vice chairperson and chief executive director of Amadlelo Agri are from Amadlelo Milk Producers Investment Company (AMPIC). Then there are an additional five directors, of which one is from Vuwa Investments, one from Amadlelo Empowerment Trust and the remainder from AMPIC (who have the largest share in the company). Amadlelo Empowerment Trust also does not play a role beyond its representation on the board of directors. They were not required to make any investment in the company to receive their 15.1% share, since their share is essentially a BBEE deal (Broad-Based Black Economic Empowerment). Members of Amadlelo Empowerment Trust are workers on the 50 farms owned by the shareholders of AMPIC.

⁹¹ Source: Amadlelo Agri: <http://amadlelo.co.za/wp-content/uploads/2016/05/Annexure-A.pdf>. The figure describes the governance arrangements both of Amadlelo Agri as an agribusiness firm as well as the governance arrangements at their eight JV farms.

A key informant from Amadlelo Agri asserts that no profits are currently distributed to its shareholders because of debt repayments. Management confirmed that R100 million went into building Amadlelo Agri, with an initial investment of only R25 million from the white commercial dairy farmers at AMPIC. Debts are therefore still being paid off to private financial institutions and to national development finance institutions like the Industrial Development Corporation and the National Empowerment Fund, which among other things, went into building the 'equity JV farms' in Middledrift and Fort Hare.

Besides the chief executive director of Amadlelo Agri and two other white commercial dairy farmers from AMPIC, that seem to play an active role in aspects of the organisation, the rest of AMPIC's 47 shareholders do not play a major role. A key informant explains:

"The short answer of what is the role of the fifty white farmers in Amadlelo Agri is- there is none! The other twenty farmers, from the original seventy, dropped out. I'm not sure why, but I think this empowerment thing is not for everyone. The remaining shareholders don't really do much in the organization except for a few like (Mr B⁹²) and Mr V. Mr V has mentored the farm manager at Middledrift and our production manager. Mr B is involved in identifying scholars for the Fort Hare training programme. The other farmers may assist in sourcing cows for the projects if need be, but they don't have a big role besides that".

Amadlelo Agri is largely driven by the chief executive director, who is a member of AMPIC. He is responsible for liaising with government, maintaining relationships with the community structures, handling monthly farm trust meetings and training sessions for farm managers, and liaising with Amadlelo Agri's shareholders and other partner organisations. During the fieldwork, I noted that he was constantly driving between the various JV farms to communicate with the community structures, resolve conflicts and attend to issues pertaining to the management and productivity of the farms. In many senses the organisation is very personality driven, and the name of the chief executive director is synonymous with Amadlelo Agri as a firm. This is a limitation to the sustainability of the model and has been noted by the chief executive director. To address this, he had identified the production manager, who was being trained to succeed him in the future.

Government is essential to the JV deals in terms of sanctioning and funding them, especially those on communally owned land. However, apart from initial negotiations in setting up the JV schemes and providing funding for the fixed assets, government plays a very minor role in these JV farms⁹³. The financial management of the farms is the responsibility of the farm trusts and government does not sit on these structures. Government also does not actively monitor the

⁹² I have replaced names with pseudonyms

⁹³ A manager at Amadlelo Agri notes "We take DRDLR on a helicopter trip around to all the farms once a year and ask for a Christmas list... We show them what the issues are and how they can resolve it. But we never really get what we ask for. Today someone from DRDLR's M&E office came around to Middledrift asking how the three million had been spent on the project. This is the three million that never arrived and disappeared somewhere..." This statement indicates the very limited role that DRDLR plays in monitoring and overseeing the JVs. The poor functioning of the M&E branch of DRDLR is something that has been noted in previous research (see Impact Economix, 2013).

performance of these JV schemes, apart perhaps from yearly visits and habitual meetings that are held with the chief executive director of AMPIC.

Joint governance structures: Seven Stars Trust and Shiloh Dairies Trust

Both the *Seven Stars Trust* and the *Shiloh Dairies Trust* have a board of trustees, which is governed by representatives from Amadlelo Agri (through Keiskammahoek and Shiloh Livestock (Pty⁹⁴)) and the community cooperatives (Mayime and Seven Stars cooperatives). The representatives on the board of trustees are responsible for the financial management of the farms and for reporting back to the members of their relevant organisations. They meet once a month. The farm managers will usually be called into these meetings to give a brief report of the status of production on the farm. The trusts also have quarterly meetings with the cooperative *committees* to discuss the financial outlook of the farm.

The members of the board of trustees receive a ‘sitting allowance’ of R300 per person, for attending monthly meetings. The chairperson doesn’t receive a sitting allowance but rather receives a monthly allowance. The chairpersons at both Shiloh and Keiskammahoek are women from the respective community cooperatives. The former receives R3000 per month and the latter R5000 because “she works every day because they are chasing the issue of title deeds at Keiskammahoek”, according to a key informant at Amadlelo Agri. The chairperson of Shiloh Dairies Trust explains how she understands the role of the trust:

“These members of the dairy trust are making money for Shiloh, they deal with wages and salaries for the business. When we finish doing our operational costs then there is money that is left over, we call it a profit, and this is where we share between Amadlelo and Mayime. In this marriage the sharing of profits is 50/50.”

From the list I received of members of the Seven Stars Trust, there are two representatives from Amadlelo Agri and seven members from Seven Stars Cooperative⁹⁵. There is meant to be a representative from every primary cooperative represented on the Trust. However, at the time of research there was no representative from Unit 4 and two representatives from Unit 1 (although one had recently passed on). Three landowners serve on both the Board of the Seven Stars Trust and the Committee of the Seven Stars Cooperative (as additional members); this includes the Chairperson of the Trust. These three members all appeared to be in positions of notable power among the other landowners and also in positions of relatively higher income and asset ownership. Key informant interviews revealed that there are certain tensions among the Seven Stars Cooperative members, which are also linked to historical relations that precede the JV farms establishment, as discussed in Chapter 5. However, a member of the trust from Amadlelo Agri, noted that “these issues do not spill out onto the farm”, in the same way as they do in Shiloh.

⁹⁴ Amadlelo Agri owns 100% of these entities unlike at their other JV farms where they share the equity with other partner firms.

⁹⁵ Although one member had recently passed away and has not been replaced, his widow notes: “I am just a farmer not a member of the committee. My husband was on the trust committee, but I didn't take his place when he passed. I didn't want to take his place because I am too old now to manage it.”

Some key informants mentioned that the working relationship between the landowners and Amadlelo Agri on the trust was difficult at the start, but that overtime it has improved. For example, a respondent from a *dividend receiving household* in Keiskammahoek notes:

“During the first time we didn't understand each other, the company and the farmers, but now that we know each other, things are going smoothly. Here we are few people so it's easier and we know each other since 1984”.

One farm manager at Keiskammahoek similarly noted that:

“When I arrived they said the farmers were interfering ... most of the guys wanted to sell their farms, but now they changed their mind because they see things are getting better... After they started getting their dividends they were so happy!”

The factor of larger dividends at Keiskammahoek, as compared to Shiloh, is an important factor to take into account. It is not only the different history of intragroup conflict and the character of class dynamics at Shiloh which is creating more conflict there, it is also the simple fact of discontent around the small benefits derived from the JV farm that provokes these tensions. It is possible that the perceived environment of contentment among the beneficiaries, as well as in the governance structures in Keiskammahoek, is significantly influenced by the larger dividends.

I was unable to receive lists of members for either the trust or Mayime Cooperative committee from Shiloh. However, key informant interviews confirmed that the trust committee is composed of twelve members, six from Amadlelo Agri⁹⁶ and six from the Mayime Cooperative. Three of the Mayime Cooperative members serve on Mayime Cooperative's committee as well as Shiloh Dairies Trust's board of trustees. Thus these members wield considerable power and influence in the community structures. This is particularly the case with regards to the chairperson of the Shiloh Dairies Trust. Several key informant interviews and participant observation⁹⁷ revealed that the chairperson of the Shiloh Dairies Trust has a very autocratic leadership style, which has contributed to the pervasive environment of fear and conflict among the customary landowners at Shiloh. Many have stopped attending meetings due to what was described as ‘fear’, or just an acknowledgement that it was ‘pointless’ to participate, as their concerns ‘wouldn’t be heard’.

A key informant from Amadlelo Agri also described the chairperson as ‘very self serving’. She was reported to have pressured the farm into employing her family members. It was eventually agreed that one of her sons would be employed at Keiskammahoek, to avoid uproar from the wider community about unfair patronage. The Shiloh Dairies Trust appears to struggle to operate exclusively according to unbiased business practices, and feels compelled at times to give into demands by its members for preferential treatment. Amadlelo Agri also notes “An

⁹⁶ However, allegedly, generally only one member attends meetings, due to the transport costs involved.

⁹⁷ Including observing a meeting of the Trust and a Mayime cooperative meeting.

issue at Shiloh is the level of business understanding and education which is very low”. This also feeds into the way that the community representatives conduct the affairs of the cooperative and engage with the trust. Amadlelo Agri did not mention the same challenge of working with Keiskammahoek’s beneficiaries.

At the time of research one of the community representatives had been dismissed from the Shiloh Dairies Trust. The chairperson of the Shiloh Dairies Trust notes:

“We were 6 before on our side but (he) was dishonest, he couldn’t attend the meetings regularly and he was taking confidential things out into the villages before we reported it at the cooperative meetings. He formed an opposition party that is now fighting us”.

A representative from Amadlelo Agri noted about the dismissal:

“At Shiloh when we employed a member of the board of trustees it was fine in the beginning and then it caused an issue. He was a supervisor on the food plots side, supervising the irrigation. But he had all sorts of demands above his productive ability. In the end he got fired from the board of trustees”.

It is clear that the governance challenges at Shiloh are linked to numerous, complex and overlapping factors. The power dynamics within the landowning group clearly spill over into the functioning of the trust. This is complicated by the autocratic leadership style of the chairperson, who also plays a prominent role on the Mayime Cooperative. However, even if she were to be replaced, as many key informants demanded, the decades old tensions among the landowning group would likely surface in other ways, and in new power struggles. The small dividends that are distributed to beneficiaries at Shiloh clearly aggravate these tensions. Democratic reform of the governance structures and financial management of the Mayime Cooperative would likely ameliorate some of the tensions. However, these types of reforms wouldn’t resolve the wider contradiction that the JV model poses to the reproduction of poorer households.

Financial arrangements at Keiskammahoek and Shiloh

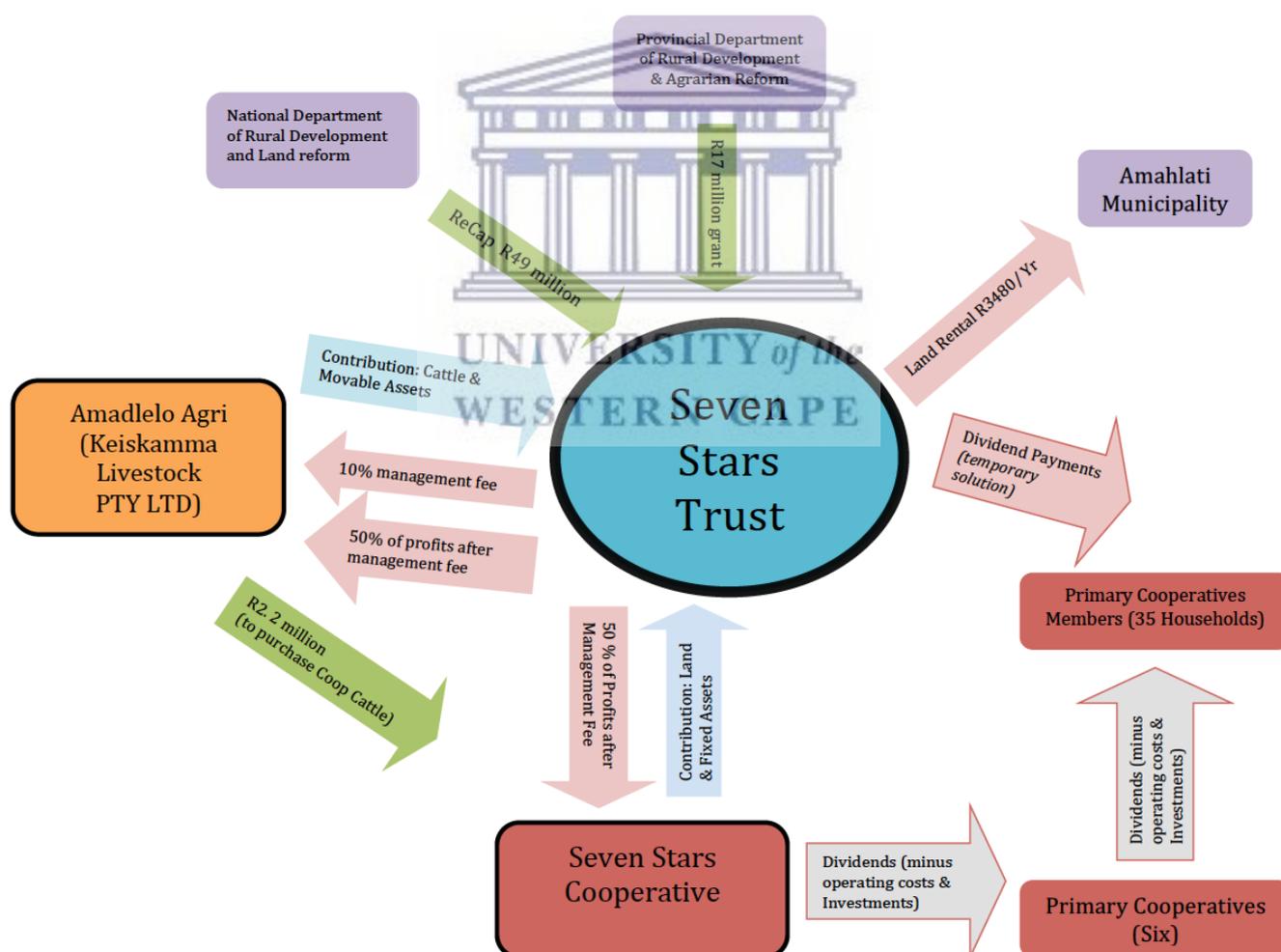
The farm operating trusts are the key entities that control the finances of the JV farms. The figure below maps out the financial flows at the Seven Stars Trust Farm in Keiskammahoek. It illustrates that at Keiskammahoek R66 million⁹⁸ of government funding alone has gone into establishing the fixed assets on the farm, which are owned by the Seven Stars Cooperative. Amadlelo Agri has also contributed an estimated R20 million in movable assets, which remain the property of the agribusiness firm. The trust pays a nominal fee of R2 per hectare per month to the Amahlati Municipality for the 145 hectares that it rents.

⁹⁸ Whytke Chamerlain (2015) and key informants reported that R66 million of government funding was invested into the Seven Stars Dairy JV Farm. They provide a breakdown of government funding as follows: an initial grant from the provincial Department of Agriculture of R17 million was used to rebuild the irrigation infrastructure on 150ha of land and to construct a milking parlour on the central unit which is leased from the municipality. The National Department of Rural Development and Land Reform granted Seven Stars Trust R35 million in 2012 under the ReCap programme. In 2013 a second tranche of R14 million was awarded.

In principle 50% of the profits (after deduction of a 10% management fee) should be paid from the Seven Stars Trust to the *Seven Stars Cooperative*. This ‘secondary’ cooperative should then pay the six ‘primary’ cooperatives the dividends (minus operating costs and investments), which should in turn pay the affiliated households. However, this has not been happening due to governance issues within the Seven Stars Cooperative and the primary cooperatives. At the time of research (2015/16), as an interim measure, the trust was paying the individual landowners their dividends directly. A key informant from Amadlelo Agri notes:

“We are bypassing the Seven Stars Cooperative and paying the beneficiaries directly ... The secondary cooperative didn’t have their ducks in a row and the primary cooperatives underneath it also don’t work. There is no capacity within these structures to run themselves. The Seven Stars Cooperative doesn’t even have a managing director ... cooperatives are formed because government gives money to them but they are not functioning properly.”

Figure 17. Keiskammahoek Seven Stars Trust: Financial Arrangements⁹⁹

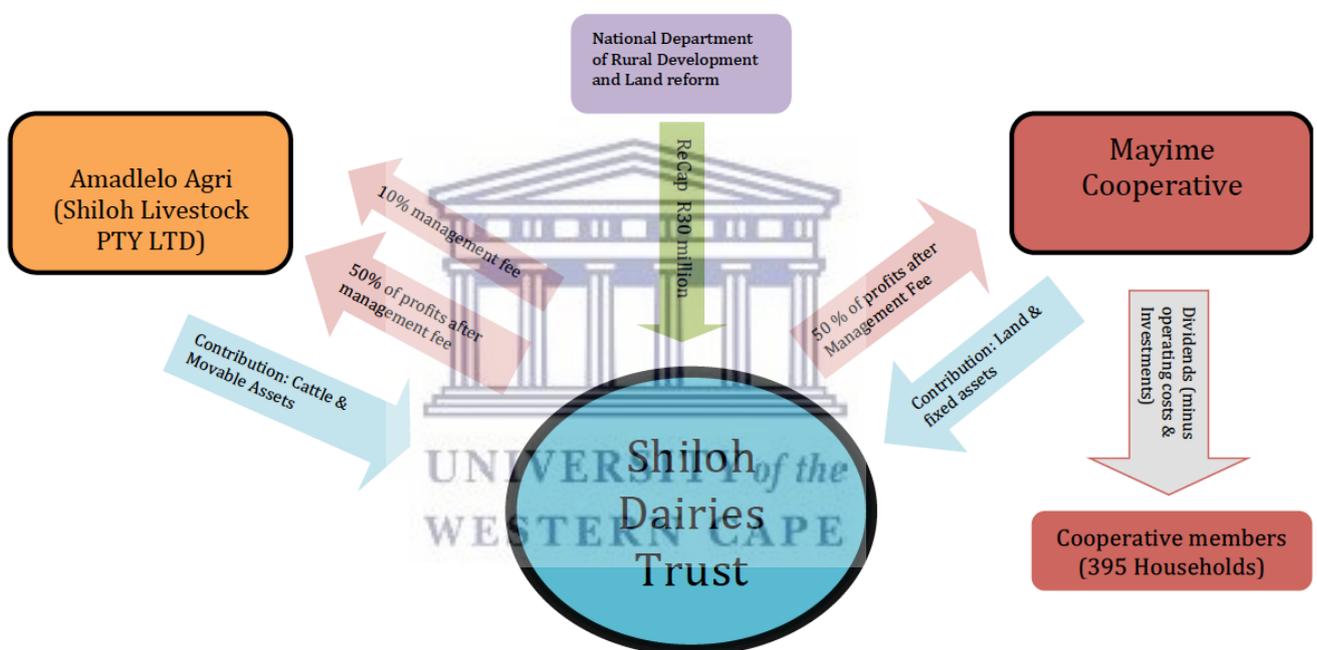


⁹⁹ Based on Whytske Chamerlain (2015) with own edits from fieldwork insights

At Shiloh around R30 million¹⁰⁰ of government funding alone has gone into establishing the fixed assets on the farm, excluding Amadlelo’s investments in movable assets of around R11 million. Unlike at Keiskammahoek where the farm trust pays the beneficiaries their dividends, at Shiloh Mayime Cooperative is responsible for the dividend payments to the 395 households. This was an area of contention mentioned by some of households, who asserted that they would prefer that the Shiloh Dairies Trust distribute the dividends. Mayime Cooperative has not agreed to a financial audit and its committee is accused of misappropriating funds (by a so-called ‘opposition group’ that has formed among the customary landowners). A respondent from a JV Dividend receiving household notes:

“We want things to be transparent, we want to know how much they make and how much is paid to workers and how much is left.”

Figure 18. Shiloh Dairies Trust: Financial Arrangements



Government has claimed that Amadlelo Agri’s sharemilking model exploits the community because of the relatively higher value of the land and other fixed assets that the community brings to the farming business, as opposed to the value of the cows, other movable assets and management skills that Amadlelo Agri brings. Several key respondents, from among the landowning households at both case study sites, also emphasised that the 10% management fee and 50% of remaining profits deriving to Amadlelo was ‘not fair’. They argued that the community beneficiaries should receive a larger share. Amadlelo Agri, however, maintains that the costs involved in managing the complex dynamics involved in a communal farming operation, the (biosecurity) risk to their cows and the costs of replacing movable assets, means

¹⁰⁰ Government funding was in the form of a ReCap grant, according to key informants. I could not obtain accurate information regarding Amadlelo’s investment in movable assets at this farm, however, on their website they note that livestock and assets for a 1000 cow unit amounts to R12 million and Shiloh was milking 900 cows at the time.

that in reality the investment of the respective parties is even. Amadlelo Agri also argues that the landowners benefit from land appreciation, whereas their assets are at risk of depreciating.

The kind of financial data required to do a thorough analysis of the relative return on investment to the community cooperatives, compared to Amadlelo Agri, was not made available to me, and therefore I cannot attempt to unequivocally answer the question of whether the community beneficiaries are being exploited. While I do not have a reliable break down of investments made at each farm, a key informant from Amadlelo Agri notes:

“The incentive at Keiskammahoek is that government has spent money disproportionately to what we have, they spent about R60 million and we’ve spent about R20 million... so it’s a gripe of theirs that we get 50% of the profits when they invested more.”

Moreover, Amadlelo Agri reports that government investment in fixed assets, across all of their projects to date has amounted to R197 million, while they have invested R92 million in dairy animals and movable equipment. Evaluating the return on investment on the provided figures alone does seem to indicate that the profits deriving to the various parties is a mismatch to capital investments. However, this is only a partial and inevitably inconclusive analysis. I will pick up on this discussion in the following chapter, which looks at the implications of the adjustments Amadlelo Agri has made to New Zealand's 50/50 sharemilking model.

COEGA Dairy: Vertical integration of the value chain

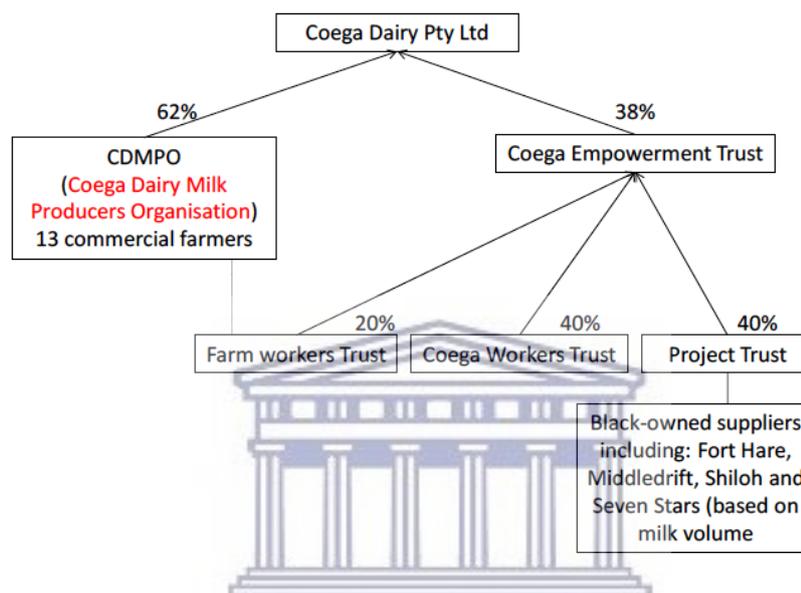
The political credibility gained, through supporting black emerging farmers in JV arrangements, has also opened up opportunities in other parts of the dairy value chain for Amadlelo Agri. For example, Amadlelo Agri has invested in the processing firm COEGA Dairy, which started operating in September 2011. Amadlelo Agri’s chief executive director is also a non-executive director on COEGA Dairy’s board of directors. COEGA Dairy procures 20% of its milk from what they refer to as ‘empowerment farms’, including Keiskammahoek and Shiloh JV farms.

Increasing vertical integration of the dairy value chain disperses risks, especially those associated with low producer milk prices. The future prospect of a market willing to pay a premium for 'land reform products' was mentioned as another incentive. Amadlelo Agri’s contract with Famous Brands is already evidence of this. This arrangement has led to a further investment between COEGA Dairy and Famous Brands to open up a cheese factory in Queenstown. A key respondent from Amadlelo Agri explained the status in April 2016 as follows:

“Coega Dairy has made an agreement with Famous Brands, who owns Debonairs, Wimpy, Steers, Vovo Telo and many more and twisted their arm to do a ‘social spend’. Now all the cheese for Debonairs comes from these dairy farms... At the moment we produce cheese and cream cheese for Famous Brands. It’s a very nice market, nice prices and no nonsense like from the supermarkets who pay you R9.50 but by the time

they've deducted everything you only get R6.50 ... COEGA Cheese is a JV between COEGA Dairy and Famous Brands doing cheese for Famous Brands. But we want to put up a factory that will do 150,000 litres per day and grab milk from Ncora, Queenstown and Cradock to make Cheddar and Gouda. We are going to tap AgriPark funding, commercial farmers funding etc.... it will take a while to set up.”

Figure 19. JV Farms' Equity Stake in COEGA Dairy¹⁰¹



Although COEGA makes good money, it is struggling to be profitable due to large loan repayments of R100 million. Once the loans are repaid, benefits are expected to be directed to the JV farms as well. The above figure demonstrates that the JV farms at Shiloh and Keiskammahoek are members of the COEGA Empowerment Trust. A key respondent from Amadlelo Agri explains some of the tensions involved in this arrangement, since expectations of profits from customary landowners have been difficult to manage. The quote clearly represents a dilemma inherent in the JV model. Unlike agrarian capital, which has access to an investment fund, over and above meeting its requirements for reproduction, the poorer communities with which they partner have urgent demands on their social reproduction.

“People who own their own processing facilities make money out of it, there’s no doubt about it! We need to own the value chain, we don’t want to leave it to someone else. The dilemma for us on COEGA Empowerment Trust¹⁰² is that at the moment there are no profits coming back to the JVs...This is crucial to understand for funding for communal areas projects, because for the next ten to fifteen years nothing will be flowing back to the communities. You tell communities that they own a share in

¹⁰¹ Source: Whytske Chamerlain (2015: 8)

¹⁰² The JV Farms have a share in COEGA Empowerment Trust, which has a 38% share of COEGA Dairy. Of this percentage, 40% belongs to COEGA workers trust at COEGA Dairies (the factory), 40% to the JV projects (each farm has a percentage) and 20% to the farm workers on the 13 commercial dairy farms that own 62% equity stake in COEGA. See the figure below.

COEGA Dairy and the first thing they ask is- 'where is the money?' You say, no but you got it for free because the IDC lent you the money, but you have to pay them back first before you get any money. And they say, 'no we'll be dead by then'. It's very difficult to get people to understand the concept of giving up something now to get something in the future. We have this culture that says, you've given me shares now give me the money."

There were a number of motivating factors that led to the establishment of COEGA, according to key informants. Firstly, providing the opportunity to expand milk production in the Eastern Cape, which was being limited by Clover and other processors. Secondly, the farmers were being penalised for higher milk production during spring and summer due to seasonal calving practices. COEGA recovers the cost of seasonality by processing surplus milk into UHT in spring, which is stored and then sold in winter. Lastly, Clover wasn't willing to source milk from Amadlelo Agri's newest JV farm at Ncora, due to its distance from the processing factory. COEGA, however, subsidises the cost of transportation so that all the farms, in spite of their location, pay 25c per litre, instead of the usual 60c per litre.

There are, however, some red flags regarding the character of decision-making and power around these investments in the value chain. I noticed that at Keiskammahoek, Shiloh and Middledrift, besides those landowning members who sat on the cooperatives or trusts, many landowners did not know that COEGA Dairy existed. In fact, most of the landowners would commonly refer to 'Clover' collecting the milk. Clover did procure milk from the farms in the early years of their establishment, which might account for some confusion. This does, however, reflect a problem in how the governance of the JV is arranged. Despite the fact that Amadlelo Agri engages with trust members over these decisions, they in turn do not appear to seek collective agreement from the customary landowners.

7.4 Community Governance Structures: The Character of Decision-Making and Power

A cooperative is defined in the new Cooperatives Act (No. 14 of 2005) as "an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles". Since 2002, many cooperatives have been set up in South Africa as a response to the 'Cooperative Incentive Grant', which provided R350,000 per cooperative (Twalo, 2012). As a response to government legislation and incentives, registered cooperatives increased from 4 061 in 2007 to 43 062 in 2013 (Wessels, 2016).

Mayime Cooperative was established in 2003, at the suggestion of officials from Chris Hani Municipality and the Eastern Cape Department of Rural Development and Agrarian Reform. Previously, the landowners were organized under the Masibambane Trust. In 2003 many of the primary cooperatives and the secondary cooperative at Keiskammahoek were also encouraged by government to reregister under the terms of the new legislation. However, in 2016 some reported not yet having reregistered their primary cooperatives.

In 2010 Eising and Shenxane (2011) found that a mere 2, 644 of 22, 619 registered cooperatives, could actually be regarded as functional, amounting to a failure rate of 88%. The key challenges responsible for this failure are government's failure to adequately grasp cooperatives 'as a form of business' and a lack of institutional capacity to support cooperatives (Wessels, 2016). Some of the governance challenges that are experienced by both the Seven Stars Cooperative and Mayime Cooperative are not contextually unique. They reflect a general failure in South Africa to adequately support and sustain the healthy functioning of cooperatives.

Keiskammahoek Seven Stars Cooperative

Seven Stars Cooperative is the structure that represents the Keiskammahoek landowners in the Seven Stars Trust. This 'secondary cooperative' is made up of six 'primary cooperatives', which represent the various units of land (units 1, 2, 4, 5, 6 and 8). The primary cooperatives are mostly dormant or not functioning. Many still need to be registered in line with the new Cooperatives Act. The name 'Seven Stars' comes from the six primary cooperatives, with the seventh being the secondary cooperative.

The committee for the Seven Stars Cooperative is made up of five primary members and six additional members. The members do not get paid to sit on the committee but sometimes get a stipend for travel. The members of the primary cooperatives elect a 'board of directors' for the secondary cooperative, which is commonly referred to as 'the committee'. They can elect members from any primary cooperatives and thus not every primary cooperative is represented on the Seven Stars Cooperative board of directors. In fact, it is composed of three members from Unit 6 and two from Unit 1. All of the units are represented on the cooperative committee, although some only as 'additional members'. Several key informants, however, noted that the unequal representation from across the units was creating power issues:

"The negative we've had is a power issue. The secondary coop members have more members on the coop board from unit six than the others.... So the board of directors on the trust is also not properly represented from all the land units. Primary coops should be equally represented on the secondary coop. There are power issues... the only reason people are happy is because they are getting money" (Respondent from Amadlelo Agri).

The cooperative committee has monthly meetings with its members, or sometimes more frequently if required. The production manager attends the monthly meetings, where he explains that they "give them a report of the targets that we have met, and what is happening on the farm and I ask for their assistance if needed". As a result the landowners, who were neither members of the cooperative committee nor the trust, were much more aware of the status of the JV farm, as compared to Shiloh's customary landowners, who must rely on trust members to report back to them.

Notably, female members from amongst the landowners at Keiskammahoek chair both the cooperative and the trust. However, this hasn't necessarily led to an environment more

conducive to participation from other female members; some of who expressed concerns with the leadership style and fear of expressing their views in meetings. There are three female members¹⁰³ and seven male members on the cooperative committee; hence the gender divide is still unequal. This is in part a reflection of the individualised private land rights, which in most cases are bestowed on male household heads. It was common for women in these households to be referred to as ‘wives of landowners’. The female chairperson of the Seven Stars Cooperative was a widower, and hence became ‘the landowner’.

Women in Keiskammahoek have allegedly played a prominent role in the life and management of the farm in the past. However, if you analyze the quote below, this speaks more to their role as ‘labour’ in petty commodity producing households, with the role of ‘capital’ played by their husbands. For example, Van Averbeke et al. (1998) note that:

“A study of the role of women involving the wives of farmers in Keiskammahoek Irrigation Scheme, revealed that nearly three quarters of the women were actively farming, and that women play an important role on the farm, especially when men are away on other business. The women indicated that men usually still did all the hard work. Yet, tending to the vegetable garden, hoeing and harvesting of the fields, and herding of cows were functions mostly carried out by women (Williams, 1994)”.

There are some generational tensions emerging between older landowners on the cooperative committee and their younger kin. As noted by a key informant:

“At Seven Stars Cooperative, there are now some younger members of the coops that have economics degrees etc. and they are saying ‘get out the way’ to the older ones, ‘it’s time for us to run this business’”.

However, as of yet there hasn’t been much of a shift of power to the younger generation. In most cases the first landholders, dating back to the time the scheme was run by Ulimocor, represent the affairs of the cooperative. These youngsters do, however, attend cooperative meetings to make themselves heard. There are also, however, many farmers that complained that their children were not interested in the affairs of the business, since they had more attractive opportunities in the cities. Many landowners thus expressed concern regarding the future handover of the business in the future to their kin.

There have been attempts to develop technical farming skills among the children of the landowners, in the hope they could manage the dairy farm in the future. Four youths from the households of landowners were selected for a training programme. It included two years of practical experience on the farm and two years at Fort Cox agricultural college. However, only one of the members finished the practical experience and managed to progress to go on to Fort Cox (Whytske Chamerlain, 2015).

¹⁰³ Although one member abstained from being interviewed and said she no longer sat on the cooperative.

At the time of research, all of the interns on the farm and the senior farm managers were sourced from outside the community. This is an area of concern regarding the sustainability of the JV. The landowning households risk remaining in the position of labourers and passive recipients of dividends, with production and governance largely managed by outsiders.

The poor functioning of the Seven Stars Cooperative is also a key challenge to the sustainability of the farm. Chapter 10 will illustrate that there are individual farmers that are making good use of the dividends they receive to invest in their own farming enterprises and other businesses. However, the dysfunctionality of both the secondary and primary cooperatives, limits their members from working together to attract alternative income streams or government funding, and prohibits the possibility of marketing their produce together. Only Unit 6's primary cooperative had plans to start a nursery to sell seedlings and generate alternative income and jobs for the youth. When asked about some of the challenges in running the cooperative, the chairperson notes:

“The first challenge is the knowledge, we don't have enough knowledge to run the business but we try. There are courses that we have been given, we had some people from America that have helped us and Farm Vision has helped us as well with training on what a cooperative is and how to run the farm and its finances. Only the managers of the cooperative get on those courses, the top five or seven people. Sometimes the rest go on courses too. Our children also sometimes go on those courses”.

The Seven Stars Cooperative also does not have a business plan in place. Poor governance limits its ability to invest portions of JV profits into other productive activities. However, that said, interviews revealed that there were only a handful of households interested in extending the scope of the business. Households relying exclusively on pensions and JV dividends would unlikely be willing to divert their dividends into other investments.

Social differentiation among the landowners, thus also plays into the cooperative's ability to come to an agreement on a way forward. In light of this, issues of unequal representation on the secondary cooperative should be addressed to ensure all interests are represented. The fact that unit 4 does not have a representative on the farm trust is particularly concerning. Households from this unit were noticeably in a poorer position and some were headed by widows. Despite the fact that on the whole Keiskammahoek is running more smoothly than Shiloh and there are decidedly less tensions among the cooperative members, these various challenges don't put the Seven Stars Cooperative in a secure position, should they one day want to manage the enterprise on their own.

Shiloh Mayime Cooperative

The Mayime Cooperative has a 'committee' comprised of 6 members in total, including the headman who is the chairperson. There are also a number of Mayime Cooperative committee members, who serve on the Shiloh Dairies Trust as well. This includes the chairperson of the

Shiloh Dairies Trust, along with two other members. This, along with the fact that the committee members have been the same since 2003, indicates the centralisation of power and decision-making, which was a common area of dispute.

There are some key differences between the roles of Seven Stars Cooperative and Mayime Cooperative in the JV farms. In the latter's case they organise the sale of unpasteurised milk from the cooperative's offices and they also source workers for the farm¹⁰⁴. In the former's case, the farm trust undertakes these tasks. This at least ensures some impartiality with worker recruitment and financial oversight of milk sales. A member of Mayime Cooperative notes:

“There was a cry from people that they don't own this milk... so I suggested we need to let them buy 1 litre so they can feel this thing belongs to them. There is the Mayime office here that the community and schools buy from. We sell a litre of unpasteurized milk for R6”.

A representative at Amadlelo Agri, however, contends that this creates some challenges:

“The problem with Shiloh is that they actually do the business themselves on the side, for example selling the milk, whereas at our other farms we all share in this”.

Secrecy around the operations of the Mayime Cooperative and the inability to access any formal documentation, made it difficult to conclusively evaluate its governance structures. However, the impressions of key informants were overwhelmingly negative, apart from those represented on its committee and the households aligned to them. I documented numerous claims of mismanagement and corruption. The want of a constitution, the absence of regular elections to select new committee members, irregular meetings with customary landowners, and the undemocratic leadership style of committee members, were all frequently mentioned as concerns. The chairperson of the trust and member of the Mayime committee notes about meetings that:

“The committee has meetings with the community just when there is something to take to the community”.

A manager at Amadlelo Agri also expressed concern regarding the governance and constitution of Mayime Cooperative:

“All of the cooperatives that we work with have a board of directors but at Shiloh they refer to ‘the committee’ and I'm not sure if they are legally constituted... A part of the weakness of our system is that we can't influence what goes on in the cooperatives. At Shiloh, we've been stonewalled in our ability to deal with coop leaders and governance... At Shiloh, for example, (the headman) has kept us at arm's length, which is not a good option, we prefer to work differently, to work directly with them”.

¹⁰⁴ See Chapter 11 for a more detailed discussion on conflicts around JV jobs at Shiloh.

The fact that a traditional leader (the headman) is the chairperson of Mayime Cooperative also influences the character of decision-making on this cooperative. There appears to be a mismatch between the democratic and cooperative ethos that should drive the governance of a cooperative, and the authoritative ethos characteristic of the institution of traditional leadership. For example, a member from a dividend receiving household notes:

“There is too much corruption here because in this village there are two parts, the first is the part of the headman and his supporters and the other is the opposition... If you talk the truth about what is happening and ask questions at the committee meetings they will just take you out. Some of us don't want corruption and those on the headman side are corrupt”.

Another member from a different dividend receiving household further commented about the character of decision-making and governance:

“When you are the leader of the people you must listen to them but the headmen just selects the committee. If the committee changes all the time then people don't get a chance to make corruption. But since the beginning they are the same people, for all of these years! I was on the side of those people who took the committee to court and we are still paying a lawyer for that. If they don't sort out the issue of reelection of this committee, we are going to have a problem with the running of this project. That lawyer found out that there is some corruption with Mayime”.

Allegiance to the traditional leader, however, appears not to be the only aspect that mediates participation in the affairs of the Mayime Cooperative. Whether or not one is a member of the Moravian Church was also noted as a key factor, as illustrated by the quote from a dividend receiving household below:

“I stopped going because I'm not satisfied about how they handle the meetings- you can't say what you think! It was the German missionaries that founded this land and the Moravian Church is still here in the village. The coop committee are from that church. It is like that church is the ANC in this village and if you are not from that church they don't want to listen to you. The Isibonda (headman) belongs to the Moravian church. They have meetings in that church and they announce the committee meetings in the church”.

When asked about elections on the Mayime Cooperative, a member of the cooperative (who is also the chairperson of the Trust) disregarded them saying that the community was happy with the leadership and wanted them to continue:

“Since 2003 we have had the same committee because people say we must continue. We are working, because they believe in us. We told people that the term has ended and we can reselect and they said they don't want to select a new one because they are afraid. We must carry on to rebuild this village”.

There was clearly a range of divergent perspectives on this. A member from a dividend receiving household and a member of the 'opposition' contends:

“The committee has been for over five years and we think they should be reelected for five years every time”.

Another member from a dividend and JV wage receiving household emphasised, however, that the unhappiness with the way the committee is run can be explained by a failure to attend meetings and to be informed about the JV project:

“People who are around the area, some don't like the way the project is being run by those who are running it on the committee, so it makes some problems. It makes it hard for us to work on the dairy when there is too much politics about the farm. The people that have a problem are the ones that don't come to the meetings, those who come to the meetings don't have a problem”.

This statement from a dividend receiving household, and others similar to it, seems to emphasise that there are indeed households that don't attend meetings:

“I have no idea how the amount is decided. I don't even know if I'm a member of Mayime. I only go to the meetings when the amounts are paid.”

However, clearly the intragroup conflict and politics around the running of Mayime Cooperative also explains why some people do not attend the meetings, rather than disinterest. In some cases, old age was also a reason why people were not attending, especially where younger members of the household were migrant labourers spending little time in their rural households.

Decisions regarding how Mayime Cooperative handles profits were particularly unclear. According to members of the cooperative committee, the decision on what is distributed as dividends and what is saved or reinvested is meant to be decided at a general meeting of the Mayime Cooperative. A member of the Mayime Cooperative committee explains:

“We go to a general meeting with this money and report how much we have. We decide all of us as the landowners- this little must be kept in bank, and this must go to people. We keep some in the bank so we can keep it for doing things as the business grows.”

However, most customary landowners had a very different perspective. They complained about not being informed about the total profits allocated to Mayime by the trust and not being party to the decisions regarding how much was paid out as dividends.

Another aspect of contention was how the income from the dairy JV and those from the vineyard project were distinguished. Amadlelo Agri is not involved with the vineyard

project¹⁰⁵, which was set up in 2013 by Mayime through grants received from Chris Hani Municipality and the Eastern Cape Department of Rural Development and Agrarian Reform. The EPWP programme pays for the 17 labourers working on the project and the seasonal labour sourced for harvesting and other informal work. Some landowners feared that their dividends from the dairy were being reinvested in the vineyards, without their knowledge or approval. For example, a respondent from a dividend receiving household exclaims:

“We are not sure how we benefit from the vineyard. We haven't got anything, they just said they take grapes to Cape Town and we are not getting anything from it. I don't have information. Maybe they are taking our money from the dairy to invest in the grapes. So I don't know where they take the money.”

Another respondent from a dividend receiving household asserted:

“There were no discussions with the landowners over the profit share between grapes and dairy. I'm not sure how we will benefit from those grapevines. I don't think the landowners will benefit!”

The headman denied these claims and maintained that no profits from the dairy are reinvested in the vineyards; however, clearly numerous customary landowners harboured doubts. Allegedly, in spite of requests by cooperative members to have the cooperative subjected to an audit, this has not occurred. The general discontent around transparency of the cooperative's finances, coupled with the failure of the cooperative to hold fresh elections for its committee, were described as the key reasons for the formation of the opposition group. The firing of a trust member, as described above, also added heat to this conflict, as he had become involved in driving the opposition.

In conclusion, untangling the politics at Shiloh is no easy task and there are no clear villains or victors. There is only a complex assemblage of different interests, contestations and alignments, which in particular seem to mirror class, generational, religious and customary identities. Much of these conflicts are linked to contestations over land rights and use, and thus a more thorough analysis will be reserved for Chapter 9. Amadlelo Agri asserts that much of their energies are focused on dealing with the complexities of community politics to ensure buy-in. However, they appear hesitant to tackle face-on the claims of corruption within the Mayime Cooperative. Without resolving these tensions and the issue of democratic and transparent governance of the cooperative, the long-term viability of the JV is uncertain. Moreover the effect, particularly in Shiloh, that politics surrounding the JV is having on eroding social cohesion could have potentially violent and explosive effects.

¹⁰⁵ The headman noted that, “we want to make a partnership with a white man (Mr V)... We are looking into a joint venture with him. We must get a seller for that vineyard. The grapes are for wine... The first harvest we took to Worcester. We want to make our own cellar here to make the wine here that is why we take to Cape Town now because we don't have a cellar. We want to build a cellar.” It would be critical that the governance challenges plaguing Mayime Cooperative are dealt with before any further investments are undertaken.

7.5 Conclusion

Some of the challenges discussed in this chapter illustrate that the JV model, premised on the logic of capitalist farming, faces enormous challenges operating in contexts where social reproduction is under immense strain and where rights to and use of land are contested by numerous overlapping claims. The very poor governance of the community cooperatives has further complicated this and produced numerous tensions. This is particularly the case at Shiloh, where claims of corruption and mismanagement regarding the Mayime cooperative have resulted in intense intragroup conflict and even violence.

The JV model is designed to operate according to the imperatives of profit inherent to capitalist farming, free from concerns of maintaining social networks. However, this sits uneasily with the realities prevalent in the communal areas, in which these JVs are being implemented. These tensions are reflected in the emerging conflict over whether all profits should be paid out as dividends to customary landowners, or reinvested. The demands placed on the farm to hire landowner's kin and how cooperatives are embroiled in local identity politics, are also rooted in the complexities of social reproduction. Therefore, there appears to be an inherent mismatch between the logic of the JV model and that of social reproduction engaged in by diverse households. This is a conclusion, previously made by other authors, including Manenzhe (2016) regarding JV arrangements in Limpopo, and Hornby (2016) regarding the operations of CPAs in KwaZulu-Natal.

This chapter did reveal that one seemingly positive aspect of Amadlelo's sharemilking model is its contribution to the transformation of a historically white dairy sector, by mentoring a number of highly capable black farm managers. Many have been provided the opportunity to accumulate significant herds of dairy cows, which are rented to generate substantial passive incomes. Thus the model seems to provide the right conditions to support the emergence of a class of black capitalist farmers. However notably, apart from one junior manager at Shiloh, none of the latter is from the households of the customary landowners, who are involved predominantly as shareholders and workers.

In spite of the praises that respondents from Amadlelo Agri had for the apparent success of their JV model, the chief executive director was willing to acknowledge that the JV model as a whole has its limitations, and that it may not be incentivising the creation of a class of productive black farmers.

“I don't think that the JV model is mobilizing people to be excited about agriculture, it just makes them wait for their dividend. So we are not solving the complacency issue we have in South Africa. However, we can't just stand back and say because people won't do anything, we won't do anything. We have an attitude and culture in our country that is a problem ...you need to find people who are already doing something and support them. The government's programme for '1 hectare, one cow'¹⁰⁶, is just

¹⁰⁶ This is the proposed model for Port St Johns

going to attract people who want a subsidy. Access to livelihoods has also become based on political clout, and this is creating unhealthy political dynamics.”

A definite limitation of the model is that it is centred on agribusiness directing the production and management of the JV farms. Apart from imparting skills to the black farm managers, the cooperatives are not being sufficiently trained to take over the financial management of their farms. This function remains quite centralised under Amadlelo Agri. In essence the JV model with its vision of agrarian reform is at risk of equating ‘black emerging farmers’ with a group of customary landowners, who are in reality passive recipients of JV dividends and jobs.



Chapter 8. Theorising the Political Economy of Sharemilking

“Sharemilking has traditionally been the first step to farm ownership. Sharemilking involves operating a farm on behalf of the farm owner for an agreed share of the farm receipts (as opposed to a set wage) “ (DairyNZ, 2016).

8.1 Introduction

In this chapter I discuss how the social relations of production involved in sharemilking might be theorized. I look at the implications of the adjustments Amadlelo Agri has made to the original model and how this affects how we evaluate it, in terms of the relative benefits accruing to the customary landowners. I investigate the ‘logic of the model’ from the perspective of agribusiness. The incentives to structure production in JVs as ‘sharemilk’ arrangements clearly diverge from those documented in the case of New Zealand, where the model first emerged.

In New Zealand the motivation for the sharemilker is commonly articulated as enabling accumulation of capital, in order to purchase land to farm. Generational dynamics are key to the model and older landowners often contract the services of a younger sharemilker. However, the incentives inherent in the sharemilking system in South Africa diverge quite radically to those in New Zealand. In this Chapter, I attempt to answer the question of how the specific social relations of production in sharemilking JVs, and the opportunities and limitations of our dairy market provide opportunities for accumulation for agribusiness in the South African context. I conclude by offering a framework to theorize the political economy of sharemilking, drawing on Patnaik’s (1983) application of Marxist theories of rent to sharecropping.

8.2 The Origins of Sharemilking and its Social Relations of Production in New Zealand

“Sharemilking is an arrangement between a farm owner and a sharemilker, who combine their resources (land, labour, capital, and expertise) towards the production of milk. The farmer owner’s main contribution is land, whereas sharemilkers most often contribute livestock, labour and machinery” (Blunden et al., 1997: 1765).

In the global dairy industry, New Zealand is at the top of the game, in terms of milking cheaply. Sharemilking arrangements are a prominent model in New Zealand dairy farming. 30% of all herds are operated by sharemilkers and the remaining 70% are operated by owner-operators¹⁰⁷ and contract milkers¹⁰⁸ (DairyNZ, 2016). Sharemilkers have however been declining over the years, for example from 35.4% in 2006/07 to just 30% of herds in 2015/16. Traditionally, the average size of sharemilking farms was larger than owner-operators, since

¹⁰⁷ “Owner operators are farmers who own and operate their own farms, or who employ a manager to operate the farm for a fixed wage” (DairyNZ, 2016: 20).

¹⁰⁸ “Contract milkers are contracted to milk a herd at a set price per kilogram of milk solids produced. The rate is set according to the amount of farm work done.” (DairyNZ, 2015) The distinction between owner operators and contract milkers is not known in New Zealand and so they are combined in official statistics.

they needed to generate enough income for both the landowner and the sharemilker. For example, in 1997 the average herd size for owner-operators was around 165 cows, whereas for sharemilkers it was 200 cows (du Faur, 1997).

The average herd size in New Zealand has been growing over the years, as a response to mechanisation and global competition. However, the total number of dairy cows in production has declined in the country, indicating concentration of production under a smaller number of larger farms. The average herd size, for all types of dairy farmers was 419¹⁰⁹ in 2015/16 (DairyNZ, 2016), which is similar to South Africa at 399. In 2015/16 the average herd size for owner-operators was 420 cows and 417 for sharemilkers, showing little difference between the two as compared to twenty years previously (DairyNZ, 2016). Changing conditions in the milk industry are contributing to the decline of sharemilkers and making it increasingly difficult for these types of arrangements to be as profitable as they were in the past (DairyNZ, 2016; Pepper, 2013).

The sharefarming model in Scotland, as well as the sharecropping system in the United States allegedly influenced the design of early share contracts, which originated around 1884 in New Zealand (Pepper, 2013). Many of the first dairy farmers in New Zealand came from Scotland. It is believed that a form of sharemilking was practised there in the early nineteenth century, which greatly influenced the model in New Zealand (Gardner, 2005). The model originated out of 'generational dynamics', in the sense that it provided a way for 'owner-operator' dairy farmers to retire, while young aspiring dairy farmers, without access to a family farm, could accumulate the necessary capital and experience to be owner-operators in the future. For sharemilkers, the arrangement was seen as a vital step in their dairy career and a pathway to accumulation and eventual farm ownership (Pepper, 2013; Gardner, 2011; DairyNZ, 2015; du Faur, 1997). As du Faur (1997: 7) notes regarding the purpose that sharemilking plays in New Zealand's dairy industry:

“Sharemilking is a vital cog in our dairy industry, and it would be difficult, if not impossible, for young farmers who are not farmers' sons, to achieve farm ownership without the benefit of a few years in this form of occupation. Not only does sharemilking provide a spring-board directly to farm ownership, it also enables farm owners to semi-retire gracefully.”

The changing nature of the dairy industry in New Zealand has transformed the environment for sharemilking. New Zealand's dairy industry has become increasingly susceptible to international competition, financialisation, market volatility, and rising prices of land. The creation of future's markets for dairy has played a pivotal role in changing this landscape (Henry and Prince, 2018). As one might imagine, this has meant that larger agribusiness firms and cooperatives (which are in practice structured like large firms) are playing a greater role, than the characteristic dairy family farms that dominated the dairy sector in the past. As du

¹⁰⁹ 50% of herds have between 100 and 349 cows, (29%) have 500 or more cows, 12% have 750 or more cows, and 5% have 1,000 cows or more (DairyNZ, 2016).

Faur (1997: 7) notes below, sharemilking has also become a popular way for agribusiness firms,¹¹⁰ with access to land, to organise production:

“[Sharemilking] also provides an effective business partnership form of farm operations for estate properties and farms owned by syndicates or the so-called Queen Street fraternity”.

Since sharemilkers are considered ‘independent contractors’, many landowners and agribusiness firms prefer to hire them. It is a strategy to avoid the hassles of labour laws, which bind owner-operator enterprises that hire employees (Gardner, 2005). In New Zealand sharemilking has also been used extensively to organise production on Maori¹¹¹ land (Kingi, 2008). In this sense the model has been used with a similar goal as in South Africa, in the context of land reform and BBBEE deals.

In New Zealand there are two types of sharemilkers, a ‘variable order sharemilker’ and a ‘50/50 sharemilker’ (also referred to as a ‘herd owning sharemilker’). Historically, aspiring dairy farmers, without access to land or capital, might begin their career as a variable order sharemilker, and then graduate to a ‘50/50 sharemilker’ (Pepper, 2013; Gardner, 2005). A ‘variable order sharemilker’ doesn’t own a herd, and is protected by the *Sharemilkers Agreement Act, 1937*, which is aimed at safeguarding the sharemilker from exploitation by the landowner. This illustrates that the labour government, at the time, considered this type of sharemilker to be a labourer warranting state protection (Gardner, 2011; Pepper, 2013).

Variable order sharemilkers remain protected by state legislation today, through the updated *Sharemilking Agreements Order 2011*. It stipulates in detail the terms and conditions of sharemilking agreements where the farm owner provides the herd (New Zealand Government, 2011; DairyNZ, 2016). However, the updated legislation notes:

“The relationship of the parties to this Agreement is that of farm owner and independent contractor and is not that of employer and employee, nor that of a partnership” (New Zealand Government, 2011: 6).

Some commentators believe this to be a move by the liberal government to avoid labour disputes, as mentioned above. Labour disputes can no longer be settled through the Employment Relations Act 2000 (Gardner, 2005; NZ Herald, 2001). For both variable order sharemilkers and 50/50 sharemilkers, it is the Contractual Remedies Act and Case law that now covers breaches of contract (Pepper, 2013).

¹¹⁰ For example, in the South Island of New Zealand a large agribusiness firm, Tasman Agriculture Ltd for example, bought up around 78 dairy farms in South Island as well as 23 in Tasmania in Australia, which were all operated by sharemilkers¹¹⁰. The company “was the largest pastoral based dairy farming company in the world”, until in 2002 it sold all of its properties and was incorporated into Fonterra, which is a cooperative owned by 10, 000 supplying dairy farmers and is presently the world’s largest dairy exporter¹¹⁰. “The introduction of the Dairy Industry Restructuring Act 2001 opened the way for New Zealand’s largest dairy companies, Kiwi Co-operative Dairy Company (Kiwi) and New Zealand Dairy Group (NZDG) to merge with the Dairy Board to form Fonterra” (DairyNZ, 2016).

¹¹¹ The Maori are the indigenous Polynesian people who are believed to have arrived in New Zealand between 1250 and 1300.

“A number of principles have changed over time. One of these is that sharemilkers are independent contractors, not employees... Owners are not required to provide paid holidays for sharemilkers, nor do they face the risk of a “personal grievance claim” for “unjustified dismissal”. The relationship between the employer and employee is a contractual one; a dispute between them is seen as a possible breach of contract and is resolved by mediation or arbitration. Although the issue could go to litigation this is very expensive and no sharemilking disputes have been resolved in the Courts since 1967” (Gardner, 2005: 130).

A standard “50/50 Sharemilking Agreement” has also been designed for arrangements where the sharemilker provides the cows. This was designed by dairy companies and cooperatives¹¹² and is thus not a piece of state legislation, like the former is. It is, however, widely adopted as the norm for 50/50 sharemilking contracts and is a legally binding document (du Faur, 1997). This is a key difference with the South African context, where there is no framework by which to monitor the agreements. Changes might be made to contracts, which are not in the interest of either the landowners or the sharemilker. It was for this reason that the agribusiness partner *Grasslands Agriculture* decided to adopt New Zealand's 50/50 sharemilking contract, exactly as designed, for Schoonfontein land reform farm.

Under variable order sharemilking agreements the landowner supplies the dairy herd, and the contract stipulates maximum and minimum herd sizes. The sharemilker receives a share of the profits, which can vary between 21% and 50% (New Zealand Government, 2011; Gardner, 2011; Pepper, 2013). The majority of variable order sharemilkers, however, receive between 21 and 29% of the milk income (DairyNZ, 2016). The share of income depends on the herd size. Variable order sharemilkers, milking larger herds, tend to get lower proportions of the profits. All costs involved in employing labour are the sharemilkers responsibility. However, the contractual relationship may stipulate that the landowner can also be involved in decision-making. The landowner provides more inputs in variable order arrangements, including all necessary infrastructures. For many people (or families) who take on these sharemilking contracts, this might be their first position as independent contractors, having previously been farm labourers (Gardner, 2011; Pepper, 2013).

‘50/50 sharemilking’ or ‘herd owning sharemilking’ is the model that has been *adapted* by Amadlelo Agri. The sharemilker owns the dairy herd, and is responsible for all stock related expenses, milk-harvesting expenses, and the costs related to labour for milking and farm maintenance. The landowner provides the milking plant, which is a fixed asset to the land and is “responsible for expenses related to maintaining the property” (NZDairy, 2016: 20). These arrangements usually entail longer contracts, around three years, because of the substantial amount of capital investment required by the sharemilker. Whereas, variable order sharemilkers might enter into contracts as short as one year. Although the capital outlay is larger for the 50/50 sharemilker, the opportunity to make profits and accumulate assets is also much greater. 50/50 sharemilkers receive 50% of the milk income¹¹³, 100% of the income from

¹¹² This included NZ Dairy Group of Companies, NZ Society of Farm Management, Waikato Valley Co-op Dairies, Livestock Improvement Corporation, Federated Farmers of New Zealand and Waikato sharemilking conciliators (du Faur, 1997).

¹¹³ While the percentage of milk sales is commonly 50%, it can differ depending on the contract and range from 45% to 55% (DairyNZ, 2016).

the sale of cull cows and bulls, 50% of the income from the sales of bobby calves¹¹⁴ (Dairy NZ, 2016; Pepper, 2013; Gardner, 2011; du Faur, 1997).

In New Zealand 56% of all sharemilkers are 50/50 sharemilkers (NZDairy, 2016). However, in an earlier publication, du Faur (1997) noted that in 1997 around 2000 farms were operated by 50/50 sharemilkers (83%) and only 400 by variable order sharemilkers. This illustrates a drastic decline over the last twenty years. Pepper (2013) notes that the career path that 50/50 agreements previously provided for eventual farm ownership has been eroded over the years by changing conditions in the political economy of dairy. Pepper (2013:10) particularly notes the growing sizes of profitable farms, which has increased competition. This makes it hard for new sharemilkers to accumulate the assets required to own their own farms. This has been exacerbated by the widening “gap between land values and cow values”, with the price of land having risen steeply. A key informant I interviewed mentioned this same point:

“The escalation of land prices in New Zealand has skewed the return of investment. The price of land is so much higher now so the landowner’s return on investment is lower than the sharemilkers. So the sharemilker gets 15% return and the farmer only gets 5%. In South Africa we have a similar situation, dairy land prices are going through the roof and the price of cows is remaining stagnant¹¹⁵ “

In this changing context, many landowners no longer find it profitable to contract the services of a 50/50 sharemilker and prefer to hire variable order sharemilkers, contract milkers or farm managers (Pepper, 2013). This dynamic is also noted in the following statement:

“Recently there has been a tendency for farm owners to put on lower order sharemilkers, which helped shrink the number of more lucrative 50:50 jobs. Other industry commentators have reported a few farmers replacing farm managers' jobs with petty percentage sharemilking contracts, apparently in an effort to escape their responsibilities in occupational health and safety, employment contracts and ACC, because sharemilkers were deemed to be self-employed” (NZ Herald, 2001).

8.3 Amadlelo Agri’s Revisions to the 50/50 Sharemilking Contract: Evaluation of the Benefits and Return on Investment for Landowners

Amadlelo Agri adapted New Zealand’s 50/50 sharemilking model and in their view simplified it. The founders of Amadlelo Agri had been experimenting with the sharemilking model for at least 15 years as consultants with white commercial farmers, before implementing the model in the communal areas of the former 'homelands'. The model allegedly operates no differently in a communal area setting, a part from the different social dynamics involved in dealing with a ‘community’ and government, versus a single commercial farmer. However, there are clearly

¹¹⁴ These are newborn calves less than 30 days old and separated from their mothers (milking/lactating cows). Most bobby calves are ‘surplus’ to the dairy enterprise, as most are not required for the milking herd. Heifers (female calves) may be reintroduced to the herd, depending on agreements with the landowner on stocking rates, while male calves will be sold or slaughtered.

¹¹⁵ This statement would support the fact that the various value of the land as opposed to the cows and movable assets, makes it unfair that an agribusiness partner should receive 50% of the profits where the value of the land is much higher. This appears to be a poor return on investment for the landowners in Amadlelo Agri’s JVs from this perspective.

some fundamental and important differences between the model as envisioned in New Zealand and Amadlelo's revised version of it. These differences have implications for our evaluation of the 'fairness' of the model, from the viewpoint of the beneficiary communities.

In the Amadlelo Agri model the costs of replacing assets or of further capital investment remain separate, like in New Zealand. For example, if capital development is required, like new centre-pivot irrigation, the landowner (through government) must pay for this, and if more cows are required or a new tractor then Amadlelo must fund these expenses. However, unlike in New Zealand where costs of maintaining assets are strictly separated, at the Amadlelo farms all the operating and maintenance costs are paid for by the JV farm operating trust, on a joint account. For example, this includes repairs to the tractor or irrigation pivots, along with the costs of fertilizer, rubber ware and feed for cows etc. A farm manager from the Keiskammahoek farm explains the separation between the investment and operations accounts of the farm as follows:

“In New Zealand one guy owns the land and one guy owns the movable assets, so it's just two people and it's easier. But here we need to deal with too many people owning the fixed assets. We maintain the fixed and movable assets on a joint account- the operations account. For example, you can't hold Amadlelo accountable if a tractor breaks. Only when it is time to buy a new one, Amadlelo must pay. There is no slowness around this account because it is based on the farm manager's decision. It's the investment account that is slow. Expenditure has to be approved with the landowners in a trust meeting. But now they are starting to see progress and profits in the business and it's no longer so hard. In a set up with more beneficiaries it's harder to get them on your side, because there is no money, so they can't see the long term plan. If you spend money they want it back in 6 months, it's too long for them to wait.”

The logic behind sharing the operating and maintenance costs, in the view of Amadlelo Agri, is that it is easier to manage and to act quickly in a farming environment rather than fighting over whom should bear the costs. It may be true that one can't expect that dealing with a single landowner¹¹⁶ in New Zealand, is the same as dealing with what are generally poorly governed cooperatives that represent numerous households (395 in Shiloh and 35 in Keiskammahoek). Given the demand among members of these cooperatives to pay out all income as dividends, there certainly would be some risk in following the New Zealand model, as is, whereby the landowners are responsible for the maintenance of their fixed assets. However, as discussed below, there are examples where the New Zealand 50/50 sharemilking model is being implemented in land reform contexts in South Africa, allegedly without problems.

As discussed above, the New Zealand 50/50 sharemilking model delineates much more carefully between the landowner costs and the sharemilkers costs in the dairy farming operation. For example, regarding the irrigation and water supply, the 50/50 sharemilking agreement states:

¹¹⁶ This is generally the case in New Zealand, unless the land is owned by an agribusiness firm, which is generally well organised in any case and thus sharemilking contracts would still be easy to administer.

“THE OWNER shall provide for the land at the owner’s expense a continuous and adequate supply of water for the stock, cowshed and domestic purposes including all necessary motors, pumps and piping and troughs. THE SHAREMILKER shall pay for all fuel, electric power, belting and oil used therein. *The cost of power for pumping water to stock and sheds and for household purposes shall be borne and paid for by the SHAREMILKER*” (50/50 Sharemilking Agreement in du Faur, 1997: 53, *emphasis added*).

The quote regarding costs related to irrigation, illustrates that there is careful separation of the capital costs (e.g. those entailed in maintaining the irrigation infrastructure) and those entailed in the use of that infrastructure, such as the cost of power, which is a cost that the sharemilker should pay. Keiskammahoek has gravity irrigation, and thus there are no power charges. At Shiloh, there are plans to change to gravity irrigation but government currently pays the price of pumping the water. Thus Amadlelo Agri is also saving on this front, because they are exempt from paying the costs that a sharemilker would traditionally need to.

In New Zealand, the sharemilker is responsible for all costs related to the ‘cowshed operating expenses’. This includes the “power charges, lubricating oil and supply of brushes, buckets, brooms and pump belting” (in du Faur, 1997: 63). The sharemilker is also responsible for certain maintenance costs involved in the upkeep of the landowner’s fixed assets, which may experience ‘wear and tear’, for example:

"[The sharemilker] must supply, at his own cost, and install new claw tubes, inflations, milk rubbers and all other rubber ware at the commencement of and during the terms of the agreement... [And] must supply and maintain hose and nozzle for washing down plant” (*ibid*).

In the New Zealand 50/50 model, although the owner is responsible for the ‘material’ costs involved in maintaining the property, the sharemilker usually undertakes the labour involved in maintaining the property. For example, as stated in the contract, the sharemilker “is responsible for all general farm and maintenance work, but owner must provide materials” (in Faur, 1997: 63). The sharemilker is also responsible for all the costs related to hiring of labour, whereas in Amadlelo Agri’s model the workers and farm managers are employed and paid by the JV farm trusts.

In the standard “50/50 Sharemilking Agreement” in New Zealand, it states: “the relationship of the parties shall be deemed to be that of employer and independent contractor” (in du Faur, 1997: 47). This is clearly different to Amadlelo Agri’s arrangements where the two parties are deemed to be ‘partners’ who share equity of the farm operating company. They are also ‘partners’ in the sense that they jointly share the operating and maintenance costs of the farming operation. In Amadlelo Agri’s model the parties share in the *profits*, unlike in New Zealand where it is *milk income* that is shared.

A key respondent from *Grasslands Agriculture*, who is using the New Zealand model at their Schoonfontein farm, noted that the very idea of sharemilking being a 'joint venture', entailing 'shared risk', goes contrary to how the 50/50 sharemilking model was designed to ensure that neither party need bare the risk of the other. *Grasslands Agriculture* asserted that the benefit of New Zealand's 50/50 sharemilking model, is that the parties are not liable to bail each other out in a crisis, as they are not 'partners' per say.

The key question is what impact these modifications to the 'tried and tested' New Zealand 50/50 sharemilking model have on the benefits deriving to the beneficiary communities, and the distribution of benefits and risks between them and Amadlelo Agri? A key informant from *Grasslands Agriculture* firmly asserted that they believe the New Zealand model is "fairer for the landowners". In spite of Amadlelo Agri's concern about the practicality of maintaining the assets of the various parties, the key informant from *Grasslands Agriculture* noted: "We haven't found it difficult to maintain assets separately". In the quote below he explains that sharing the milk income (as opposed to Amadlelo Agri's sharing profits) provides a much better return on investment for the landowners, and is thus more suitable for use with land reform beneficiaries.

" Amadlelo calls their model sharemilking but it's essentially not, they just split the profits... If you share the milk income 50/50 and not the profit, the end result is that the landowner ends up with about 60% of the profit and the sharemilker with 40%, because you need an equitable share of investment. You can't say the land costs 10 million and the cows 5 million but you get the same amount, that's not fair ... I don't agree with sharing maintenance costs. Then the landowner has no say in the matter... If you had that in New Zealand they would be in court all the time. So over 120 years there, they have eliminated all the areas of possible disagreement. The reason why we use the New Zealand model exactly as it is, is because it's been experimented with for 120 years and it's a recognised formula... It is more profitable for the sharemilker to share the profit versus the milk income. It's a better return on investment for the sharemillker, which is why they may have chosen it".

Table 12 below compares the scale of production and benefits to landowners across three Amadlelo Agri sharemilking farms and *Grasslands Agriculture's* Schoonfontein sharemilking farm, demonstrates that the latter distributes the largest dividends to the landowners. *Grasslands Agriculture's* 50/50 Schoonfontein sharemilking farm involves 49 land reform beneficiaries¹¹⁷, much less than Shiloh but more than Keiskammahoek. A key informant from *Grasslands Agriculture* stressed that they would not set up sharemilking schemes with larger beneficiary groups: "we would have to expand otherwise you just dilute the benefits for existing beneficiaries". Therefore, clearly the size of the beneficiary group is a crucial factor to consider in ensuring adequate benefits for landowning households.

¹¹⁷ These beneficiaries are farmworkers from *Grassland Agriculture's* other commercial dairy farms, along with previous labourers (employed for two years or longer) that had worked on the former farm, which was acquired through an LRAD grant. The 425 hectare farm was previously run as a dairy farm and was sold by a farmer who immigrated to Australia. Government investment (including LRAD grant and CASP grant for the milking shed) covered 35% of the investment and the remaining investment was a commercial loan from Standard Bank. The commercial loans were paid off within three years of operating.

Table 12. Comparative Analysis of Sharemilking Case Studies: Scale of Production and Benefits to Landowners

Name of Farm	Year established	Hectares of land	Number of cows milked	Number of workers employed ¹¹⁸	Number of beneficiaries / landowners	Mean dividends per household in 2015/16	Land use fees paid to landowners per year (if relevant)	Total dividends & land use fees paid to landowners in 2015/16
Middledrift Dairy	2009	150	700	15	65	R0	R1200	R78, 000
Shiloh Dairies Trust	2011	450	900	27	395	R2096	R600	R1, 178 000¹¹⁹
Keiskammahoek Seven Stars Trust	2010	750	2000	50	35	R110, 000	NA	R3, 850 000
Schoonfontein Dairy	2004	425	1000	17	49	R160, 000	NA	R7, 840 000

However, if we compare the total benefits being paid out to landowners at the Shiloh farm and those at Schoonfontein, which are operating at a similar scale of production, clearly the latter is receiving far greater benefits (total dividends and land use fees are 6.6 times greater). This is the case even though Shiloh’s fixed assets were funded entirely by ReCap grants, whereas government only covered 35% of the costs for fixed assets at Schoonfontein, according to Grasslands Agriculture. If we compare Schoonfontein and Keiskammahoek, the latter is milking 2000 cows and has 35 landowners, and the former with 1000 cows and 49 landowners. In spite of the fact that Keiskammahoek’s scale of production is double that of Schoonfontein’s and there are less beneficiary landowners, the latter is still producing superior benefits for the landowners. As mentioned in the previous chapter, Middledrift received no funding from government and its fixed assets were established through a loan from the Industrial Development Corporation. Key informants from Amadlelo Agri noted that it is unlikely to generate dividends for landowners for another 10 years.

This financial analysis of the benefits deriving from Amadlelo Agri’s 50/50 sharemilking model, as opposed to Grassland’s model using the New Zealand 50/50 share contract, is however somewhat incomplete and imprecise. Firstly, all my financial data is based on key informant interviews with Grassland’s Agriculture and key informant interviews and a household survey at Amadlelo Agri’s JV farms. I was not able to obtain financial records from any of these farms to triangulate this data. Importantly, the analysis also doesn’t consider the time that the relative farms have been operating. Key informants noted that it takes a few years for a dairy farm to be operating optimally. A key informant from Amadlelo Agri noted, for example: “It takes three to four years to settle a dairy farm down”.

Another sharemilker I interviewed, who is using the ‘50/50 share of *profit*’ model on white owned dairy farms noted: “In five years I know that I could get my capital investment back. I bought my herd in year one and by the time the agreement was over, we were sitting with a

¹¹⁸ This includes farm managers and junior managers who are paid salaries rather than a share of the profits

¹¹⁹ See Chapter 11 for more detail. I could not get a reliable account of the dividends and land use fees paid at Shiloh. However this total amount is based on information received from the Chairperson Mayime Cooperative that the farm paid out R192, 000 in land rents for ¼ hectare food plots and distributed R986, 000 in dividends.

debt free herd”. Schoonfontein’s advantage is clearly the longer period of operation. Schoonfontein had been operating for 12 years by 2016, as opposed to only 6 years at Keiskammahoek and 5 years at Shiloh¹²⁰. However, the latter two farms have an advantage over Schoonfontein because they received 100% of the costs of their fixed assets from government ReCap grants.

The other key factor to consider is clearly the contexts. Amadlelo Agri’s farms are located in the former homelands with differing land tenure systems, local politics and agro-ecological conditions to the Schoonfontein farm, which is located on private land in well-situated Humansdorp in the Eastern Cape. At Amadlelo Agri’s farms, because of the high demand for jobs in the area and the need for the farm to legitimize its use of ‘communal land’, they employ more labourers than a regular commercial dairy farm would. Keiskammahoek employs one worker for every 40 cows, at Shiloh one worker for every 35 cows, while at Schoonfontein the ratio is one worker for every 58 cows¹²¹. Therefore clearly Schoonfontein also saves on labour costs. Although Amadlelo’s farms have less labour productivity and pay out less in dividends, they are creating more crucially needed jobs. However, given the competitive and highly concentrated dairy industry in South Africa, there are questions around the long-term feasibility of this from the logic of capital.

In conclusion, a more in depth analysis would be needed to conclusively compare the benefits of each model for the landowners, and how contextual factors influence this. However, my crude financial analysis above, along with the comments from key informants and findings from documented research outlined above, all point to the initial conclusion that the New Zealand model may offer greater benefits for landowners¹²².

8.4 Incentives of Sharemilking Joint Ventures: Logic of the Model from the Perspective of Agribusiness

The way in which agrarian capital chooses to organise production is no accident. It tells one something about how capital is responding to the particular pressures inherent to a commodity market and the wider political economy. Capital must organise in ways that are profitable if it is to survive. In South Africa, the sharemilking model cannot be explained as a pathway to eventual farm ownership, as is commonly explained in New Zealand (Pepper, 2013; Gardner, 2011; DairyNZ, 2015).

My research reveals, that in sum, sharemilking in the South African context is a means by which to avoid tying capital up in costly fixed assets and land, as these are instead provided through government grants and communal land. This allows agribusiness to free up capital to

¹²⁰ Although both these Amadlelo Agri farms are within the period of 3-5 years of operation, noted by most key respondents as a reasonable period to ‘settle a dairy farm down’.

¹²¹ When you look at sharemilkers operating white commercial farms in the Eastern Cape, the ratio is even less. On three different farms operated by the same sharemilker I found a mean ratio of 1 worker for every 62 cows with the sharemilker rotating labourers across nearby farms to save on labour costs. All of these farms had rotary dairy parlours except for one using a herringbone system, generally requiring more labour to milk, so variations in the factors and means of production are unlikely explanations for such radically different employment of labour. As one indication one white commercial farm under a sharemilking agreement was milking 800 cows, 320 has with a rotary dairy parlour milking 54 cows at a time (very similar conditions to Shiloh) but only hiring 13 people which is half the amount of labourers at Shiloh.

¹²² If sharemilking is to remain a key model in South Africa’s land reform, it is suggested that an in depth comparison is conducted of the relative benefits of Amadlelo Agri’s sharemilking model as opposed to Grassland Agriculture’s model.

rather accumulate large herds of valuable dairy cows. Amadlelo Agri benefits from a 10% management fee and 50% of the remaining profits, while investing far less capital in movable assets as compared to the value of the land, irrigation infrastructure and milking parlour. The model is thus a good return on investment for the sharemilker. Other incentives include: access to scarce irrigated pastures (which provide a differential rent as discussed below), increasing political creditability within the context of land reform, and the opportunities for investment in other parts of the dairy value chain, which arise from sharemilking ‘empowerment deals’.

In many cases ‘main-stream economic logic’ states that strategic partners prefer to invest where there is private title. Besides difficulty in accessing credit, the main explanation for this is that tenure insecurity doesn’t provide adequate insurance on investments, especially for crops that require long-term investments e.g. tree crops (Bitzer, V & Bijman, J., 2014; Derman et al., 2006). For dairy, this restriction can be more easily overcome because of the nature of the commodity being produced, which involves twice-daily milking. If government invests in the fixed assets, as they have in a number of Amadlelo’s farms, risk is reduced for agribusiness, which can easily withdraw their cows or movable assets. The nature of dairy, as a commodity, provides a lot more manoeuvrability for agribusiness, as compared to say Macadamia where nuts can only be harvested after six years, or pineapples after two years. However, in some cases these investments go forward in spite of the perceived risks, since these crops involve far higher profit margins than milk does, with its low and unstable producer prices. To make dairy investments profitable, additional investments must be sought in the extended value-chain.

Another declared disincentive to invest on communal land is that it creates complications for the JV business in terms of loan funding. For initial capital investment this conundrum can be easily overcome if government invests in the fixed assets for dairy farms, as was the case for Keiskammahoek and Shiloh. However, these grants seldom cover operating costs and once the five years of support runs out, if the farm wants to expand this may require taking out loans from financial institutions, which are generally hesitant to loan money without title deeds. Even in circumstances where landowners have tenure security, for example at Middeldrift, there still remains the challenge of accessing loan funding at affordable interest rates. A key informant from Amadlelo Agri explains some of the dynamics involved:

“The problem we have with all the projects in communal environment is infrastructure money, the land ownership or tenure model is such that there is no security on taking my money and putting milking infrastructure on someone else’s land. In Middeldrift, it was possible because the community not government owns the land. But bar all the others, except Keiskammahoek where some land is owned, who is going to lend you money? Which bank would do it where there is no security of tenure?”

However title doesn’t solve the problem, the problem is money at the right price first. Title helps, but we borrowed money at Middeldrift, but not at a good price... *To set up these dairy farms a component of the infrastructure would have to be grant funding or a soft loan, there would have to be an element of subsidy somewhere in the system.*

However, for operating capital you need funds to help you, for example, to survive through winter while your milk production is down. You can't get those facilities with communal land because you can't give the bank a tangible asset. So the only way we could possibly get small facilities is against our milk check. They may lend us R500,000 and then if we can't pay them back, they take the milk cheque back".

If the discourse around strong disincentives to investing on communal land is so pervasive, then how do we explain the proliferation of investments in the former homelands? What is incentivising agribusiness to enter into JVs, if communal tenure or lack of clear property rights inhibits the ability to raise funds for example?

Goodwill and political pragmatism

A strong discourse on the part of Amadlelo Agri is the desire to actively participate in agrarian transformation, poverty alleviation and black economic empowerment, as this quote from a key respondent indicates:

"For Amadlelo to do business in a communal areas is a hot issue, there is no logic for it from a business point of view. From a social perspective, entrepreneurship, empowerment perspective-yes! But those are not things that carry a rand value. In fact they carry a negative rand value. The motivation is to do something for unemployment in the Eastern Cape and utilise assets that are just lying there deteriorating. To protect them and do proper conservation farming on them".

To be fair, one should not rule out altogether that agribusiness may in part be motivated by 'goodwill'. Primary research and interviews with an array of key informants does support the notion that there is indeed a great deal of 'goodwill' at work on these farms, whether or not one agrees with the underlying logic of the model. However, there are also incentives from a profit perspective in investing in communal areas, some of which were expressed by management at Amadlelo Agri. Joint ventures are also driven by a sense of political pragmatism. They are white agrarian capital's strategy for surviving within a changing political environment, within the context of land reform.

Labour disciplining strategies

The specific social relations of production on these farms, in various ways seem to have a disciplining effect on labour. This is especially the case in the context of sharemilking arrangements where the landowning shareholders are simultaneously in the class position of labour on the farm they own, or have household members and/or extended networks of kin who are workers. There are three main ways in which I have seen the disciplining effects of labour on these farms.

Firstly, in many cases the presence of landowners among other labourers in the workforce seems to have an overall disciplining effect in the work environment, since the former is invested in the outcomes of their work through their share in profits. These landowning

workers are less likely to make demands on management, strike or undermine production in other ways. The quote below from a manager at Amadlelo Agri illustrates this point. However, it also indicates that they have not always managed to retain landowners and their relatives in the workforce. In some cases, this reflected the class position of these households. Along with their dividends, households tended to have access to alternative income sources that rendered a demanding job on the dairy farm unnecessary.

“At Keiskammahoek we find the children that are not of the farmers are the ones that stick around... the farmers children come and go. We want it to be the opposite way ... It takes us out of labour strikes etc.”

Secondly, in some cases the agribusiness partner/ sharemilker may also have given workers shares in their holding company. These workers are not employed on the JV dairy farms but are employed in processing factories or on the farms of shareholders. This is the case in this model where the 50 white commercial farmers from Amadlelo Milk Producers have given 500 workers from their farms a 15.1% share in the Amadlelo Agri firm. As discussed in Chapter 3, there is a tendency under contemporary capitalism towards giving workers equity shares in a discourse of ‘empowerment’ but which in reality has a labour ‘disciplining’ effect (Minn, 1996).

Apart from the fact that sharing equity in firms is a requirement of BBBEE policies in South Africa, these types of arrangements also have the effect of obscuring class positions. This is clear when one looks at the shareholders of Amadlelo Agri. Who is capital and who is labour? We can’t plainly claim that it is *white agrarian capital* exploiting labour or exploiting black customary landowners, which are the ‘beneficiaries’ in these JV deals. Black farm workers and black empowerment partners like Vuwa Investments are also shareholders of Amadlelo Agri. Intended or not, these arrangements make disentangling fundamental class relations and class exploitation very murky and haphazard.

Lastly, at Grassland Agriculture’s Schoonfontein Farm, the landowners’ right to benefit from the income generated from the sharemilking arrangement is made conditional on their continued employment on Grassland Agriculture’s other dairy farms. In this case, they remain beneficiaries if they retire but not if they leave employment willingly or by dismissal. Their position as a landowner and membership on the farm operating trust is thus made conditional on their continued commitment as a *worker*. This seems to be, at least in part, motivated by the intention to ensure a stable and disciplined labour force.

Investing in movable assets is more profitable and less risky

“Amadlelo owns the cows, so if we stop tomorrow I could take my cows and go.”
(Respondent from Amadlelo Agri)

Investing in movable assets in the production process and in other parts of the value chain is believed to be both more profitable and less risky. As the quote above illustrates, it allows for more freedom in moving capital if farming ventures turn out to be unprofitable. Because of the

active rental market for dairy cows, these cows could easily be rented to other commercial farms. The analysis above indicates that the capital investment in movable assets was far less than that made by government in fixed assets. This also frees up capital to be invested in other parts of the value chain that can reap higher rates of profit. Amadlelo Agri, for example, has invested in processing, through COEGA Dairy.

As discussed above, accumulating cattle is a profitable investment and the rental market is allowing Amadlelo to grow its dairy herd on the JV farms. Amadlelo Agri plans to try and buy the full herd at Keiskammahoek and Shiloh, where they own 100% of the Keiskamma and Shiloh Livestock companies. For Amadlelo Agri, a key motivation in accumulating dairy cows is the tax benefits. If they continue to invest profits in purchasing dairy cows, they avoid the burden of taxes. If they can get to the stage that they accumulate sufficient surplus of dairy cows, they can actually lease their dairy herd out, which amounts to a 2% return on investment above the prime lending rate (Du Preez, 2011). Within the current volatile and unpredictable environment regarding land reform, the strategy of investing in movable assets is a pragmatic alternative for agribusiness.

Differential rent from specific conditions of land

As discussed in Chapter 6, pasture based systems in the milder coastal regions of the country have become crucial to farming competitively in the dairy industry. Access to scarce irrigation, particularly gravity irrigation where one doesn't have to pay the price of pumping water increases profit margins. Keiskammahoek has gravity irrigation¹²³ and at Shiloh there are plans to change to gravity irrigation, but government currently pays the price of pumping the water. The following comment by a key informant from Amadlelo Agri is illustrative:

“Don't underestimate the competitive advantage of gravity irrigation! To give you a simple story, the top 25% of dairy farmer currently would make R20 to 25, 000 per hectare, but pumping is R5000 per ha. So immediately we have a R5000 advantage because we don't have to pump. On a 200ha farm that's a million rand we don't have to spend on pumping”¹²⁴.

A *differential rent* is accrued, in contexts where differing soil fertility and varying applications of capital allow individual capitals with access to superior soil or water sources, for example, to produce at lower prices than the 'socially necessary price of production' and therefore generate a *surplus profit*. The price of production in agriculture is determined by the *average socially necessary conditions of production*. Therefore, those with access to above average conditions will make surplus profit, above the average rate of profit. Landed property would, however, usually intervene to appropriate this surplus profit as a differential rent (Patnaik, 1983). In other words, higher rents are usually paid for more fertile land. However, in the

¹²³ This means that there are no electricity costs. Water comes from a high water source under pressure on its own without having to incur an energy cost.

¹²⁴ However, the manager at Amadlelo goes on to qualify that, “Empowering people takes a lot of time and effort that the average competitive commercial farmer, fully established, passed down from father to son don't have to invest in... so they have a massive leap on us”.

sharemilking model this doesn't happen because 'the land' is the landowners' contribution to the business.

The 50% of profits (after deduction of the 10% management fee), that the landowners receive, can be conceptualised as a *rent*. However, the *differential rent* from the soil quality and 'free' irrigation accrues to all the shareholders, including the sharemilker (agribusiness partner). In other forms of tenure, like a fixed rent, this surplus would instead be directed, more or less in its entirety, to landed property through a differential rent. In New Zealand, the strict separation of assets, sharing of the milk cheque rather than the profits, and the various types of share contracts (sharing different proportions of milk income in line with capital contributions) aims to ensure a fair return on capital investments. In Amadlelo Agri's model, however, the sharemilker also benefits from the differential rent because of how they share in the profits from the JV business. The rent that they pay to landed property can in essence be seen as a form of *absolute ground rent* (discussed below).

The low rents that are paid to landowners in sharemilking agreements in South Africa can possibly be explained by the relative weakness of landed property in its class relation with agrarian capital. This relationship is further enforced by the state, which mediates these agreements. This cannot be explained by 'communal tenure', since the majority of Keiskammahoek's landowners have private titles, and the share contract is structured in the same way in Shiloh where landowners have communal tenure rights.

Accessing capital intensive dairy production and vertical integration of the value-chain

Entering into JVs facilitates access to government funding (for fixed-assets), allowing agribusiness to access a highly capital-intensive stream of agriculture. Without government investment it might be impossible to enter the dairy value chain and compete effectively. The fact that it took R66 million worth of government investment in fixed assets to set up Keiskammahoek farm, is evidence of the immense costs involved in setting up a profitable dairy farm (Whytske Chamberlain, 2015).

The potential political credibility gained in supporting black emerging farmers through JVs, also opens up opportunities for investment and access to funding in other parts of the value chain. This is demonstrated by Amadlelo Agri's investment in COEGA Dairy through the JV farms. The low and volatile producer milk price in South Africa is a key motivation for agribusiness to find other ways to improve profitability. Increasing vertical integration of the dairy value chain enables firms to capture value at different points in the chain, and to disperse risks. Respondents from Amadlelo Agri also mentioned the incentive of markets that are becoming increasingly interested in sourcing products from black emerging farms at a premium. Amadlelo Agri already managed to secure a lucrative contract with Famous Brands, whose cheese is made exclusively from milk procured from its JV farms.

8.5 Theorizing the Political Economy of Sharemilking Joint Ventures

Given the extensive use of sharemilking in New Zealand, there is surprisingly very little literature that theorises the political economy of sharemilking (Blunden et al. 1997; Kerr and Layton, 1983). The vast majority of the literature is more technical or descriptive in nature. In conceptualising the ‘share contract’ model, it is interesting to note that although it is widely used in the New Zealand dairy industry, it is not employed in any other dominant type of agriculture in the country e.g. sheep farming. Share contracts have, however, been used in rice farming in India, wheat farming in Taiwan and cotton farming in the American South during the reconstruction era following the American Civil War (Kerr and Layton, 1983). Clearly this indicates that there must be something about the nature of the agricultural commodity produced that explains why share contracts are used in some types of farming but not in others.

Mainstream economics (especially NIE) generally provides three broad and interrelated explanations for the use of share contracts: the agricultural ladder, risk dispersion, and incentive-transaction costs explanations (Kerr and Layton, 1983). The first of these explanations, *the agricultural ladder*, is the most commonly cited explanation for sharemilking arrangements in New Zealand. Sharemilking is viewed as a step in the progression from wageworker, to variable order sharemilkers who accumulate capital and skills, perhaps becoming 50/50 sharemilkers, then fixed renters, and if they manage to successfully compete with other producers they ideally become owner-operators (Kerr and Layton, 1983; Gardner, 2011; Pepper, 2013; NZDairy, 2016; du Faur, 1997).

While some mainstream economists link the position of producers to their relative farming skills (Hallagan, 1978; Newbery, 1977), a more convincing argument is that their position on the ladder depends on their access to capital (Wright, 1979; Kerr and Layton, 1983). This explanation clearly also reflects generational dynamics discussed above; elder landowners are more likely to contract sharemilkers since they are unable to undertake the labour themselves or to supervise it. However, this explanation on its own fails to explain why share contracts are only used in the production of certain agricultural commodities (Kerr and Layton, 1983). It also clearly fails to explain the underlying conditions in the South African case. Several key informants noted that sharemilking in itself was profitable and was not seen as an incentive for eventual farm ownership. Fixed rent contracts were, for example, considered to be a poorer return on capital and to entail more risk than a share contract does for the sharemilker.

Cheung (1969) argued that agricultural share contracts *disperse yield and price risks* among the parties. For owner-operators, under a wage contract the landowner bears most of the risks¹²⁵, while under a fixed rent contract the tenant would bear most of the risks. Share contracts thus provide a way to spread the risks between the share tenant and the landowner. IFAD (2012) similarly argues about sharecropping that:

“Historically, sharecropping has negative associations with indentured labour in the United States (for example as a system for freed slaves) but may be preferred to a fixed-

¹²⁵ Although wage labourers can be fired if the farming operation struggles.

rate tenancy because of the sharing of risk and better incentives for the sharecropper. Indeed, sharecropping has historically provided the landless with land access in many parts of the developing world.”

Authors such as Stiglitz (1974) however, argued that Cheung’s (1969) explanation fails to explain why share contracts are used rather than other risk dispersing arrangements, for example, if the landowner were to produce part of the land under a wage contract and rent the rest on a fixed rent basis. Kerr and Layton, (1983) maintain that in types of agricultural production where economies of scale are important, like dairy, it is not practical to divide the land in this type of mixed agreement alternative, and thus in theory a share contract would still be the most efficient way to disperse risks.

However, in spite of Kerr and Layton’s (1983) disagreement with Stiglitz (1974) line of argument, they agree in principle that risk dispersion does not explain the common use of sharemilking. This is because in the 1980s dairy was not considered particularly risky because of the favourable agro-ecological conditions, and more importantly because of government support to milk producers at the time, which included price and income stabilisation mechanisms. One could argue that since the liberalisation of the dairy sector in New Zealand this is no longer the case, and sharemilking may indeed be a risk dispersing strategy in some cases. Kerr and Layton, (1983) noted that the standardisation of sharemilking contracts at the time, into three major types (29%, 39% and 50% sharemilkers) seemed to suggest that risk aversion was not a concern, since this would likely have resulted in a diversity of contracts. Interestingly, statistics from Dairy New Zealand (2016) now provide for five main types of sharemilkers, and within these contracts there is also variation, which may indicate that contracts have changed to accommodate different degrees of risk dispersion.

The *incentive-transaction costs* explanation states that share contracts allow the landowner to forego the costs of supervising wage labour, that would be required in owner-operator farming businesses. Moreover, a wage contract provides limited incentives to labourers to produce efficiently and may encourage opportunistic behaviour e.g. requests for increased wages during periods of peak labour demand. Labourers themselves are also vulnerable to wage reductions, informalisation or termination of employment during periods of decreased labour demand. In the context of fixed rent contracts, landowners have little incentive to provide managerial advice or monitor labour effort. Whereas under share contracts, landowners have a shared interest in the productivity of the farm, which directly affects their income and tenants have a greater incentive from the returns of their labour (Kerr and Layton, 1988).

Kerr and Layton, (1983:9) note that on its own this explanation doesn’t adequately account for the use of share contracts. However, together with the other explanations it can be more convincing. They note that monitoring labourers in dairy farming is not as difficult as other types of farming: “whether cows are regularly milked and given ample feed is fairly readily detectable from their health and output, and state of the pastures”. However, dairy farmers are more vulnerable to opportunistic actions of labour because of the nature of the production

process¹²⁶: “There are few other types of farming in which a regular and assured supply of labour is required for such an extended period”. However, with a sharemilking contract, the method of payment, which is dependent on waiting for the milk cheque, makes it unlikely that a sharemilker would quit at short notice. Since the cows are their capital, the sharemilker is also incentivised to take good care of them and ensure they produce productively.

Kerr and Layton, (1983) also contend that most data on sharemilking contracts illustrates that the majority of landowners engaging in sharemilking are elderly and this allows them to continue to reside on their farms (which fixed rent contracts may not allow). Sharemilking also allows them to continue to use their managerial expertise, some of which are particular to their own properties, to manage the land while foregoing much of the effort of the production process. This is clearly a different context to South Africa where the landowners mostly play no role in the management of the farms, and instead their household members may be hired as labourers on the farm by the sharemilker.

Data on the trends of sharemilking in New Zealand indicate that its popularity has fluctuated with changing employment conditions. In the post WWII period New Zealand had very low levels of unemployment. This put landowners in a vulnerable position, as farm workers could leave at short notice and were in a stronger position to bargain for higher wages. Sharemilking thus became a preferred method of dispersing risks and managing incentive-transaction costs. From the late 60s, however, levels of unemployment began to rise in New Zealand and landowners were therefore in a stronger position to negotiate with labour and consequently the availability of share contracts has slowly decreased, with landowners preferring to hire labour in owner-operated farms (Kerr and Layton, 1983:9).

As mentioned above, today owner-operator dairy farms are still the most common form in New Zealand (NZDairy, 2016). However, the fact that hiring lower order sharemilkers and contract milkers is on the rise, can be linked to changing labour laws which have put labour in a stronger position. The rising price of land, the entrance of agribusiness firms as ‘landowners’, the growing size of dairy farms, financilisation of dairy markets, and the rise in productivity and competition has slowly eroded the career ladder prospects of 50/50 sharemilkers, and the incentives from the perspective of landowners to hire them (since it is no longer considered a good return on capital). In fact, in the context of South Africa, the vulnerability to global markets and the conditions of global capitalism mean that many of the same reasons explain why sharemilking in land reform is considered a good return on capital.

A key informant from Amadlelo Agri noted that the reason why sharemilking is not a very common form of production in South African dairy in general, apart from the lack of a supportive institutional framework, is that there is such an abundance of cheap labour that it is more profitable for a landowner to hire labour than engage in a share contract. Therefore sharemilking seems to flourish in contexts where there are low levels of unemployment or where other factors put labour in a strong bargaining position, which poses a disincentive for

¹²⁶ Cows must be milked at the same time twice a day, failing to do so causes the health of the dairy herd to deteriorate rapidly. High value dairy cows, which are under immense pressure to produce milk, also tend to be susceptible to diseases and require constant monitoring and high levels of care.

owner operators to enter into wage contracts. In the context of land reform in South Africa, there are also the risks (land expropriation) and incentives (access to government grants) that explain the attraction of share contracts. Similarly landowners (and new land reform beneficiaries), given the historical context, are likewise undercapitalised. In New Zealand, sharemilking has also been used with Maori customary landowners, perhaps with similar incentives.

The sharemilkers interviewed in South Africa who enter share contracts with white landowners, mentioned that agreements were commonly made with farmers who were 'in distress' due to competitive pressures, poor management and lack of capital and were trying to 'hang on' to their land. Less common reasons were a 'function of age' with older landowners entering into share contracts. The above analysis has answered some questions about *why* share contracts are common in different contexts. But what about *how* we can conceptualise their social relations of production?

Sharemilking as Sharecropping: Based on a Marxist Theory of Rent

Much of the literature that has dealt with conceptualising the political economy of sharemilking has likened it to a form of sharecropping or sharefarming (Blunden et al. 1997; Kerr and Layton, 1983; Stiglitz, 1974; Allen, 1982; Gardner, 2011). Sharecropping arrangements include a diversity of relations, but in general involve a written or verbal contract between a landowner who provides the land for production and a family, person or enterprise that provides the labour, at the very least. Each party then receives an agreed upon share of the money from farm produce or an actual share of the produce (Cheung, 1969).

"Tenant farming and sharecropping are versions of management contracts in which individual farmers, for example smallholders, work the land of larger scale agribusinesses or other farmers... In sharecropping the landowner and sharecropper split the crop (or its proceeds) in pre-agreed percentages" (IFAD, 2012)

Blunden et al. (1997) argue that the relations inherent in sharemilking are commensurate with sharecropping, and explain its relative efficiency. They view sharecropping as a form of *simple commodity production* (SCP), centred on the unity of the household (labour) and enterprise (capital). SCP is seen as *distinct from capitalist relations of production in agriculture* (Friedmann, 1978). This conceptualisation of sharecropping as SCP, is however, contrary to much Marxist analysis. For example, Byres (1983) and Pearce (1983) consider sharecropping to be merely a transient social relation of production (particularly prominent after feudalism), and as merely a disguised labour contract. In this view, when sharecropping is subjected to more intense forms of surplus extraction, in the historical process of an agrarian transition, it will inevitably give way to new and more capitalist forms of production with sharecroppers becoming 'wage workers proper'.

Blunden et al.'s (1997) arguments idealise family farming, in line with Chayanov's (1925) assertion of the competitive power of peasant, family farms which are able to out-compete well-capitalised farming enterprises. Chayanov (1925) claimed there could be a 'plurality of

simultaneously operating economic systems'. Family farms could exist parallel to other economic systems (capitalist farms). This he asserted was the case, even in an environment dominated by capitalism. The family farm may respond to and be influenced by the dominant political economy, but is not dissolved by it. This sentiment is, however, subject to intense debate. It advocates a 'dual economy' that misrepresents the interrelationship between the dominant capitalist mode of production and petty commodity production (Mann and Dickinson, 1978). 'Family farmers' are also not a homogenous group and are better conceptualised as differentiated classes of petty commodity producers under capitalism (Bernstein, 2010; Mann, 1990). Moreover, conceptualising sharemilking as SCP and a form that is not 'capitalist production' misrepresents both the Amadlelo Agri case and New Zealand model, which are clearly both embedded in capitalist relations of production.

A convincing rebuttal of viewing sharemilking or sharecropping as SCP, outside of capitalist relations, is provided by Patnaik (1983), in her application of Marxist theory of rent to sharecropping. Patnaik (1983:76-7) notes that:

“The basic characteristic of pre-capitalist rent is that it constitutes *the entire surplus value of the petty producer* working with his own and family labour and owning means of production other than land; and it is extracted for the use of land by a superior class monopolising property in land” (*emphasis added*).

Moreover, the form in which the rent is paid (labour, product or cash) also tells us, to a certain extent, whether rent is pre-capitalist, transitional or capitalist. Only *labour rent* is exclusively associated with feudal or pre-capitalist relations of production, while product or cash rent can be associated with all three forms of production (Patnaik, 1983).

Under a capitalist mode of production, '*absolute ground rent*' is inextricably linked to the existence of a class of landed property, which claims a monopoly of property over land. The existence of rent is explained thus by Patnaik (1983: 75):

“Absolute ground rent is a tribute exacted by the class of landlords by virtue of their monopoly of landed property, from the capitalist class out of the total surplus value appropriated by the capitalist class from the working class”.

In adopting this framework, I view the JV dividends that households with rights to irrigation plots receive, as a form of rent involving indirect exploitation of labour. In the New Zealand context, Gardner (2011: 170) also conceptualises the milk income share that the sharemilker pays to the landowner as a form of 'rent':

”Sharemilking agreements are share leasing agreements. *Sharemilkers pay rent* in the form of a share of production for the use of the farm owner's capital” (*emphasis added*).

Patnaik (1983: 81) notes regarding the form of production and rent inherent to sharecropping that:

“Sharecropping is a specific sub-form of *product rent* such that rent is not fixed but varies in proportion to the harvest... the common tendency of identifying sharecropping with ‘feudal’ or ‘semi-feudal’ relations, is not really tenable. To establish whether a relation is semi-feudal or not, we have to look not at the form of rent but at who is procuring the rent: the petty producer, on the basis of family labour; or the capitalist entrepreneur, on the basis of wage labour... While sharecropping as a sub-form of kind-rent payment is empirically associated with petty production, it is not restricted to petty production, but can be compatible with transitional and capitalist production as well”.

Patnaik (1993: 81) notes that in the case of India, shares of crop rents are not only paid by the typical petty producer but also by ‘labour-hiring rich peasants, or by capitalist entrepreneurs’. She provides an example of a capitalist tenant in a sharecropping arrangement with a landlord and financier, in which the farm produced high-value commercial crops on a 150-acre property. The capitalist tenant paid fifty % of the output as a form of rent. Since the landlord had financed part of the capital required for production, this ‘rent’ was in essence a combined category of ‘profit and rent’. This theorisation appears commensurate with Amadlelo Agri’s model. Importantly, Patnaik (1993) notes that the key difference between this form of capitalist tenant or sharecropper, and a petty producer, is that the former produces for profit and therefore does not pay the whole of their surplus product as rent, whereas the latter does.

“It follows that the rich peasant and capitalist tenant can only lease in land at the same absolute level of rent as the petty producer tenants if they succeed in producing a surplus per unit area, which is higher than the latter’s surplus by the amount of profit (at the going rate of profit)” (Patnaik, 1983: 83).

In order to ensure, therefore, that a sharecropping or sharemilking arrangement is still profitable, the capitalist tenant must raise the output and surplus per unit of land by employing advanced techniques or technologies and/or by accessing land where a differential rent (as discussed above) can be reaped. Importantly, this may also explain why *capitalist producers* employ share contracts only with certain types of farming like dairy farming. Capitalist producers, entering share contracts, can only employ ‘advanced techniques’ which allow them to lower the proportion of their surplus product paid as a rent, where the commodity itself allows for the penetration of capital in the productive process.

Dairy farming provides favourable conditions for technological innovation. However, in sheep farming (New Zealand’s other important agricultural industry), you do not see share contracts emerging (Kerr and Layton, 1983). Mann and Dickinson (1978), for example, discuss how Marx emphasised the peculiar nature of specific spheres of agriculture, which made them untenable for capitalist penetration. This explains the persistence of PCPs in these spheres, since they cannot be squeezed out by innovating capitalist producers.

“Those agricultural commodities whose production is characterised by an excess of production time over labour time necessitate the inefficient use of constant capital,

labour recruitment problems, a lower rate of profit, and complications in the smooth realisation of value in the sphere of circulation. Unlike industry proper, where labour time and production time more or less coincide, in some areas of agriculture the ability to manipulate and vary production time and turnover time is circumscribed by the natural qualities of the object being produced. From the point of view of capitalism, then, these considerations make certain spheres of agricultural production unattractive. “(Mann and Dickinson, 1978: 478)

Patnaik’s (1993) conceptualisation of sharecropping as a form of capitalist rent is important, and helps us clarify the social relations of production inherent to sharemilking. Viewing sharecropping, in its widely held empirically associated character with petty production and pre-capitalist relations, does not adequately explain the concrete capital-labour relations we have investigated in sharemilking. At first application, conceptualising agrarian capital (Amadlelo Agri) as a sharecropper, with the ‘empirically’ associated relations of production historically relevant to the South African experience, seems to belie the relative social relations. Byres’ (1983) and Pearce’s (1983) view of sharecropping, as a disguised labour contract, also is not useful. It hardly helps us to think of agribusiness as ‘labour’ by virtue of its position as the sharemilker/ sharecropper.

However, Patnaik’s (1983) contention that sharecropping can, under certain contexts, be viewed as a form of capitalist rent is a much better fit. In the South African case, as we have seen, sharemilkers hire numerous wage labourers. Although the use of labour is less common in New Zealand, 50/50 sharemilkers milking larger herds would commonly hire at least one labourer, to supplement their family labour (du Faur, 1997; Pepper, 2013; Gardner 2011). The use predominantly of ‘family labour’ by some sharemilkers, represents the specificities of the production process for milk as an agricultural commodity, with its susceptibility to mechanisation. Operating a dairy farm requires very little labour. This doesn’t make sharemilkers themselves ‘disguised labourers’. As noted above, the preference to contract sharemilkers in New Zealand has been explained precisely by the fact that labour law does not cover them.

Conceptualising the ‘share’ of the milk cheque or profits (in the South African case) as a form of rent, also allows us to clarify the dominant position of the landowners in the sharemilking arrangement as ‘landed property’. This is preferable to the perplexing terminology of ‘partners (infer capital)’ commonly used in the context of JVs in South Africa. The term ‘partner’ obfuscates more than it clarifies in regards to class relations. The element of peculiarity in the Amadlelo Agri model is that you have the ‘sharemilker’ regulating the labour of the landowners, who are in some cases labourers on the sharemilking farms. These class relations may be unclear, but as mentioned before in this thesis, the fact that capital-labour relations are unclear doesn’t mean they are not capitalist. Rather this reflects how under modern capitalism the fragmentation of labour makes it hard to distinguish class relations (Bernstein, 2011a). Sharing equity in an enterprise is also a way to “to reconcile the competing claims of capital and labour” (Minns, 1996: 42).

The reality of the class identities of the various landowning households would obviously be more complicated, given the ways in which class position is fragmented (Bernstein, 2011a). Therefore, in reality they are not only 'landed property' because the pressures of social reproduction in rural South Africa would allow very few people to live off rents alone. However, it is useful to momentarily abstract from the complexities of the class position of landowning households¹²⁷, for the purpose of understanding the dominant social relations of the *sharemilking model* itself.

8.6 Conclusion

The review of the sharemilking model, in its original conception in New Zealand, has allowed us to evaluate the impact of the changes Amadlelo has made to their 50/50 sharemilking model on the Shiloh and Keiskammahoek JV farms. The comparison of Amadlelo Agri's 50/50 sharemilking model with the New Zealand 50/50 sharemilking model (also used by Grasslands Agriculture in South Africa) appears to indicate that the latter's return on investment for landowners is greater than the formers. Strictly separating the maintenance of the fixed assets of the landowners (Mayime and Seven Stars Cooperatives) and the movable assets of the sharemilker (Amadlelo Agri in this case), and sharing the milk income (as opposed to the profits), appears to be a more beneficial way to structure a 'sharemilk contract' from the viewpoint of the landowners.

This chapter also investigated the incentives from the perspective of agribusiness for engaging in sharemilking in the South African context. Besides the often-cited motivation to contribute to land reform and black economic empowerment, a number of other incentives were also noted. Some of these included the following:

- Government funding allows access to the competitive dairy sector, which would be otherwise challenging for new entrants;
- The sharemilking model allows agribusiness to avoid tying capital up in costly fixed assets and land and rather accumulate large herds of valuable dairy cows;
- The lower contribution of movable assets makes the 50/50 *profit* model a good return on investment for the sharemilker;
- Access to scarce irrigated pastures, in South Africa's milder coastal regions, provides a *differential rent*;
- Having labourers as shareholders (and landowners) creates a labour disciplining effect;
- JVs increase agribusiness' political creditability within the context of land reform;
- JVs provide opportunities for investment in other parts of the dairy value chain.

¹²⁷ A more complete theorization of class among the landowners is reserved for Chapter 12

This Chapter has also presented a way of theorizing sharemilking making use of Patnaik's (1983) application of Marxist theory of rent to sharecropping. She contends that sharecropping can, under certain contexts, be viewed as a form of capitalist rent. The 50% of profits (after deduction of the 10% management fee) that is paid to landowners can therefore be seen as a form of rent. This involves indirect exploitation of labour by landed property. This clarifies the fundamental social relations of production involved in sharemilking as one between landed property (the communal landowners) and a capitalist producer tenant (Amadlelo Agri).

The key difference between the much more commonly researched form of a 'petty producer sharecropper', and a 'capitalist producer sharecropper', is that the latter produces for profit and therefore does not pay the whole of their surplus product as rent, whereas the former does. This theorization also allows us to explain why capitalist producers only enter into share contracts with specific agricultural commodities. Certain commodities like dairy allow for the penetration of capital, in the form of mechanisation. This allows capitalist tenants (sharemilkers in this case) to lower the proportion of the surplus product paid as a rent, making the arrangement profitable, in ways that other types of farming do not allow.



Chapter 9. Land Rights and Use and Some Emerging Conflicts and Contestations

9.1 Introduction

This Chapter looks at land rights and patterns of land use in Shiloh and Keiskammahoek. The historical context of land rights and use during the colonial and Apartheid eras has already been discussed in Chapter 5. Here I investigate the contemporary context of land rights and use. I also very briefly sketch the status of land rights and use, from the democratic period in 1994 until the JV schemes were implemented (2010 in Keiskammahoek and 2011 in Shiloh). I do this with the view of understanding how the JV might have impacted land rights and use, and what effects this has had on livelihoods. I also highlight some emerging land conflicts, looking at their historical roots and how the JVs have heightened these contestations.

9.2 Land Rights and Use in Keiskammahoek in Historical Perspective

A history of privatization of communal land in Keiskammahoek

Within this one JV farm, we see a patchwork of tenure regimes including freehold titles, deeds of sale and municipal land¹²⁸. The character of land rights on the farm speaks to Bantustan era attempts to support a commercial farming class, as discussed in Chapter 5, and then counter-attempts by the incumbent democratic regime to avoid 'elitist privatisation' (Hall, 2010). Land rights thus reflect dynamic and shifting political power and allegiances, and ultimately historical processes of class formation. During the Ciskei era farming households on the irrigation scheme had an opportunity to purchase the land and dairy cattle and now have either private 'title deeds' or 'deeds of sale'. Those households who have 'deeds of sale' are still awaiting finalization of their title deeds due to the moratorium that was placed on private titling and transfer of SADT land in late 1993 (Hall, 2010).

Historical documentation from an Ulimocor report in 1993 illustrates the urgency to finalise these title deeds: "Freehold title of the existing 27 holdings be granted to each farmer on an individual basis, at no further cost to him, and an extra cost required for land survey of approximately R3930. The balance of farms (7 in number) be sold to *existing incumbents* at ruling Government Land Policy rates inclusive of the costs of survey (approximately R15, 000)."¹²⁹ (*Emphasis added*)

Some of these 'existing incumbents' were allocated land in an additional unit (unit 8) between 1988 and 1993. This land is still officially state land, allegedly under the jurisdiction of the Department of Public Works¹³⁰. DRDLR has yet to survey and formalise a lease (or provide option to purchase) for farmers located on this land. It is currently being used by the JV to graze heifers and dry stock. There are also a few households (four that I interviewed) that were

¹²⁸ Unit 3, where Dairy 1 and the Seven Stars Cooperative and JV Farm Trust offices are located is rented from the Amahlati municipality.

¹²⁹ I received this historical document from Averbeke who has done intensive research on the Keiskammahoek scheme. He notes in a personal correspondence about its origins: "I assume that this document was written by ULIMOCOR and was addressed to the Minister of Agriculture of the Ciskei. It has no author and no date, but the content suggests that it was written towards the end of 1992 or early 1993."

¹³⁰ Interview with management respondent from Amadlelo Agri.

not farming the land during the Ciskei era. The vice chairperson of Seven Stars Cooperative (Farmer A) explains the current status of land rights among landowning members as follows:

“24 farmers have titles, 3 have deeds of sale and have finished to pay but don’t have title, for the rest of the 8 households the land has been surveyed but not paid for. It was R15 000 that we all had to pay for the land at that time. The 3 with deeds of sale have finished to pay. The others who are surveyed haven't paid yet and will have to pay; they are willing to pay the R15 000. Those people without titles are not satisfied but it's the government’s fault not ours. We sent the names of those 8 people who have not received titles but there is no response yet”.

Notably, of the 35 landowners, in all but five cases (where widows owned the land) land rights were held by males¹³¹. This speaks to the highly gendered nature of landownership in this site, which is a historical legacy of Colonial and Apartheid land policy (Claasens, 2013; Cousins, 2013b). The concentration of landownership under these 35 landowners over 600ha of valuable irrigated pastures occurred long before the JV was established. In addition the JV farm also rents 145 hectares from the municipality. This has created various tensions with the surrounding community. Averbekke et al (2011), comments on the “precarious social position of settler farmers at Keiskammahoek amidst a community that viewed them as intruders”. Conflicts over land continues to play out in the relations between these landowning farmers and the wider community, some of whom continue to question the legitimacy of their rights to the land. Their position is made somewhat more precarious by the fact that many of them are yet to receive their title deeds.

Land use and livelihoods in Keiskammahoek: The democratic era until the establishment of the JV

Many authors (Laker, 2004; van Averbekke et al., 1998; Holbrooke, 1996) and the farmers themselves (in my life histories) emphasise that they were exploited during the Ciskei era. Farming households also, however, emphasised that the democratic government failed to put into place an adequate plan to ensure continued production when Ulimocor was liquidated. Thus some accounts spoke with reverence about the Ciskei era, when they compared it to the challenges they faced under the democratic government, as the following statement reflects:

“Ulimocor stopped supporting the irrigation scheme here in 1996. But from 1993 things started to fall apart and when the Ciskei became part of South Africa everything changed. The Ciskei government used to give the farmers a lot but the new government said ‘the Ciskei government was spoon feeding you so now it's up to you to wake up and do something for yourself’. That's why we struggled at that time. The Ciskei gave us everything, if we needed feed or money, they would supply us... After 1993 I was planting veg, some of my cows died but I was still milking at that time. I would sell unpasteurized milk to the community. But then there were no vets here and all the cows

¹³¹ Confirmed in a list of 'landowners' and household survey. Of the 19 surveyed households owning land on the irrigation scheme, five were female-headed (one without a title-deed and four with title deeds) and fourteen were male-headed households (50% with title deeds and 50% without).

died. During that time I still had a good quality of life but before 1993 it was much better” (Dividend and wage receiving household, Farmer X).

Historical documentation illustrates that by 1992 the Keiskammahoek irrigation scheme was in peril. On September 28 1992, a Working Group was appointed by the Minister of Agriculture to investigate how the scheme could be restructured to address challenges and ensure its survival after Ulimocor officially withdrew management of the scheme. The Working Group suggested that financial assistance should be given to the 27 dairy farmers settled on the scheme at that stage, and that the scheme be radically restructured to according to a 'free market approach' to ensure its future viability.¹³² The recommendations were heavily embedded in the language of neoliberal economics stating, “With regard to commercial farmers allow free market forces to determine their futures” (p.5). In the end in spite of the various scenarios discussed for restructuring the scheme, in reality Ulimocor withdrew without any comprehensive plan in place. Averbek et al (1998:61) comment on the effect that this 'free market approach' had on the farmers:

“Over the years, the scheme has moved away from a central management approach, where farmers were by and large treated as labourers, towards privatisation, where decision making is in the hands of the farmers... However, total output by the Scheme declined to about 25% of capacity and the majority of private farmers are in serious debt... At present, production per unit of land is extremely low and there is great unhappiness amongst farmers at the scheme”.

The extension officer that was eventually appointed to assist the farmers did a very poor job in the view of the farmers and Amadlelo Agri. This resulted in many of the farmer’s dairy cows dying and to a drastic reduction in production for many. Some of the key respondents explain the changes to land use and their livelihoods during this time in the statements below:

“In 1994 or 1995 at The Land Bank we took a loan for the cows. Our primary cooperative bought about 300 cows at that time to add to the existing cows. But the manager government hired for us didn't have knowledge of farming. At that time many cows died because he didn't know how to look after cows. Until 2000 we struggled to get on our feet, there was no income at that time. We would just plough vegetables but there was no profit from milk because all the money went to labourers. Government was buying our milk for hospitals and schools. After 2000 that project ended and we sold our milk privately to the community... I had around 30 cows and was just milking them and selling to the community and planting maize and veg on my land. When Nkwinti¹³³ came here in 2010 he saw that we were frustrated and advised us to take a joint venture with white farmers” (Dividend receiving household, Farmer B).

“I am a member of ‘Umzamo primary cooperative’, and we are 5 households. We set it

¹³² This letter was written on the 10 May 1993 by the CEO of the Ciskei Agricultural Cooperation (CAC) (Mr Farrow) addressed to the Minister of Finance and Economic Development in Bhisho.

¹³³ Nkwinti was the previous minister of the DRDLR from 2009 until 2018, prior to that he served as MEC for Agriculture in the Eastern Cape from 2005 to 2009.

up in 1994 and we were all milking together until 2000 and selling milk to Clover. We were milking and getting only 15 Litres a day. Business wasn't good but we would join our milk together with the other units... We had two workers hired from outside the family and then with the family we all worked on the farm together. All my children have gone to Cape Town now, they are not interested in Dairy Farming. They want more money and when they left before the JV came here we were making too little here to keep them." (Dividend receiving household, Farmer S)

The above statements illustrate that livelihoods were difficult to secure for many of these households after Ulimocor withdrew management and support of the scheme. However, unlike in Shiloh, the use of their irrigation plots remained central to their livelihood strategies. Even today the JV scheme and the surrounding community refer to landowners as 'farmers' or 'settler farmers'. This contrasts to Shiloh for example where they are referred to as 'landowners', 'beneficiaries' or 'cooperative members'. In spite of their challenges at Keiskammahoe, many of these households still managed to hire in labour and to sell a surplus, however at times this may have involved selling a portion of their own subsistence needs as well.

Table 13. Purpose of Land use and Labour Relations on Irrigation Plots in Keiskammahoe, 1994-2009 (N=55)

Category of respondent		Land use & labour relations	Frequency	Percent	Valid Percent	Cumulative Percent
Dividend Receiving Household	Valid	subsistence only, household labour only	2	25	33.3	33.3
		subsistence and sales, household labour only	1	12.5	16.7	50
		subsistence and sales, hired labour (frequently ¹³⁴)	3	37.5	50	100
		Total	6	75	100	
	Missing (unknown)		2	25		
	Total		8	100		
Dividend & JV Wage Receiving Household	Valid	subsistence and sales, hired labour (frequently)	9	81.8	100	100
	Missing (unknown)	99	2	18.2		
	Total		11	100		

Table 13 above illustrates that among households that could recall land use and labour relations after the Ciskei era, 80% claimed that they were selling a surplus and hiring labour frequently.

¹³⁴ Frequently here excludes labour that is hired seasonally, or only for soil preparation or harvest for example. These were included as possible pre-coded categories of labour but all of those hiring labour, did so frequently. The nature of dairy farming also explains why frequent labour is hired as opposed to seasonal labour.

However, for many households, social grants and wage incomes became increasingly important to ensure their simple reproduction. In this challenging context, where the new democratic government had failed to support them by providing adequate extension services and markets for their products and where many of the farmer's children had left to seek better opportunities in the cities, it is clear why these elder landowners felt that a JV was a more secure option than struggling to survive off the land.

9.3 Keiskammahoek: Contemporary Context of Land Rights and Use in the Context of the JV

The different types of residential land allocations for my sample of 55 households in Keiskammahoek are represented in Table 14 below. These proportions are, however, not a reflection of the general frequency distribution of forms of land tenure in Keiskammahoek, as they are affected by my sampling approach.

Table. 14 Type of Land Allocation: Residential Land in the Keiskammahoek Sample (N=55)

Category of respondent	Type of land allocation	Frequency	Percent	Cumulative Percent
Dividend Receiving Household	SADT/ Ciskei allocation with title	4	50	50
	SADT/ Ciskei allocation without title	2	25	75
	On-farm housing for workers/ landowners	2	25	100
	Total	8	100	
JV Wage Receiving Household	customary allocation	8	38.1	38.1
	municipal allocation with title	7	33.3	71.4
	municipal allocation without title	3	14.3	85.7
	On-farm housing for workers/ landowners	1	4.8	90.5
	renting	2	9.5	100
	Total	21	100	
Dividend & JV Wage Receiving Household	municipal allocation with title	2	18.2	18.2
	municipal allocation without title	1	9.1	27.3
	SADT/ Ciskei allocation with title	3	27.3	54.5
	SADT/ Ciskei allocation without title	3	27.3	81.8
	On-farm housing for workers/ landowners	2	18.2	100
	Total	11	100	
No JV Benefits Household	customary allocation	7	46.7	46.7
	municipal allocation with title	6	40	86.7
	municipal allocation without title	1	6.7	93.3
	On-farm housing for workers/ landowners	1	6.7	100
	Total	15	100	

Although 55 households were included in the survey, 14 of these households had access to two residential properties¹³⁵. SADT/ Ciskei allocations refer to South African Development Trust allocations. In all cases this is land that is located on the irrigation scheme and owned by the 35 households who are members of Seven Stars Cooperative. In many of the villages surrounding the scheme, land was allocated through customary means. In some villages, such as Tshoxa, land is still allocated by traditional leaders. However, in a number of villages traditional leaders no longer play an active role in land allocations. There are some relatively new settlements, such as Sophumelela Township, which are dominated by RDP housing. These municipal allocations are mostly with title but some also lack title.

The tendency of land consolidation under fewer 'landowners on the irrigation scheme is continuing, as some respondents on the Seven Stars Cooperative revealed the intention to purchase land from landowners no longer interested in being part of the cooperative, as the following statement from a member reveals:

“We know the value of the land is going up and maybe in two years time it will rise even more. We want to purchase the land from other farmers who want to leave the scheme because then maybe after 20 years our children will get billions of Rands!”

In 2013 a landowner sold his land to one of the secondary cooperatives under Seven Stars Dairy for R1.2 million. In the course of my interviews I came across an additional three landowners that said they would consider selling their land. According to management at Amadlelo Agri an average plot of 12 hectares on the Keiskammahoek scheme was worth R2.5 million, as of July 2016. The increase of land values as a consequence of the establishment of the JV farms is one of the key impacts that Amadlelo Agri mentions when discussing the impact of the project on beneficiaries. Management at Amadlelo expressed frustration with government policies that are turning emerging black farmers into perpetual tenants of the state: “rising land values is something they won't see if government owns the land!”

Access to land for cropping and livestock farming

The consolidation of this large stretch of 745¹³⁶ hectares of land under 35 landowners has had a significant effect on the agrarian structure in this rural community, and on the character of social relations. It has contributed to the very uneven access to and use of land for cropping and livestock. Holbrook (1996: 606) notes that: “land for the scheme came from expropriated white farms and municipal and commonage land attached to the town of Keiskammahoek”. Surrounding households thus lost access to commonage land as a result of the historic establishment of the scheme. As the table below demonstrates, only 18% of the sample had access to fields: four JV wage receiving households, three JV dividend and wage receiving households; and three no JV benefits household. Only 30% of these households cultivated their

¹³⁵ Some of these were due to being moved off the scheme (6 cases) for the construction of centre pivots, while some landowners had moved into the households of their children due to old age and illness. One dividend and wage receiving household had a customary allocation. Four JV wage receiving households were provided with on-farm accommodation.

¹³⁶ Of which 145 hectares is rented from the municipality.

fields¹³⁷. Crop production is primarily limited to household gardens, which reflects trends across the former 'homelands' (Bunce and Cousins, 2015).

The level of engagement in agriculture varies a lot across and within the categories of respondents depending on factors such as asset base, soil quality, water, inputs, income, levels of theft, labour availability, and generational and health status. All of the irrigation plot owners, who are still living in households on the irrigation scheme, have maintained small plots of between 1 and 2 hectares for their own cropping and livestock.

“I still have a 1 hectare garden, it’s next to my house. I didn’t have to stop growing vegetables when my fields joined the joint venture” (Dividend receiving household).

Table. 15 Keiskammahoek: Labour Type in Household Gardens/ Fields and Contribution to Household Reproduction (N=55 households)

	Type of labour and contribution to household reproduction	Dividend Receiving Household	JV Wage Receiving Household	Dividend & JV Wage Receiving Household	No JV Benefits Household
Household gardens (Includes small plots remaining around households located on irrigation scheme)	subsistence only, unpaid household labour only	0.00%	38.10%	9.10%	33.30%
	subsistence only, hired labour (more frequently)	12.50%	4.80%	0.00%	0.00%
	subsistence only, paid household labour	12.50%	0.00%	0.00%	0.00%
	subsistence and sales, unpaid household labour only	25.00%	14.30%	36.30%	20.00%
	subsistence and sales, some hired labour (soil prep and harvest)	0.00%	0.00%	0.00%	6.70%
	subsistence and sales, hired labour (more frequently)	12.50%	0.00%	27.30%	0.00%
	subsistence and sales, paid household labour	12.50%	0.00%	0.00%	0.00%
	Not applicable/ Garden not cultivated	25.00%	42.80%	27.30%	40.00%
Fields (Only dry land, not irrigation plots)	Proportion of HHs with access to fields	0.00%	19.00%	27.00%	20.00%
	subsistence only, household labour only	0.00%	0.00%	0.00%	13.30%
	subsistence and sales, some hired labour (soil prep and harvest)	0.00%	0.00%	9.10%	0.00%
	grazing own animals	0.00%	0.00%	9.10%	0.00%
	Proportion of those with fields not cultivating them	NA	100.00%	33.00%	33.00%

¹³⁷19% of 'JV wage receiving households' and 20% of 'no JV benefits households' had access to a field.

Table 15 above looks at the application of different types of labour (hired labour, unpaid household or paid household labour) in household gardens and fields, and the contribution of own account farming to reproduction¹³⁸ i.e. a non-monetary contribution to subsistence or to generate income through sale of a surplus. It gives us a rough idea of labour relations in farming, across the taxonomic groups.

Overall we can see that the two irrigation plot-owning groups make more use of hired labour in own-account farming, than either the JV wage receiving households or no JV benefits households. Among both of these latter groups most of the households were making use of unpaid household labour for subsistence only. Among the irrigation plot holders, however, cultivating with unpaid household labour for subsistence and selling a surplus was the most common form. Among the JV dividend and wage receiving households, 27.3% are also hiring labour (more frequently) for subsistence and sale of a surplus. There are a number of cases of quite dynamic producers, who are investing JV dividends and wages (along with off-farm incomes) into own-account farming.

Among the households without access to irrigation plots, 42.8% of JV wage receiving households and 40% of no JV benefits households have not cultivated their gardens in the last year. All except three households had access to a household garden, two of which were JV wage receiving households and one which was a no JV benefits household. The most common reasons for not cultivating include, the drought and challenges with accessing water, lack of fencing, theft from household gardens, and lack of labour. JV wage receiving households, particularly noted, that they struggled to cultivate gardens due to the demands of their JV job, and other household member were unwilling or unable to continue cultivating. Health reasons are also commonly cited, as this statement from a no JV benefits household indicates, “We stopped with the garden and kept pigs because diabetes makes it hard to plant.”

The Table 16 below illustrates that the JV wage receiving households make the most use of the communal grazing camps around Keiskammahoek. Only 33.3% of 'JV wage receiving households' and 20% of 'no JV benefits households' said there was enough grazing land in the community¹³⁹. Six of the nineteen irrigation plot owning households used the communal grazing land, while two households said they would like to use it but had allegedly received threats from the community, who apparently assert that they have no right to use the communal grazing camps given they own land on the irrigation scheme. Many households are thus using the land around their households on the scheme to keep livestock in. For some this is a personal choice due to high rates of stock theft in the area.

¹³⁸ Responses were post-coded.

¹³⁹ Respondents note that the closest grazing camps are in most part 30 minutes walk from the households surrounding the JV farm, however, cattle can be seen grazing around the townships. Some households choose to graze their cattle as far as two hours walk from their households, towards Hogsback.

Table. 16 Keiskammahoek: Households that have used the communal grazing camps in the last year
(N=55)

Category of respondent	Used grazing land in last year?	Frequency	Percent
Dividend Receiving Household	Yes	3	37.5
	No	5	62.5
	Total	8	100.0
JV Wage Receiving Household	Yes	10	47.6
	No	11	52.4
	Total	21	100.0
Dividend and JV Wage Receiving Household	Yes	3	27.3
	No	8	72.7
	Total	11	100.0
No JV Benefits Households	Yes	5	33.3
	No	10	66.7
	Total	15	100.0

Four of the landowning households using the communal grazing camps are those households that have moved off of the scheme into accommodation in other villages, and did not report having problems using the communal grazing camps. Their relocation into the villages may legitimise their access to the grazing camps. However, rights of access to grazing are complex and may have their roots deeper in social identities and other social networks. For example, some households originated from the Northern Cape and said that their Afrikaans surnames easily identified them as 'outsiders'. They emphasised that in spite of moving to the community between 1976-78 they are still referred to by 'locals' as 'settlers' and 'foreigners'. However others are originally from other settlements in the former Ciskei like Whittlesea and are still considered outsiders as this quote suggests:

“Sometimes people of the village don't want us to put our cattle there in the dip. They say you don't have a permit. The community chase us because we are not born here, they say 'get out you are from Whittlesea', now my cattle are gone they steal it at night. They were stealing about 10 sheep a day! They say why you come with your sheep and goats here I'll kill them at night because you are from Whittlesea. I'm here for over 30 years and still they say 'you are from Whittlesea'.”

However, some of the irrigation plot owners have managed to navigate these tensions to secure access to communal plots and grazing camps, as well as making full use of their land on the scheme, as the following quote suggests:

“I use the grazing land by Tshoxa village. There is a shortage of grazing land in Keiskammahoek but it's better near that village. Anyone can use it even if you don't live in that village. I keep my goats and a few cows at unit 2 and then when they get big I

take them to the village to graze. I have fencing around my property so it's not a problem. Every night all the animals come back to my property”.

This JV dividend and wage receiving household originated from nearby Stutterheim. The male head of the household also managed to secure an additional field plot, which was allocated to him by the traditional leader in 2016. The field plot of ½ hectare has been fenced and he uses it to keep his cattle in when they are being dosed, in addition to making use of the communal grazing camps. This landowner has been using his earnings from the dividend and JV job to invest in cattle and has accumulated 23 so far.

9.4 Keiskammahoek: Some contestations and changes to land rights

Removal of irrigation plot owner households from the scheme

In the process of establishing the current JV scheme, nine households had to be removed from the irrigation scheme. Six of these were landowners who had to be moved from the pastures where new centre pivots were erected. Five of them were provided with alternative accommodation by the JV farm in nearby villages, or in on-farm accommodation, such as the area known as ‘four-rooms’. Three of these households said the condition of alternative accommodation was equal to their previous home, one said that it was better, and another complained that it was smaller than their previous home. The six households that had been removed from the scheme technically now own two residential properties. However, in reality, because the JV is using this land, it is unsuitable for residential occupation. Some houses have been demolished, while others have just been abandoned.

The household that didn’t receive alternative accommodation is a female-headed household whose husband passed away recently. The deceased landowner was represented on the cooperative committee when he was still alive. The widower, however, seemed unsure about how they were compensated for their removal:

“All the houses on the scheme are broken down now because they plant rye grass for the cows, that's why we were moved... I am not sure if we got money for the three houses that were knocked down. I think that money we receive at the end of the year [JV dividend] is maybe the money we get for being removed. I used that money to build a house. It was a long time I’ve been building that house and my children were helping me but when I received the R30 000 in December I just finished it. I will renovate my house more and put a fence around the property when I get more money”.

This household recalled receiving a dividend amount of R30 000, which is less than the rest of the landowners who received R50 000. It is possible that recall may have been a challenge. However, one should not rule out the potential that some female-headed households are more susceptible to being marginalised from the landowning group. This appeared to be the case with an additional two female-headed households I interviewed. While some of the households that were moved off the scheme have got access to household gardens at their new residential

properties, clearly the disruption has affected the own-account farming for others, as the statement below reflects:

“We were moved from unit 1 by the farm who put a centre pivot on our land. The land where we now live is hired by the scheme from the municipality. We don't have a title for this land... After I heard that Amadlelo was going to move us I stopped planting my field. The agreement was in 2003 but I didn't know when we would be moved... One problem now is that there is a shortage of grazing land and water in this area. There is no water even in people's houses. If people want to graze animals they must graze far... as far as Hogsback. I can take the chance to graze on the community land but they may kick me off. I am not counted by the community as a member but as a *scheme member*. There is a division between the landowners as outsiders and the rest of the community here”

Removal of previous labouring households from 'Four Rooms'

Of the nine households in the sample that were moved off the scheme, three households were 'previous labouring' households who were residents in 'Four Rooms'¹⁴⁰. However key informant interviews concluded that between six and eight households have been removed so far, and that there are an additional four households who will be moved from Four Rooms, once the municipality provides them with alternative housing¹⁴¹. These households worked on the farm before it was operated as a JV by Amadlelo Agri, and were subsequently removed to make way for JV landowners and labourers.

Although this conflict has been officially 'resolved' through a court-case that ruled in favour of the landowners (represented by Seven Stars Cooperative), this remains an area of contention between the concerned households and the cooperative. None of the three households I interviewed had received alternative accommodation by the JV farm because they had already received RDP housing from the municipality, were waiting to receive it or gained access to housing through customary channels. The following statement explains the fate of some of these households:

“There were others in the same situation about 8 households. Most got RDP houses only one hasn't got it. Some sold their RDP houses because they thought they could stay at 4 Rooms. Some left Keiskammahoek one to King Williams Town, one to Dimbaza, one to another village Ulenye and one inherited a house here.”

One of the households that are still living at Four Rooms waiting to be removed is a 76 years old widower who lives on his own. He worked on the scheme when the Ciskei government and Loxton and Venn operated it. He survives off his old age pension, meagre remittances and the produce he grows in his 0.2 hectare plot next to his house. He labours on this plot alone and uses the produce primarily for home consumption, although he sells a small surplus to

¹⁴⁰ This is located nearby Unit 3, which is municipal land and is used for labourer and landowner accommodation. It is called 'Four Rooms' because each house has four rooms.

¹⁴¹ There were differing testimonies from key informants

neighbours. The plot is clearly critical for his reproduction and losing access to the plot is a great fear. His testimony speaks to the precarity of some 'classes of labour' and the negative impacts that the JV has had on some households, although it is contributing to livelihoods for those with access to jobs and dividends:

“These houses were for workers from Loxton and Venn and now they belong to Seven Stars. Some workers already moved out if they had another house but I have no house so I stayed here. There were four people the municipality promised to build houses for before they are moved, but they didn't so we are still here. Loxton and Venn didn't even pay me properly many years, now they want to move me out here again... this coop! I have 0.2 hectares of land in front of the house; I worry for this land when they move me. I can't tell the municipality that I need to have a garden because they are working with Seven Stars ... I can't relax, I'm worried because I don't know when I will be pushed out. We are all South Africans, I don't know... ”

A testimony from another household follows and illustrates the negative impact this has had on their livelihoods and the strong affirmation that they should have received compensation for their removal. Clearly this has created much conflict between the removed households and the Seven Stars Cooperative:

“We were staying in a house on the irrigation plot before but they wanted to renovate the farm so they chased us away. My mother was working on irrigation scheme for 14 years from the 80s and people working there were given houses but when they developed the farm that house was in the way. You can see the house from here, now it is demolished and it's a grazing field. They moved us after Amadlelo came here. We received no compensation. I tried to prevent the removal at the magistrate's office but they couldn't help me there. They [the landowners] wanted us to leave in 1 week but the court said they must give us at least 3 months. I know five families that were removed like me. They were all staying on the farm for more than 20 years but Amadlelo and the farmers chased them away. It was better in the house on the farm because we had a decent house and access to water. We only got water here in the last two years. Relations are bad now with the farmers. They should have given us compensation!”

Another testimony relays how access to water has been used in Keiskammahoek to pressure these households to move. Water was also reported as being used as a tool to get some of the previous 17 commercial dairy farmers at Shiloh off their plots. Conflicts around access to water and the very real ways in which deprivation of this right threatens social reproduction and daily survival are commonly used in the context of irrigation schemes as unfortunate, yet clearly effective tools, in removing people from the land.

““We took a state lawyer but the farmers had a lawyer too. That case went on, but the farmers won and they kicked us off from that place. We received no compensation. That house had four rooms this one just has one! Those houses had tiles and electricity that we invested in because we thought it was ours! At the last house in four rooms we

had a plot but we couldn't use it because the farmers closed the water in 2014. The tap was outside next to the house but then there was no water and also none in the household. Some farmers live there and their houses in 4 rooms had water and all the labourers had to share one tap. It was a way to push us out".

9.5 Land Rights and Use in Shiloh in Historical Perspective

Shiloh Irrigation Scheme after the Ciskei era until the JV was established

“... After Ulimocor left, this scheme was closed in 1997 but nothing happened on the land from after 1994. The land was all vandalized, and it was just used as grazing land. The irrigation scheme was closed” (Nkosana/ Headman).

In Shiloh, land use after Ulimocor withdrew, took a very different trajectory to Keiskammahoek. With the latter, all households except two (both for reasons of illness) reported using their irrigation plots, until the JV was established. The table below, however, illustrates that in Shiloh, among respondents who could recall the history of land use after Ulimocor withdrew, 60% of dividend receiving households and 89% of dividend and JV wage receiving households reported *not* having used their plots after the period between 1994-1997. Only two households could be identified who were hiring labour more frequently and producing a surplus for sale (one household was hiring labour for crop production and the other was paying a herder). This stands in stark contrast to Keiskammahoek where 80% of respondents reported doing so.

A respondent from a dividend receiving household that used his plot up until the JV was established in 2010 explains his livelihood during this time. Notably this household is a member of the so-called ‘opposition group’ that opposes the current leadership of the Mayime Cooperative. His loss of livelihood might be a contributing factor for his position.

“We last used the land in 2010. We were growing maize, beans and vegetables. I used to hire people from Sada township and I would sell the vegetables and take some home to the ancestral household. In 2010 I was making about R200 from sales each month. It doesn't sound like much but overall I was making more income from the land before because I always had enough food on the table. I would work with other landowners to pool resources to plough and sell. I was influenced by the other land owners to hand my land over to Amadlelo but I am not pleased with the current status”

Table 17. Purpose of Land use and Labour Relations on Irrigation Plots in Shiloh, 1994-2010.
(N=62)

Category of respondent		Land use and labour relations	Frequency	Percent	Valid Percent	Cumulative Percent
Dividend Receiving Household	Valid	subsistence and sales, household labour only	2	8.7	10	10
		subsistence and sales, some hired labour (soil prep and harvest)	2	8.7	10	20
		subsistence and sales, hired labour (more frequently)	1	4.3	5	25
		Grazing only, subsistence and ceremonial	2	8.7	10	35
		Grazing only, subsistence, ceremonial and sales (hired herder)	1	4.3	5	40
		Non-applicable (land not used)	12	52.2	60	100
		Total	20	87	100	
	Missing (unknown)		3	13		
	Total		23	100		
Dividend and JV Wage Receiving Household	Valid	subsistence only, household labour only	1	10	11.1	11.1
		Non-applicable (land not used)	8	80	88.9	100
		Total	9	90	100	
	Missing (unknown)	99	1	10		
	Total		10	100		

Important contextual factors that also explain the lack of production on irrigation plots prior to the JV, are the high levels of unemployment and poverty. In 1998 van Averbeke et al. reported that:

“According to Shiloh Irrigation Scheme management about 60% of the population of Sada/Whittlesea area is below 20 years of age with low income levels and either unschooled or considered functionally illiterate. Unemployment in the area is approximated at 90%.” (p.75).

Evidence reported from the household survey, in Chapter 5 and 11 of this PhD thesis, of the contemporary context seems to illustrate that this is an enduring legacy of the past. Incomes are decidedly lower than Keiskammahoek, the incidence of female-headed households is much higher, and unemployment remains rife. High levels of poverty and unemployment also explain

van Averbeke et al.'s (1998) findings, that the main constraints of production on food plots in Shiloh were found foremost to be 'theft'. Seen from this perspective, we begin to understand why production after the Ciskei era perhaps seemed risky and unpractical to Shiloh landowners, and hence why the land stood largely idle from 1994 until the implementation of the JV. The following statement emphasises these points:

“After the Ciskei government and before the irrigation scheme started to work with Amadlelo, the land was used for the cattle and grazing. Even the buildings were vandalized People weren't growing any crops on the land because even if you did people would steal the crops and there was no fencing around the scheme” (Dividend and wage receiving household).

When asked what household's main reason was for not using their irrigation plots after Ulimocor was liquidated. Respondents (post-coded) responses revealed that: 40% didn't use their plots because they received no inputs or extension support from government, 35% mentioned vandalism to the irrigation scheme and/or theft, 10% said they were too old to cultivate land, 10% said they didn't have enough time and/or a shortage of household labour, and 5% directly mentioned the community conflict over land as the principle reason.

The intragroup conflicts that emerged following Ulimocor's hasty departure do appear to have contributed to the land mostly standing idle until the JV was formed. This seems to be the case even if it isn't always directly mentioned. Often respondents would purposefully evade the subject of community conflicts. The vandalism that occurred to the scheme infrastructure and the 17 Commercial Dairy farmers' properties, following the parastatal's departure, seems to have resulted in an enduring rift in the community. The following statements reflect this:

“Peoples' source of living was good under Ulimocor but when it was liquidated people invaded the land and stole resources without any authorization and the village has been divided after that happened. After Ulimocor closed they moved back to the village. Some erected their own houses others are RDP houses as compensation for leaving the scheme. The houses on the irrigation scheme were all vandalized Since the village was divided after the fighting, some of the members said they are not going to run the irrigation scheme again and those who want to must do it from scratch. Those divisions started immediately after Ulimocor left and those divisions continue in this community today”
(Dividend receiving household).

“After 1994 the land was not being used because people stole everything and vandalized the farms. So we weren't able to plant again because people stole everything here! The land was not used for anything after that. Siyazondla came here and planted mielies for us and we got some money at that stage. But it wasn't even two years they were here and then they never came back again” (Dividend and JV wage receiving household).

According to key informant interviews there were two attempts to revive production on the land during this time, both which failed to produce sustainable outcomes. The first is that

mentioned above, when a few landowners were briefly supported to produce under government's Siyazondla programme. There also appears to have been a time when the Massive Food Production Programme attempted to get production going on a portion of the land, which also failed to be sustainable as a member of Mayime Cooperative's committee explains below:

“We formed Masibambane Trust in 1999, but it didn't really work. We went to government to say we want to revive the scheme. The government said we can't do anything with this Trust, they said we should form the cooperative and we did this in 2003. Then government helped with fencing and we tried to plant mielies, beans and potatoes. There is a centre pivot there by the dairy and we tried to plant beans there but they were planted late and we got nothing. We got just a few hectares of potatoes. But we had no tractors, we hired a tractor at Cradock and they charged us R 40, 000, so in the end we lost. We planted mielies there on the food plots through the Massive Food Production Programme, about 68 hectares. The year they came I think was 2004... They only came one year and then in 2005 they stopped because people don't want to work in this village. So after that there was no one working it was just grazing land, all of it.”

All of these failed experiments resulted in a suspicion towards government, when the support was withdrawn. It also explains why the community may have felt at the time that a partnership with agribusiness was a more secure option. However, on the other hand, there were not many other choices available to them as government encouraged the cooperative to enter into the JV as a condition to revive the scheme under ReCap.

9.6 Shiloh: Contemporary Context of Land Rights and Use in the Context of the JV

As a contrast to Keiskammahoek, in Shiloh all of the irrigation plot owners accessed their land through customary allocations, by a traditional leader or from the Moravian Church. When households received access to their residential plots in upper and lower Shiloh villages, this generally included a field plot (located on the land that is now farmed by the JV). In Shiloh, traditional leaders (Nkosana/ headman) continue to play an active role in mediating land rights and use, along with other nested layers of social networks such as the household, family, kin and membership to other social groups.

In Shiloh the neighbouring Sada settlement borders part of the JV farm. Sada residents received residential land through municipal allocations but don't have access to fields or grazing land. Table 18 below reports the distribution of land allocations for the different categories of respondents. Unlike Keiskammahoek where a number of households had access to two residential properties, at Shiloh among the sample of 62 households I only recorded two cases from Dividend and JV Wage Receiving Household with access to a second customary allocation, both of which were located outside of Shiloh.

Table 18. Type of Land Allocation: Residential Land in Shiloh Sample (N=62)

Category of respondent	Type of allocation	Frequency	Percent	Cumulative Percent
Dividend Receiving Household	Customary allocation	19	82.6	82.6
	Moravian church allocation	4	17.4	100
	Total	23	100	
JV Wage Receiving Household	Customary allocation	7	77.8	77.8
	Moravian church allocation	1	11.1	88.9
	Renting	1	11.1	100
	Total	9	100	
Dividend and JV Wage Receiving Household	Customary allocation	10	100	100
No JV Benefits Household	Customary allocation	12	60	60
	Municipal allocation with title	7	35	95
	Moravian church allocation	1	5	100
	Total	20	100	

Access to land for cropping and livestock farming

The table below looks at patterns of labour hiring in household gardens and their relative contribution to household reproduction. Firstly, what is noticeable is that *dividend receiving households* have the largest proportion of households cultivating household gardens and they are followed by *JV wage receiving households*. The latter aren't hiring labour in household gardens, however, 33% of households are selling a marketable surplus. A significant proportion of *dividend receiving households* are hiring labour in household gardens. 31.8% hire labour occasionally for soil preparation and harvesting, and cultivate household gardens exclusively to meet household subsistence. A further 13.6% are hiring labour more frequently and selling a surplus. *Dividend and JV wage receiving households* have lower proportions hiring labour. Only 10% of households are hiring labour for soil preparation and harvesting but cultivating exclusively to meet household subsistence. The largest proportion of these households makes use of unpaid household labour for subsistence only (30%), followed by 20% who also sell a surplus.

A large proportion of *No JV Benefits Households* are not cultivating gardens (45%). 10% of households make use of paid household labour, all of which were cases of elder pensioners paying younger kin to help in household gardens. Only 5% of households are hiring labour more frequently to meet household subsistence and selling a surplus. The largest proportion of these households (30%), make use of unpaid household labour for subsistence only. Overall it

is clear that there is much less hiring of labour in Shiloh for household gardens, as compared to Keiskammahoek. I have not included field plots in the table below. Only four households had access to a field plot, one in each category of respondent. However, only two households had used their fields in the last year. One JV wage receiving household was using it for cropping, making use of household labour and selling a small surplus. Another dividend and JV wage receiving household was using the plot to graze their livestock.

Table 19. Shiloh: Type of Labour in Household Gardens and Contribution to Household Reproduction
(N=62 Households)

Type of labour and contribution to reproduction (subsistence and/or surplus sales)	Dividend Receiving Household N=23	JV Wage Receiving Household N=9	Dividend and JV Wage Receiving Household N=10	No JV Benefits Household N=20
Subsistence only, unpaid household labour	13.60%	33.30%	30.00%	30.00%
Subsistence only, some hired labour (soil preparation and harvest only)	31.80%		10.00%	
Subsistence only, paid household labour				10.00%
Subsistence and sales, unpaid household labour	13.60%	33.30%	20.00%	10.00%
Subsistence and sales, hired labour (frequently)	13.60%			5.00%
<i>Not applicable/ Garden not cultivated:</i>	27.30%	33.30%	40.00%	45.00%

When this data is disaggregated by gender of household members engaged in farming, in all types of labour application in farming except ‘with hired’ there are more males engaged in farming. This seemingly goes against research findings, which suggest that generally more women are involved in farming in the former homelands. For farming ‘with hired labour’, however, what is interesting is that there are comparatively more females engaged in farming (65% of households hiring labour involved women). Many of these females are from female-headed households. This data also speaks to generational aspects, since many of these females are elderly widows that commonly hire labour for tasks such as soil preparation. It also speaks to the domestic demands on the labour of female members of households, so they are less available to farm themselves. Many of these elder widows are looking after grandchildren and are hiring someone to assist with cropping and tending to livestock, however, mostly on a very limited basis.

Table 20 below reports the data on use of the communal grazing land by different categories of respondents. It is clear that the no JV benefits households make the least use of the communal grazing camps. These households were all located in Shiloh village, although they do not have

access to field plots or irrigation plots, their membership to the customary community in Shiloh means they are able to access the camps. Residents of Sada are not allowed to access these camps, as they are not regarded as members of the customary community. Furthermore there is the on going conflict over their occupation of what is alleged to be the Shiloh residents' traditional grazing land.

Table 20. Shiloh: Households that Have Used the Communal Grazing Camps in the Last Year (N=62)

Category of respondent	Used grazing land in last year?	Frequency	Percent	Cumulative Percent
Dividend Receiving Households	Yes	11	47.8	47.8
	No	12	52.2	100
	Total	23	100	
JV Wage Receiving Households	Yes	4	44.4	44.4
	No	5	55.6	100
	Total	9	100	
Dividend and JV Wage Receiving Households	Yes	7	70	70
	No	3	30	100
	Total	10	100	
No JV Benefits Households	Yes	2	10	10
	No	18	90	100
	Total	20	100	

Dividend and JV wage receiving households make the most use of the grazing camps (70% of households), which is also linked to their relative wealth in livestock ownership, which will be reported in Chapter 11. They are followed by dividend receiving households (47.8%) and then JV wage receiving households (44.4%). Notably there is not much difference between the latter groups. Ownership of the irrigation plot land has not created the same degree of differentiation between the groups, as is the case in Keiskammahoek, since the plots are smaller and have remained largely unused from 1994 until the JV. This historical context, along with the smaller JV dividends has meant that accumulation through land is not occurring and translating into investment in livestock ownership. Wages remain relatively more important than land, in determining accumulation in Shiloh.

9.7 Shiloh: Land Conflicts and Contestations

The neighbouring Sada settlement was established during the Ciskei as a relocation site for forced removals. It remains the subject of fierce contention between Sada residents and customary landowners in Upper and Lower Shiloh. Shiloh residents contend that Sada was their customary grazing land before the Ciskei government reallocated it as residential land for households that had been forcibly removed. A collective land claim has been submitted to the area, which is yet to be resolved. These conflicts play out in the distribution of benefits from the JV farm because residents from Sada are not eligible to apply for jobs on the JV farm- this

is a bone of contention in the community. The intention of a section of the claimants, led by the Nkosana, is to use the land currently occupied by Sada residents to extend the grazing land for the JV dairy farm. However, not all claimants agree with this proposed use of land. Many would prefer cash compensation or to use the land for cropping and grazing. It is most likely that cash compensation would be the outcome of the land claim. This conflict illustrates how the JV invention finds itself unavoidably embroiled in local politics around land rights and use.

'Opposition Groups' Among the Landowners

There are contentions over who the legitimate 'landowners' are in Shiloh village. I heard several claims that people are receiving dividends even though they are not 'landowners', as the quote below suggests.

“278 people own the dairy who are supposed to get money ... But because of corruption there are 395 who are getting the money. There is a fight in this village about this, some of those top members of Mayime Cooperative are not even landowners.”

Although the claims that some households are receiving dividends without being landowners through patronage to the traditional leader or corruption couldn't be fully verified, they shouldn't be ruled out as a possibility either.¹⁴² Despite several attempts to receive a list of landowners from the Mayime Cooperative, I was unsuccessful. Historical records¹⁴³ of the Shiloh irrigation scheme however refer to 334 hectares owned by 278 landowners, which was pooled together to form a group farm (Van Averbek, 1998). These 278 landowners also received ¼ hectare food plots, as discussed above. Additional households however also received food plots bringing the total number of 'farming households' with access to food plots to 558¹⁴⁴. Some of the additional beneficiaries receiving dividends could be from these additional food plot holders, since the JV farm has extended from an initial area of 330 hectares to a total area of 450 hectares after renting food plots.

Azikiwe Isaac (2014: 73-4) notes in a PhD study on Shiloh Irrigation Scheme that “there are approximately 237 beneficiaries in the dairy project serviced by the scheme... In Shiloh, there were 450 ha of irrigated plots shared amongst 338 beneficiaries”. This illustrates the prevailing uncertainty around the number of beneficiaries. This has created tensions among the 'customary landowners'. These questions of who the legitimate beneficiaries of the project are, along with the tensions described in Chapter 7 over the governance of Mayime Cooperative has created an enduring rift in the community. Those who support the Mayime Cooperative and the JV project would commonly disregard the claims of the 'opposition members' by emphasising that they were opposed to 'development', as the following quote from a dividend receiving household reflects:

¹⁴² It is recommended that an investigation be carried out directed by government, since the Mayime Cooperative was not willing to share lists of beneficiaries/landowners or other documents and reports. The immense secrecy and distrust during research may also reflect the nervousness on the part of the cooperative because of an on-going court case led by an opposition group.

¹⁴³ Report prepared by consultants Loxton, Hunting and Associates in November 1979 who were commissioned by the Ciskei Marketing and Development Board to develop a plan to revitalize the Shiloh Irrigation Scheme (in Averbek, 1998).

¹⁴⁴ “The 113,75 ha of food plots consisted of 280 plots (70 ha) allocated to (278) land right holders and 175 plots (43,75 ha) part of which were allocated to people who lost arable land when Sada Township was developed and the rest was offered for rent to households who did not have land rights.” (Averbek, 1998)

“These divisions in this community started after Ulimocor left. You will meet people going around the village who are not supporting this Amadlelo project, they just want this land to be used for grazing land and building their shacks. They don't want progress here, they just vandalise!”

The heightened tensions and politics among the landowners in Shiloh resulted in the opposition group taking the Cooperative to court. The Mayime Cooperative won this initial case, however, another round of court proceedings were in the planning at the time of research in November 2016. This quote from a dividend receiving household explains some of the tensions around the conflict between the Mayime Cooperative Committee and the opposition group:

“There has been resistance against the Mayime Cooperative from this community and there is a power struggle over the committee. We tried to invite the other side to our meetings to handle things in the right way and to meet with Chris Hani municipality but they all refused to talk to us. So we wrote a letter to Thuli Madonsela to ask her to come here. She sent someone here, an intelligence person. The Isibonda [headman] instead called the police and there was a shooting here when people came to give audience to the investigation... it was rubber bullets though. That investigation concentrated on the shooting incident instead of the problems of this dairy and we had to get our own legal team to defend us... but the other side won”.

A respondent from Amadlelo Agri explains the conflict at Shiloh from his perspective:

“The unwritten thing about the conflict at Shiloh is people want to be where the money is... At the end of the day their demands are to be closer to the bank account. They wanted access to the Mayime books but they don't have books, these structures are incredibly weak! When the thing at Shiloh first started I had endless sms's and calls. I said I would meet with them as long as it's with government because we are here through government and Mayime is meant to be our port of call. The opposition party actively canvased but they said they don't want government involved. But I said I can only meet if government is present, and I was told Mayime is the cooperative... The court case ended last year but this won't solve anything.”

A worker on the farm explains some of the issues of contention in this statement. It also reflects the difficulties of labouring in such a contentious environment, which was an issue raised by many labourers:

“Some of the issues are that the dividends come after 6 months, but they want the money every month.... But the cooperative say if they pay every month there will be a loss. A lot of people are not happy with it, there are opposers of this project. Half of the beneficiaries I think are unhappy. One time they came here to take out the cows but we are workers and we can't let them do that. They wanted to take them out the fields and

put them just on the tar road to be knocked by the cars. Another thing they wanted is milk for every community member that is a landowner, but that will create a loss.”

The above quote reflects the inherent tension between capitalist farming and social reproduction. The threat by a faction of customary landowners to harm the dairy cattle and therefore technically their own farm is not unique. I came across numerous similar examples, indicating that JVs seem particularly susceptible to acts of vandalism. In the case of Shiloh these conflicts have their roots in the intense reproductive squeeze many households are subject to. The establishment of rural labour markets through JV jobs, and differential access to them as a result of the undemocratic governance of the cooperative, has heightened processes of social differentiation and all the associated conflict this may bring along intersecting lines of class, generation, gender, ethnicity and religious affiliation. These tensions will be explored in more depth in the proceeding chapters.

This quote from the headman below also reflects the tension between poorer households who want all the profits to be paid out as dividends, and other better-off households (and those who stand to benefit) who want to reinvest the profits. Clearly, at the time of research, the power balance had swayed to the latter group, which is creating a host of tensions and conflicts in the community:

“There is a tension between investing to grow the business and the demand for dividends. People don't want to understand that we need to pay the operating costs of the business, they just want their payments...The beneficiaries are satisfied with the dividend but there are queries that it is so little. We had to explain to them that the money goes back into the business. Some people say we must keep some money to run this company when Amadlelo is gone. Mayime has some money that is saved, around R300, 000 in their fixed deposit account. After the ten year period, if Amadlelo says they must go, then we will have a way to try and do the project ourselves in the future... After ten years I would prefer to continue with Amadlelo Agri because we don't have the skills to do it”.

Interestingly across several interviews with members of the opposition group, most did not raise alternative production models to the JV model¹⁴⁵. Their primary concern was the governance and financial transparency of the cooperative. This appeared to be, in part, a result of a pragmatic acknowledgement of the possible pathways of development available to them in a context where it is near impossible to receive access to state funding, without a strategic partner. Some said they would like to continue with Amadlelo Agri, while others said they would prefer to find a different strategic partner.

The long history of intragroup conflict has certainly influenced the poor levels of trust among the customary landowners. Given this reality, people might prefer an outsider to run the business. As documented in the previous chapter the Shiloh Irrigation Scheme was also set up

¹⁴⁵ There were some households however from among the 17 Dairy Farmers who said they would want to control production of the dairy themselves. And a few households who said they would prefer to have their small plots back to cultivate on their own, although this was a minority. Some asserted they made better use of the land before when it was grazing land.

by white consultants, after which it was managed by Ulimocor officials in a top down manner. Customary landowners received dividends from a group farm that they played no role in managing. The JV model thus simply provides continuity to these social relations of production, and the community's role as 'shareholders' and 'labourers' is nothing new.

Historical context of the land conflict surrounding the 17 commercial dairy farmers

At Shiloh there were only 17 commercial dairy farmers¹⁴⁶, where production was organized along similar lines as Keiskammahoek. However, the fortunes of the Shiloh dairy farmers did not prosper along the same trajectory as Keiskammahoek's dairy farmers, since they were never afforded the same opportunity to accumulate and purchase their land, inputs and dairy cows. Many of these 17 dairy farmers are in fact no longer beneficiaries of the irrigation scheme. Allegedly only two of these households receive dividends, through access to additional field or food plots, linked to a customary homestead located in Shiloh village¹⁴⁷.

During the Ciskei era, these 17 dairy farmers lived on properties located on the irrigation scheme. Some of these farming households lost access to their properties on the irrigation scheme when it was vandalized, following the liquidation of the Ciskei parastatal Ulimocor in 1997. A few managed to hang on to their land, in spite of alleged attempts by various factions in the community and the state to displace them. However, these households have subsequently been relocated with the establishment of the JV. Some received alternative housing from the JV scheme, and others directly from the state. All four households that I interviewed were unsatisfied with their residential properties, which do not include sufficient land to farm on, a part from small household gardens. The following statement from one of these households is illustrative of this conflict:

" My father was a commercial farmer on the Ciskei irrigation scheme from 1981-1997 under Ulimocor. He was one of the dairy farmers. We were evicted in 1997 by the other landowners, 13 families were all evicted by people who are still living here in this community and two families left before. Our house was vandalized so we had to leave. The scraps of our tractors¹⁴⁸ are still in the houses of some of those people now! Some of those people are on the Mayime Committee now. Some farmers managed to stay but my father had an option to move, so he did, and then he died that same year in 1997. People wanted that land, that's why they vandalized it. But it was from the Ciskei government, so they wanted to get rid of all those things connected to it. We have been talking to government in Bhisho about this, but we don't have any lawyers representing us. The outcome that I want is justice for those farmers ... some of those 17 dairy farmers don't have anything!"

¹⁴⁶ Some respondents referred to 15 dairy farmers, the number is an area of dispute.

¹⁴⁷ This number is based on key informant interviews. However there is a possibility that this may be inaccurate and therefore I cannot unequivocally assert this without access to financial records.

¹⁴⁸ Note that the previous statement above claimed that it was the opposition group that stole Ulimocor equipment and this statement offers a counter claim.

The state's continued failure since 1994 to resolve the dispossession of the 17 dairy farmers, in terms of both land and the means of production (particularly dairy animals owed to them), has meant that in desperation their frustrations have shifted focus to the JV and Amadlelo Agri at times. These land struggles form an important historical context to the emerging contemporary conflicts over land, which is playing out over the JV. The Nkosana (headman) explains this historical context in the statement below. The statement seems to emphasise that they 'rented', the land and that in reality this land always belonged to the 'Shiloh' customary community.

"Under Ulimocor when they took this land there were some commercial farmers using it. There were 17 dairy farmers and each had 4 hectares. They were running the dairy at that time. But those commercial farmers gave us a rent for our land, but it went to Ulimocor and not to us the landowners. The 17 commercial farmers came from this community... maybe there were two or three coming from outside. But many of the outside ones are dead now".

This type of framing was common among other respondents as well, who wanted to emphasise that these 17 farmers never really had substantial rights to this land. This is a way to justify that they currently do not have a right to claim benefits from the JV. The statement below also emphasises that the benefits of this commercial production under Ulimocor derived not to the customary landowners but to Ulimocor. Many respondents would also disregard the claims of these 17 farmers by noting that most of them 'are dead now', mostly referring to male heads of households, in spite of the fact that their kin may still have claims to these farms.

" During Ulimocor there were lots of dairy cows here and maybe 50 cows milked per farmer because there were two dairies on the land. Some of those 17 farmers are dead already. Others don't have a dividend ... for example, *Farmer B* is coloured and he lives in Queenstown since he was removed. *Farmer S* is not a landowner even though he comes from here. Those dairy farmers that are not from here didn't get to keep their land. They are just staying here in the village. The ones from outside can get access to a place to stay in the village but they can't be landowners on the irrigation land. There is no place for them, that place is for the landowners from Shiloh. People who are not from the community, can't own the land, they can only rent it... No one reallocated their land, it just went back to the community, on that central unit where the dairy is now".

(Dividend receiving household)

This conflict illustrates how the capitalist farming venture faces a complex challenge in operating in a context where the legitimacy of rights to and use of land are constantly contested by numerous overlapping claims. There is evidence of livelihood benefits from these JVs in the form of the creation of much needed jobs, dividend payments and some limited opportunities for accumulation. However, these benefits are entangled in contexts of historical dispossession and exploitation for other individuals and groups, which play out in complex ways around the JV.

9.8 Conclusion

Land rights and changes to patterns of land use, diverge between the case studies. Most of Keiskammahoek's 35 irrigation plot owners have come to enjoy the benefits of private titles over relatively large stretches of land. At Keiskammahoek, unlike in Shiloh, irrigation plots remained central to their livelihoods from the democratic period up until the formation of the JV¹⁴⁹. However, accumulation in farming was limited, and meeting the requirements of social reproduction, in most cases, necessitated combining farm and off-farm incomes. However, despite their challenges, 80% of Keiskammahoek farmers claimed that they were selling a surplus and hiring labour frequently. The new social relations of production that the JV entails, where these households are now in the position of workers and/ or passive recipients of dividends, have entailed quite a drastic change. The difficulties that these household's faced due to a lack of government support since 1994, along with the generational characteristics of elder household heads, (with migrant children), in part explains the decision to enter a JV. Most landowners have retained 1- 2 hectares of land for their own-account farming, unlike in Shiloh where the JV farms all of the land, including the food plots.

In Shiloh, the way the irrigation scheme was historically structured, the different nature of land rights (small communal plots), and the history of land conflicts, all produced a very different historical trajectory of class formation. There are no examples to be found of historical accumulation through land and agriculture in Shiloh, in the same way that Keiskammahoek reveals. Those irrigation plot owners that have accumulated, have done so mostly outside of farming. In Shiloh most landowners have given over the use of all of their land to the JV, with a minority maintaining a few quarter hectare food plots. This has limited the ability of households in Shiloh to continue to engage in own-account farming to the same extent as households in Keiskammahoek. However, the majority¹⁵⁰ of Shiloh's customary landowners did not use their plots after 1997 and wage labour and social grants came to form the bedrock of livelihoods. During the Ciskei era, most households received dividends or wages from the group farm, which is a surprising continuity with the social relations that the JV entails.

At both Shiloh and Keiskammahoek there are some noticeable conflicts and contestations around land. This creates a challenging context in which the JVs must operate. The Keiskammahoek case study illustrates that, in the context of the communal areas, even where land is privately owned, the legitimacy of land rights continue to be subject to negotiation based on membership to various, nested social groups (Berry, 1993; Moore, 1998). Landowners continue to be referred to as 'settlers' and in many cases treated as 'outsiders'. The JV has also resulted in a loss of land use rights for former labourers from the Ciskei era, who have been removed from on-farm housing.

Similarly, at Shiloh an on-going land conflict from the post-Ciskei era has found a new expression in the context of the JV, because the state has failed to address the longstanding claims of 17 dairy farming households that lost land and dairy animals. At Shiloh, within the group of irrigation plot owners, the emergence of an 'opposition group' reflects another layer of

¹⁴⁹ Only two households were not making use of their plots due to ill health.

¹⁵⁰ 60% of dividend receiving households and 89% of dividend and JV wage receiving households

contention over rights to and use of communal plots. This intragroup conflict ultimately reflects complex dynamics of class, generation, religion and allegiance to customary groups. The heightened tensions around land in Shiloh have historical roots but the smaller dividends no doubt fuel this conflict. However, as I will now show in the preceding two chapters, they are also an expression of the more extreme pressures placed on social reproduction at Shiloh, as compared to Keiskammahoek.



Chapter 10. Household Composition and Livelihoods in Keiskammahoek

10.1 Introduction

This chapter explores the current¹⁵¹ status of local livelihood systems and household composition in Keiskammahoek. The objective is to understand how households meet their social reproduction. I have captured a full picture of household incomes and assets, given that a number of off-farm income sources are critical to livelihoods in the former homelands. I also explore how the character of household composition affects social reproduction (e.g. dynamics of generation and gender). This allows me to create a fuller picture of how the benefits derived from the JV in the form of jobs, dividends and land rents, fit into the wider reproductive strategies of households. The character of livelihood systems prior to the JVs, and how they relate to land rights and use, has already been touched on in Chapters 5 and 9. In this chapter I also present some household perspectives about how livelihoods compare prior to and since the establishment of the JV farms.

The primary unit of analysis in this chapter is the household¹⁵². I begin by providing a brief overview of some key features of the sample¹⁵³. I also compare key features of households from my four 'taxonomic groups'¹⁵⁴, which relate to the JV in distinctive ways (as workers, landowners, both or with no direct connection). Besides these taxonomic groups, I also group households by 'gender of household head' and by 'asset groups'¹⁵⁵. This allows me to explore distinctive characteristics of households, and to determine whether there are any causal links between these variables e.g. ownership of an irrigation plot and household assets. The analysis employed thus makes use of complex and overlapping conceptions of groups. This provides a means to decipher which factors are determining of the position of households, and what this tells us about how the JV impacts livelihoods, land rights and dynamics of social differentiation. Instead of providing a conclusion at the end of this Chapter, I reserve this for Chapter 11, where I will provide a comparative analysis of Keiskammahoek and Shiloh.

10.2 Overview of Livelihoods and Household Composition in Keiskammahoek

Some key features of household composition in Keiskammahoek are reported in Table 21, for my sample of 55 households, which includes 368 individuals. The data on household income and assets, illustrates a wide range in the material status of households included in the sample, pointing towards differentiation within the sample as a whole. The median household size is 6, with the smallest household comprising a single person and the largest 14 people. The median age of a household head is 60 years.

¹⁵¹ The household survey was conducted in Keiskammahoek in October 2016 and in Shiloh in November 2016, with a one-year recall period.

¹⁵² See Chapter 4 for more on the methodology and conceptual critique of the household as a unit of analysis.

¹⁵³ This includes 55 households in Keiskammahoek.

¹⁵⁴ In Chapter 12 I will introduce my class typology into the analysis. However, for the purpose of understanding the different ways in which the JV has contributed to livelihoods (or put them at risk), the analysis for now is constructed foremost around the taxonomic groups, because they speak directly to household interactions with the JV farms.

¹⁵⁵ See chapter 4 for more on the methodology employed for delineating these groups and sampling households.

Table 21. Table of Key Features of Household Composition for Keiskammahoek Sample (N=55 households)

	Adults in household	Children (0-18) in household	Household Size	Age of household head	Males present most/ all nights	Females present most/ all nights	Total yearly income	Total Household Assets ¹⁵⁶
Mean	4.84	1.85	6.69	61.22	1.53	1.36	R166 815	44
Median	5.00	1.00	6	60.00	1.00	1.00	R128 495	40
Range	7	7	13	49	5	5	R716 565	72

In South Africa the upper-bound poverty line (UBPL) and lower-bound poverty line (LBPL) consider the cost of basic food and other basic living needs like shelter, clothing and transportation¹⁵⁷. The UBPL is R992 per person per month and the LBPL is R647¹⁵⁸. The government makes use of the lower-bound poverty line for poverty reduction targets in policy documents like the Medium Term Strategic Framework and National Development Plan (Wilkinson, 2018). Significantly, when these poverty lines are applied to my sample, none of the households with access to irrigation plots, (JV dividend and JV dividend and wage receiving households), are living below either poverty line. Access to the relatively large dividends, along with some households that have access to JV jobs, may contribute to this.

11% of my total sample is living below the LBPL, all of which are no JV benefits households. 31% of my sample is living below the upper-bound poverty line (UBPL). 59% of households living below the UBPL are no JV benefits households, while 41% are JV wage receiving households. If we compare these poverty rates to the national and provincial averages, in 2015 55.5% of South Africans were living in poverty (UBPL) and poverty was most acutely concentrated in the Eastern Cape where 72.9% of residents live in poverty. Clearly, the way that I have sampled households would have an influence on how representative they are in relation to national and provincial averages. 27.3% of my sample is no JV benefits households, receiving no dividends or jobs from the development intervention. Whereas the remainder is receiving some benefits, 14.5 % are receiving dividends, 38.2 % are receiving JV jobs and 20% are receiving both dividends and jobs. Most of my sample is therefore receiving some stable income. Unlike poor households without access to a ‘development intervention’ like a JV, which survive mainly on social grants, remittances and possibly some precarious wage labour.

A cross-tabulation of household heads and marital status, reveals that 45.4% of all household heads in Keiskammahoek are married in a civil union and/or traditional marriage, 3.6% are co-habiting, 7.3% are divorced, 5.5% are separated or abandoned, 29.1% is widowed and 9.1% have never been married. When the data is disaggregated by gender of household head, the majority of female household heads (68.7%) are widows, whereas only 12.8% of male household heads are widowed. 31.3% of female-headed households are single (including divorced, separated or co-habiting women) and have gained access to residential land in their

¹⁵⁶ See attachments for list of assets included in the livelihood survey. See chapter on methodology for how assets were scored. A total asset score of 66 was possible, if households had one of each type of asset (they may have more).

¹⁵⁷ These poverty lines were adjusted in 2017 but I will make use of the 2015 lines, since the survey was conducted in 2016

¹⁵⁸ See: <http://www.statssa.gov.za/?p=10334> ; <https://africacheck.org/factsheets/factsheet-south-africas-official-poverty-numbers/>

own right. This finding is in line with other research, which has illustrated that since 1994 single women have had improved access to residential land in the former homelands (Claasens, 2013). However, the larger proportion of female-headed households with widows, illustrates how women’s access to land is, still to a great degree, reliant on their relations with men (Cousins 2013 b; Fay, 2005; Oomen, 2005).

For my sample of all women (not only household heads), 55% have never been married, 26% are married in a civil union, 3% are traditionally married, 11% are widowed, 1.5% are co-habiting with a partner and 3.5% are divorced, separated or abandoned. These statistics are in line with general trends in the decreased incidence of marriage in the former homelands (Claasens, 2013; Hunter, 2005). The poorest households tend to divest in social institutions such as marriage, especially where culturally, marriage necessitates gifting of ‘bride wealth’. High levels of unemployment, decreased incidence of remittances and women’s access to social grants, have also been identified as contributing factors (Sharp and Spiegel, 1985; Berry, 1989; Claasens, 2013).

Table 22. Livelihood Sources and Household Composition in Keiskammahoeek (N=55 households)

Livelihood Sources in Keiskammahoeek: By number of household members with access to various income sources																			
	Household size	Proportion under 18 years	Proportion of adults present most/all nights	Types of income sources in household	Adults with no income sources	Other agricultural formal job (not JV)	Other agricultural informal jobs (not JV)	Off-farm formal jobs	Off-farm informal jobs	Civil servant jobs	Own-account farming without labourers	Own-account farming with labourers	Self-employed without labour	Self-employed with labour	Public works jobs	Civil servant pension	Old age grants	Child support grants	Remittances in cash
Mean	7	0.24	0.6	6	0.85	0	0	1	1	0	1	0	0	0	0	0	1	1	0
Median	6	0.25	0.6	6	1	0	0	0	1	0	1	0	0	0	0	0	0	1	0
Sum	368			304	47	2	4	33	34	11	61	13	15	5	16	5	32	64	20

Table 22 above illustrates that in Keiskammahoeek a median of 40% of adult household members are still migrating for work. Households meet their livelihoods from numerous sources with a mean of 6 different types¹⁵⁹. Agricultural employment outside of the JV is insignificant. Own-account farming without labour is still practiced by most households and is significant to social reproduction (including the ceremonial function of livestock), but inconsequential to household incomes. Minimal sales are made to neighbours, with only a few targeting formal markets. Remittances, formerly the mainstay of rural livelihoods, have declined in part having been replaced by social grants. The most prominent sources of income are wage employment outside of agriculture. There was a mean of one off-farm formal job per household but these jobs all involved migration, while some informal jobs (also a mean of 1) could be found in the case study site or nearby villages and towns.

¹⁵⁹ This refers to number of ‘types of livelihood sources’ (e.g. old age grant, public works jobs etc.) not the total number of livelihood sources.

When households are further divided into asset quartiles, I found that all the civil servant positions and own-account farming with labourers are located in the middle and rich households, while self-employment with labour is only found in the rich households. This finding points towards a correlation between asset quartiles and capital/labour relations. Public works jobs are concentrated in the poor households where there is a mean of one, while none of these jobs were found in the middle and rich households. Child support grants and old age grants are critical to all households but intersect with generational characteristics of households.

Table 23. Household Composition, Incomes and Assets by Gender of Household Heads in Keiskammahoek, (N= 55 households)

	% Of Adults Present Most Nights	% Under 18 years	Total yearly cash income	Total income from own account farming	% Of income from own account farming	% Of income from Social grants	Number of off-farm formal jobs	Number of off-farm informal jobs	Cattle owned	Total household assets
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Female-headed households N= 16	0.58	0.32	R120 910	R2085	0.02	0.25	0	0	2	43
Male-headed households N= 39	0.61	0.21	R196 566	R16 442	0.08	0.17	1	1	7	44

Table 23 above explores some key features of female and male-headed households. In the sample of households in Keiskammahoek there are 39 male-headed households (70.9% of sample) and 16 female-headed households (29.1%). Male-headed households have a higher mean income, as well as more household assets and cattle. However, within the sample of male-headed households and female-headed households, there is also differentiation¹⁶⁰. There is however, clearly a larger range among male-headed households, particularly when it comes to the distribution of yearly income. There is a minimum of R20 000 and a maximum of R736 600. The range is smaller among female-headed households where the minimum is R42 580 but the maximum is R232 680 per year.

The richest households, in terms of both income and assets, are male-headed households (but so are the poorest). The poorest female-headed households are often sheltered from severe income or asset deprivation by social grants, particularly child support grants. The data reported above indicates that a greater proportion of household incomes are derived from social grants in female-headed households. Male-headed households, however, derive larger portions of their income from own-account farming, which is clearly linked to livestock ownership. Female-headed households also have larger proportions of household members under 18, which would further influence their comparatively lower incomes, since fewer members are of

¹⁶⁰ This is suggested by how the mean is skewed higher than the median, and there is a relatively high standard deviation for both groups. I have only reported the means in this table for ease of reading and space.

working age. Significantly, male-headed households have a mean of one permanent and casual off-farm job, whereas female-headed households do not.

These findings thus reflect the broader literature, which highlights how female-headed households tend to be overall more vulnerable. This is because of gendered struggles in the work place, home, kin networks and other social spaces. Women (particularly when unmarried) also generally have inferior customary inheritance rights to land and livestock, which are contingent on their relationships with male household members (Claasens, 2013; Cousins 2013 b; Fay, 2005; Oomen, 2005; Berry, 1989; Whitehead and Tsikata, 2003; Knowles, 1991).

10.3 Livelihoods and Household Composition by Taxonomic Groups in Keiskammahoek

Table 24 below captures some important aspects of socio-economic differentiation by the JV related taxonomic groups. The first important thing to notice is how the households fit into the various asset groups. Notably there is no ‘poor’ grouping among the JV dividend receiving households and there is only one female-headed household classified as asset ‘poor’ among the dividend & JV wage receiving households. The majority (53%) of no JV benefits households are, however, classified as asset poor, along with and a fair proportion of the JV wage receiving households (28.6%). If, as the literature suggests, asset ownership can be considered a reliable proxy for household wealth, (June et al., 2012; Ewerling et al., 2017) then clearly access to an irrigation plot is a determining factor in the wealth status of households. Among those households without irrigation plots, it is those with access to JV jobs who have more assets.

Notably the JV dividend receiving households have much larger median household sizes than the rest of the sample. This has to be read in conjunction with the age of household heads, which is by far the oldest at 75 years old. It was common for these elder pensioners to be looking after the grandchildren of migrant parents. The table below also illustrates that this group has the largest proportion of household members under 18 years old (33%). JV dividend receiving households would commonly explain that they were using their dividends to take care of their grandchildren who had been left in their care. Some of these households were also sending ‘reverse remittances’ (from rural to urban areas) to migrant children looking for jobs in the cities. This quote from a female-headed JV dividend receiving household reflects this livelihood strategy:

“We are sending her [daughter] money every month to survive in Cape Town because she is still looking for work. The money from the dividend helps. We send her about R700 per month. I also look after the grandchild here, she is seven now”.

JV dividend receiving households also have the smallest proportion of adults present most nights, with only 42%. This reflects the reality that younger migrant members of these households are working (or looking for work) in urban areas. Apart from the dividends, the livelihoods of these households are thus met, to a great deal, through migrant jobs. Dividend and JV wage receiving households, however, have 67% of adults present most nights. The

household members working on the JV farms would influence this result. Even though the JV dividend receiving households have the largest annual incomes, because their household sizes are so much larger, they are not necessarily ‘financially better off’ in all cases. The dividend receiving households have a median household size of only 9; as opposed to 6 in the dividend and JV wage receiving households. The dividend receiving households have however accumulated more wealth in cattle, which may also relate to the relatively older household heads.

Table 24. Keiskammahoek: Socio-Economic Differentiation by JV Related Taxonomic Groups ¹⁶¹
(N= 55 households)

	JV Dividend Receiving Households N=8			JV Wage Receiving Households N=21			Dividend & JV Wage Receiving Households N=11			No JV Benefits Households N=15		
	Poor	Middle	Rich	Poor	Middle	Rich	Poor	Middle	Rich	Poor	Middle	Rich
Proportion of HHs in various Asset Groups ¹⁶²	0	0.5	0.5	0.286	0.428	0.286	0.091	0.545	0.364	0.533	0.2	0.267
	<i>Median (Mean)</i>			<i>Median (Mean)</i>			<i>Median (Mean)</i>			<i>Median (Mean)</i>		
Household size	9			6			6			6		
Age of HH head	75			56			66			60		
Highest level of education of HH head	Some secondary			Some secondary			Some secondary			Some primary		
Proportion of female headed HHs	0.25			0.29			0.27			0.33		
Proportion of Adults Present most/all nights	0.42			0.6			0.67			0.67		
Proportion of HH members under 18 years	0.33			0.25			0.25			0.25		
Number of types of income sources in HH	6			5			6			5		
Number of adults with no income sources	1			1			1			0		
Total yearly cash income for HH	R255 110 (R296 415)			R95 000 (R132 310)			R232 680 (R261 092)			R54 000 (R76 869)		
Cattle owned by HH	5 (9)			0 (5)			4 (7)			0 (3)		
Knapsack sprayers owned	1			0			1			0		
Motor vehicles owned	1			0			1			0		

¹⁶¹ I have included the mean for ‘cattle owned by the household’ and ‘income’, since these were the only variables for which there were distinct divergences between the mean and median. For these variables, the mean is larger than the median, indicating a positively skewed distribution and inequality of cattle ownership and income among households. In such cases, the median is considered a more accurate representation of the average.

¹⁶² See methodology chapter (4) for more on how asset groups are defined. The weightings to delineate the asset groups are established separately in each case study site. The households are divided into three (more or less) equal groups, based on their asset scores. Those defined as ‘asset poor’ have asset-weighting scores of 15-33; ‘asset middle’ have 36-49; and ‘asset rich’ have 50-87 in Keiskammahoek.

The annual incomes and cattle wealth of the two groups of irrigation plot holders, contrasts strikingly to the two groups without irrigation plots. When a one-way ANOVA (Analysis of variance) test¹⁶³ is run for the taxonomic groups and yearly cash income, the test of statistical significance¹⁶⁴ is markedly high at .000 and the F statistic¹⁶⁵ is 10.255. This indicates that there is a statistical correlation between the taxonomic groups and household incomes, and that there is greater difference between taxonomic groups than within them. When the same test is run for asset groups and incomes, there is statistical significance of .013 and an F statistic of 3.992. This is still statistically significant, however, the correlation is much less pronounced as compared to the taxonomic groups. The F statistic is not as high as it could be, which indicates that there is also a fair amount of differentiation within asset groups. This indicates that the taxonomic groups are more determining of household incomes than the asset groups. How households relate to the JV (receiving dividends and/or wages or no benefits), is therefore a critical factor in their yearly incomes.

What also stands out in Table 24 above is that it is only the households with access to irrigation plots, which have a mean of one motor vehicle and knapsack sprayer. Within the JV wage receiving and no JV benefits households there is a greater range of household incomes, pointing to more extreme income differentiation within these group. JV wage receiving households have much larger incomes than the no JV benefits households. The small sample of the latter group means that these results should be treated with caution, however, it would seem to indicate that access to a JV job might contribute to the formers' relatively larger incomes. In the former group the JV salary of permanently employed household members accounted for a median of 42% (mean of 41%) of total household income. We can therefore conclude that JV jobs make a significant contribution to incomes and the reproduction of these households.

However, another factor to consider is that many of these JV workers are related to households, which own land on the JV scheme e.g., they are nephews, nieces or siblings of landowning households, who live in separate households. These landowning households don't tend to share their dividends with family members in separate households (JV wage receiving households). It's possible that the historical benefits of the wider kin network owning this land, could impact their social standing and material position in other ways.

Table 24 appears to demonstrate that the no JV benefits group is worse-off in some key aspects. They have the lowest incomes, least cattle and the majority are asset poor. They are also the only group that have a lower level of education, 'some primary', as opposed to 'some secondary', among the other groups. They also have the highest proportion of female-headed households.

Table 25 below captures the different types of on and off-farm income sources that the taxonomic groups derive their livelihoods from. Some notable patterns are observable in this

¹⁶³ One-way ANOVA, measures whether the variance or difference of values from the mean are greater between groups (e.g. taxonomic or asset groups) or within specific groups. It gives us an indication of whether what appear to be differences between the taxonomic groups, are also statistically significant.

¹⁶⁴ The lower the number, the more statistically significant the result. A rule of thumb to measure significance is that levels should be below .05

¹⁶⁵ The higher the F statistic is above 1, the greater the variance between groups.

table in terms of which kinds of incomes each group relies on. Further analysis (not captured in the table), using frequency distributions, illustrates differential access among households of the same taxonomic group i.e. some households have more than one member with access to a type of income source. For example, the frequency of JV permanent jobs is distributed unequally across the households. One JV wage receiving household has access to two permanent jobs (a husband and wife). This household was related to a dividend receiving household, who was the husband's uncle. Another JV wage and dividend receiving household has access to three JV permanent jobs.

Table 25. Keiskammahoek: Proportion of Households with Access to Different Types of Farm and Off-Farm Income by Taxonomic Groups (N=55 households)

<i>Types of Income Sources</i>	Dividend Receiving Household N=8	JV Wage Receiving Household N=21	Dividend & JV Wage Receiving Household N=11	No JV Benefits Household N=15
	Proportion of HH with income	Proportion of HH with income	Proportion of HH with income	Proportion of HH with income
JV dividend	100%	0%	100%	0%
JV permanent jobs	0%	86%	73%	0%
JV casual jobs	0%	19%	46%	0%
Other agricultural permanent job	13%	0%	9%	0%
Other agricultural casual jobs	25%	0%	0%	6%
Off-farm permanent jobs	38%	43%	45%	53%
Off-farm casual jobs	38%	62%	46%	47%
Civil servant jobs	38%	14%	19%	0%
Self-employed (off-farm), no hired labour	13%	33%	18%	20%
Self-employed (off-farm) with hired labour	13%	9%	9%	7%
Public works jobs	0%	24%	9%	47%
Old age grants	87%	24%	64%	40%
Civil servant pension	13%	0%	9%	13%
Disability grants	13%	24%	0%	27%
Child support grants	50%	62%	56%	67%
Remittances in cash	25%	33%	9%	33%
Remittances in kind	13%	0%	18%	0%
Own-account farming (household labour only)	50%	67%	64%	67%
Own-account farming (household and hired labour)	25%	14%	27%	7%
Own-account farming (paid household labour)	25%	0%	0%	0%

All groups have access to off-farm permanent and casual jobs, which indicates the importance of access to wage labour among all of the taxonomic groups. No JV benefits households have the highest proportion of households (53%) with access to off-farm permanent jobs. Their livelihoods are strongly reliant on migrant labour and remittances, in the absence of access to

on-farm jobs and land for farming. 43% of JV wage receiving households have permanent off-farm jobs. This group also has the highest proportion of households with access to off-farm casual jobs (62%). Many off-farm casual jobs, (but not all) can be found in Keiskammahoek, or nearby villages and towns, without need for migration. These jobs are also present amongst all the taxonomic groups, but the lowest proportion is among the dividend receiving households.

Among irrigation plot holders, 45% of dividend and JV wage receiving households have off-farm permanent jobs, as compared to 38% of dividend receiving households. The lower proportion among the latter (in spite of higher migration rates) can be explained by the much larger proportion with access to civil servant jobs. Therefore, this data illustrates that access to land on the irrigation scheme, doesn't negate the necessity to meet household reproduction in part through wage labour. However, the type of wage labour accessed may be influenced by land ownership, which undoubtedly has influenced the class position of these households i.e. allowing them to access skilled civil servant and permanent wage employment.

The above table demonstrates how civil servant jobs are concentrated in those households receiving either dividends and/or jobs from the JV. Notably there were none of these jobs among the no JV benefits households, although one household was receiving a civil servant pension. The unequal distribution of civil servant jobs may speak to the relative political influence of landowning households. 38% of dividends receiving households have access to these jobs (25% of these households have two household members employed as civil servants, while 13% have one person employed). Access to remunerative civil servant jobs among dividend receiving households may be a possible explanation for why there was no perceived need to labour on the JV farm. 19% of JV dividend and wage receiving households have access to these jobs, (half of these households have two household members employed as civil servants). 14% of JV wage receiving households have access to these jobs, and it should be noted that these were households that are related to irrigation plot holders. A few civil servant pensions can be found across these households, except for JV wage receiving households who have relatively young household heads.

Remittances in cash are highest among those households without access to irrigation plots, at 33% for both groups. Following this, 25% of dividend receiving households receive remittances in cash; as compared to only 9% of dividend and JV wage receiving households. However, the latter receive slightly more remittances in kind. These differences among irrigation plot holders could perhaps reflect generational dynamics. Migrant labourers in dividend receiving households may be remitting more frequently to aged household heads, who are looking after their children. It could also possibly reflect migrant labourers with access to better civil servant jobs, allowing them to remit more frequently.

There are household members who are self-employed (no hired labour), across all the taxonomic groups. However, the highest concentration is among JV wage receiving households, with 33% of households. Self-employed off-farm businesses (with hired labour) were generally not as common as other income sources across the taxonomic groups. It is

however notable, that the highest incidence of this income source is among the dividend receiving households with 13%. The use of hired labour is a clear indication of relative class position.

Public works jobs are notably concentrated in households without access to dividends and hence irrigation plots. The highest incidence is amongst no JV benefits households with 47%. 7% of these households have three household members with access to jobs with the community works program (CWP). 24% of JV wage receiving households have access to these jobs. Notably, no dividend receiving households access these jobs, and only one dividend JV wage household does. Households accessing public works jobs can be considered to be relatively vulnerable. Clearly land ownership is a determining factor in accessing more secure wage labour. Access to the dividend, may also negate the necessity of younger household members resorting to public works jobs.

The data on access to old age grants, speaks to the generational composition of these households. Notably, in dividend receiving households in Keiskammahoek, 87% of households have access to an old age grant and 25% of these households have access to two old age grants. In contrast, only 64% of dividend and wage receiving households have access to old age grants. This may explain, in part, why these households are working on the JV farm. Younger household members in dividend receiving households may not feel compelled to labour on the farm, because there is the security of an old age pension and dividend. The much older median age of household heads (75 years) in dividend receiving households as opposed to 66 years old in dividend and wage receiving households, also speaks to the physical ability of household heads to labour. In the latter group, there are a few household heads (rather than younger household members) labouring on the farm. The youngest household heads are concentrated in the JV wage receiving households.

Large proportions of all groups have access to child support grants. However, the highest proportions are among those with no JV benefits at 67%, (40% of these households have access to two child support grants). 62% of JV wage receiving households have access to child support grants, (19% have access to two and 10% have access to 4 grants). 56% of dividend and wage receiving households have access to these grants. The incidence is lowest, but still relatively high among the dividend receiving households (50%). This mostly accounts for those grandparents looking after their grandchildren.

Although dividend receiving households have the largest proportion of household members under 18, they also have the lowest proportion with access to child support grants. This is because there are so many civil servants in this group, who are not eligible to receive social grants. There were also some households who had told their children to keep these grants, as they were using their dividends and pensions to look after the grandchildren. At the very least, JVs can be seen (in some cases) to subsidise migrant labourers looking for work in cities. This is achieved by pensioners using dividends to look after grandchildren, and in some cases also sending 'reverse remittances' to urban migrants searching for work.

There are larger proportions of households with access to irrigation plots engaging in own-account farming: 100% of the dividend receiving households and 91% of dividend and wage receiving households, as opposed to 81% of JV wage receiving households and 74% of no JV benefits households. The most common reasons for not engaging in own-account farming included: the drought and challenges with accessing water, lack of fencing, theft of livestock and crops, and lack of labour and other inputs. JV wage receiving households, particularly noted, that they struggled to cultivate gardens due to the demands of their JV job, and other household members were unwilling or were unable to continue cultivating. Households engaged in wage labour, or with members who had fallen ill, often preferred to keep livestock, which entails somewhat less labour demands as this statement from a no JV benefits household indicates, “We stopped with the garden and kept pigs because diabetes makes it hard to plant.”

Since households with irrigation plots had accumulated such large plots (12-20 hectares), and most of their homes remain in amongst the pastures on the irrigation scheme¹⁶⁶, many have maintained 1-2 hectares for cropping and livestock. This has allowed for quite extensive own-account farming. However conditions varied across the households in Keiskammahoek, which was an area of contention. Some irrigation plot holders claimed that those with positions on the Seven Stars Trust or Cooperative, had disproportionate access to free electricity, water and fencing for own-account farming. Those without access to fencing can't keep livestock on their properties, (due to the biosecurity threats this poses to the JV dairy herd) and without water obviously keeping a household gardens is a challenge. Thus dynamics of local politics and power still influence livelihoods in Keiskammahoek, even though their presence is more subtle than the more explosive context of intragroup conflict in Shiloh, as we will see below.

Overall we can see that the two irrigation plot-owning groups make more use of hired labour in own-account farming than the other taxonomic groups. 50% of dividend receiving households hire labour and 14% of JV dividend and wage receiving households hire labour. The high incidence of hired labour among these groups is reflective of a number of variables, including class place, expanded scale of production, as well as generational dynamics and illness. There are a number of cases of quite dynamic producers, who are investing JV dividends and/ or wages (along with off-farm incomes) into own-account farming. Notably, 25% of dividend receiving households are making use of ‘paid family labour’. This involves household members paying a set rate to family/ kin, who live in the same household or in a relative's household e.g. nieces, nephews, cousins or grandchildren. In some instances paying family is a way to ease the burden of poverty and unemployment, especially among younger kin members. It also maintains social networks and distributes JV benefits across kin households, or among generations within a household.

¹⁶⁶ The households of some farmers had to be removed to make way for the construction of new center pivots for the irrigation scheme. In these cases they've been allocated new households by the JV with large household gardens.

10.4 Impact of JV Jobs on Social Reproduction in Keiskammahoe

At the time that the survey was conducted in October 2016, the farm was hiring 50 permanent labourers¹⁶⁷ and one casual labourer (who was soon to be made permanent). The households of 31 of these permanent workers were included in the household survey. This included 14 female workers and 17 male workers. In addition, the JV farm also had two student interns, three farm managers (two dairy managers and an irrigation manager) and a financial manager (based at the farm)¹⁶⁸. There were also 9 casual workers in 7 households, who had benefitted from casual employment in the last 12 months¹⁶⁹. The survey covers the households of all 9 of these casual workers, which included 2 female workers and 7 male workers. Overall the gender divide of the 40 jobs, among the sampled population is 40% female and 60% male. However the household survey only covered 68% of the total labour force on the JV farm. All labourers, apart from one general worker, the managers and student interns, were sourced from the local community. Of the 51 households benefitting from JV jobs at the time of the survey, 14 of these households or (27.5% of total labourers), were also receiving dividends and are thus categorized as dividend and wage receiving households.

Table 26. Keiskammahoe: Contribution of Permanent and Casual JV Jobs to Household Income (N=33 households)

Keiskammahoe: JV Permanent and Casual Jobs as Proportion of Total Annual Household Income in 2015/6							
Taxonomic Group	Mean/Median	JV permanent jobs as % of total household income	Frequency/households	Taxonomic Group	Mean/Median	JV casual jobs as % of total household income	Frequency/households
Dividend & JV Wage Receiving Household	Mean (%)	0,16	8	Dividend & JV Wage Receiving Household	Mean (%)	0,09	3
	Median (%)	0,17			Median (%)	0,05	
JV Wage Receiving Household	Mean (%)	0,41	18	JV Wage Receiving Household	Mean (%)	0,17	4
	Median (%)	0,42			Median (%)	0,11	

Table 26 above outlines the contribution of JV jobs to household income. Seven Stars Trust pays minimum wage to all of their general workers¹⁷⁰. At the time of the survey they were being paid R14.25 per hour (agricultural minimum wage), which amounted to a mean of R4125 per month, and permanent workers also received a 13th cheque at the end of the year. Those in management positions received competitive salaries based on their experience, as well as a

¹⁶⁷ This excludes the three managers and two student interns also employed at the farm. These numbers were confirmed through a list of employees obtained from the JV farm, which was used to randomly survey households.

¹⁶⁸ All three farm managers and the student interns were interviewed but the results of their households are not included here. See Chapter 6.

¹⁶⁹ Only the one worker was employed casually at the time of the survey.

¹⁷⁰ This includes 'irrigators', 'milkers', 'herders', 'security guards' and general workers performing tasks as required who are all remunerated the same, in line with the agriculture minimum wage of R14.25 at the time of the survey.

performance bonus¹⁷¹. General workers reported working for 8-10 hours a day. However, the nature of dairy farming means that working hours can be unpredictable, and overtime was frequently reported. Workers are on-shift for either 8 or 10 days and then off for 2 days. Dairy farming is thus more demanding of labour than other sectors of agriculture might be. This may limit who can access or who is willing to take on these jobs. Some respondents, who were unwilling or unable to labour on the JV farm, referred to domestic labour demands such as caring for children or the elderly, as well as health status, as prohibiting factors. On the other hand, the fact that dairy farming necessitates more permanent labour (as opposed to seasonal) is of benefit to households in a context where permanent contracts are a scarce commodity.

Table 26 above, illustrates that these jobs make quite significant contributions, although with some variation across households. The median contribution for permanent jobs at Keiskammahoek for JV dividend and wage receiving households is 17%, and for JV wage receiving households it's much higher at 42%. There is quite a wide range among these different households in terms of the contribution of JV wages to household incomes. For the JV wage receiving households, the contribution is in the range of 17% to as high as 94%. For JV dividend and wage receiving households, the range is between 8% and 50%. For more than 30% of all households with permanent JV jobs (across both categories), the income from a JV job comprises over 50% of their household income. For 73% of households, the JV job comprises at least 25% of their total household income.

The contribution of casual jobs is far less significant, which reflects the relatively short-term nature of these jobs. However, for a relatively income poor household, access to a short-term casual job can still contribute a significant proportion of household income. For example, I surveyed one household where a casual job, lasting only three months, contributed 42% of annual household income. The relatively higher contribution of casual jobs to the household incomes of JV Wage Receiving Households, in Keiskammahoek as opposed to Shiloh (see next section), can be explained by the presence of skilled labourers who are remunerated at a higher wage.

Contributions of JV jobs: household perspectives

I must again caution that it is difficult to separate the contributions of JV jobs in relation to other household incomes, since money is fungible. That said, this section tries to understand what impact JV jobs have had on the ability of households to reproduce themselves, and whether in some cases, these incomes may have been reinvested in other productive activities such as own-account farming. 7 of the 33 respondents interviewed, said they were able to save or invest part of their salary in other productive activities like farming. However, several respondents also indicated that they were using these incomes to pay for the education of other household members, which can also be considered potentially productive, or at the very least an investment in diversifying household incomes. The following quotes indicate the contributions that JV Jobs make to household reproduction:

¹⁷¹ For example, one manager was receiving R20 000 per month and another was receiving R27 000 per month. The managers also have a bonus system, based on the farm performance.

Female respondent, *JV Wage Receiving Household*, (poor asset group): “This job is the most important salary in the house. We used to stay in a shack, but since working her I have built a house and I can support my children and buy them clothes”

Male respondent, *JV Wage Receiving Household*, (middle asset group): “I want to buy livestock because I have a son that needs cattle, but I don't earn enough money here at the farm to buy anything other than groceries”.

Male respondent, *JV Wage Receiving Household*, (poor asset group): “The income I get from this job on the farm is much better than the casual brick laying I did before in the community. It's the largest income we have. Now I can support my children and buy clothes for me and them.”

Female respondent, *JV Wage Receiving Household*, (middle asset group): “I worked here on this farm before Amadlelo came here- for 10 years now. Things are better now with Amadlelo, the money is better now. I use my salary to buy furniture and I also extended the house. I spend it on sending the child for education. All of this comes from my salary. I haven't put any money in livestock because my husband buys livestock and things for our garden, he is a truck driver.”

The above quotes indicate that the JV jobs make important contributions to household reproduction. Many key informants highlighted the stable nature of income from a JV job. In many cases, their salary is the largest household income source. Several workers also highlighted that this was their first job in agriculture, and thus they were learning a new skill. Their JV salaries are in many cases comparably better to their previous jobs, like the response above indicates, from a worker who previously did casual brick laying. Some respondents, however, note that salaries on the JV farm are lower than their previous permanent or casual jobs in cities but that living costs are lower in Keiskammahoek, as indicated in the following quote from a JV worker.

Male respondent, *dividend and JV wage receiving household (rich asset group)*: “I lost my job as a security guard in Cape Town and then I returned to Keiskammahoek to work at the dairy. The salary was better in Cape Town but after paying for rent and transport it was actually less than what I get here.”

The relative contribution that these incomes make clearly varies and whether they are deemed sufficient, is influenced by the number of dependents that the salaried individual has to support. High levels of unemployment in households, means that it is difficult in many cases to save income for other productive activities. However the following quotes below indicate that there are some cases in which this is happening:

Female respondent, *JV Wage Receiving Household*, (poor asset group): “I used some of my money from this job to buy the pigs. Before working here I didn't keep pigs, just chickens. I already got R800 from slaughtering one pig and selling it in pieces. I was meant to get R1500

but people buying on credit haven't paid yet. I am planning to buy more pigs to slaughter and sell. I also buy my mother groceries, I don't give money because otherwise my brothers drink the money, they are all unemployed".

Female respondent, *JV Wage Receiving Household*, (middle asset group): "My life has changed a lot since getting this job. I have a bed now, before I didn't, and a fridge! I can pay for my children to use transport to go to school and buy things they need...I bought two calves from the farm, but they died because I had no time to look after them. I will buy more calves soon, in time for my son's circumcision. I'll also keep some, so when I have a problem with debt I can sell them. I pay my sister R500 a month to look after my children and she will also look after the new calves so they won't die. "

Conflicts and contestation over JV jobs in Keiskammahoek

Although it is clear that JV jobs are contributing significantly to household reproduction, there are also many conflicts emerging over who has the right to these jobs. The farm's trust has committed to only hiring people in the local vicinity, apart from the managers, since hiring people from outside of Keiskammahoek has been met with resistance in the past, as a farm manager explains: "There are no tensions in being a manager from outside the community because they know there is no one here that has the qualifications. The problem comes when we try and employ people as general workers from say Alice. So we try employ only locally."

The following quotes from different no JV benefits households, reflect these tensions over JV jobs. The JV farm, as a capitalist enterprise, sits uneasily within a communal setting where the continued viability of the farm itself relies on maintaining broader social networks within the neighboring villages:

Female respondent, *no JV benefits households* (rich asset group): "The older workers who are landowners shouldn't be able to work there because they get pensions and profits from that farm too. They must keep those jobs for the youth in this village!"

Male respondent, *no JV benefits households* (middle asset group): "You have to bribe people to get in there. There is a lot of politics in who gets the jobs there and who doesn't. The people who get hired are those who are kids of the farmers or friends of them. I know many people who tried and couldn't get a job there... It's not easy unless you beg and beg."

Even though only 27.5% of the work force on the JV farm is actually household members of irrigation plot owners, the perception about unfair hiring practices was widely held among the no JV benefits group. In cases where JV wage receiving households were kin of irrigation plot holders, they maintained in all cases, that they had to go through regular application procedures to get their jobs, as this quote reflects, "I submitted my CV, the same like all the others, it wasn't my uncle that helped me get this job". There are also contentions among the landowners, as to who gets access to JV jobs, as the following quote from a dividend receiving household suggests: "I did ask for a job for my child but it's not easy because all the committee

members get their children the jobs. When you are not on the committee, you don't get a chance to put your child in to work”.

Other dividend receiving households, however, expressed their concerns that their children weren't interested in working on the farm. There are many reasons for this, including the perception that dairy farming is 'hard labour'. Many younger household members also see their future in urban areas, where salaries are higher, as the following quote from a dividend receiving household reflects: “All of my children are working in the big cities, none of them wanted to come back here and work on the farm. They are all in Knysna or Cape Town. They think they can make more money there.” Some of the elder land rights holders, were therefore concerned about the future of the JV farm once the current landowners passed over.

An analysis of the kinds of jobs that the children of the Keiskammahoek irrigation plot owners engage in indicates that many have access to civil servant and permanent employment in the cities. The historical patterns of accumulation of land and class formation among the Keiskammahoek farmers, afforded these households the opportunity to provide a good education for their children. Many have attended technical colleges or universities, or at the least finished high school. A relatively poorly paid job in agriculture, (if it is not a management position), is therefore not appealing to many of these youth.

These complex discourses and emerging conflicts, over who has the right to work on the farm, are permeated with language of belonging, but are ultimately driven by a crisis of reproduction in the wider community (as evidenced by the socio-economic analysis of no JV benefits households above). These tensions have materialised, in some cases, into outright violence and intimidation over jobs. During fieldwork, I came across three households that had left employment on the farm as a result of threats or attacks. The following quotes indicate the heightened tensions emerging around jobs:

Male respondent, JV dividend receiving household (rich asset group): “I worked on the JV there for a while, I was working night shifts as security. One day some guys were trying to attack me on the way to work. When I was a security guard, I caught one guy stealing cattle and I think that person employed the guys to attack me.”

Female respondent, JV wage receiving household (poor asset group): “My son was working at the farm in a casual job earlier this year. But he had to leave because he was receiving threats and some guys were preventing him from going to work. I think this man wanted the job for himself. I feared for his life and advised my son to leave the job”.

Security guards have especially been the targets of intimidation by thieves wanting to steal dairy cows, feed, equipment or other inputs from the farm. The farm, at one point, resorted to hiring security guards from outside the community to guard the farm at night, as the risk was too grave to workers considered to be 'community members'. Another risk to workers is particularly of a gendered nature. Many female workers, in both Keiskammahoek and Shiloh, expressed fear about walking to work in the early hours of the morning. Most females are

employed on the farm are milkers, and milking starts at 4am when it is still dark. There have been cases of attacks as well as attempted attacks. Some workers, who live far away, have been provided with residence on the Keiskammahoek farm to address this.

10.5 Impact of JV Dividends on Social Reproduction in Keiskammahoek

In Keiskammahoek the JV dividend contributes quite significantly to overall household income. In the 2015/6 financial years, irrigation plot holders at Keiskammahoek received a once-off dividend of R50 000 (based on farm profits), as well as R5000 a month, which they referred to as a ‘land-rental’.¹⁷² From the 19 households sampled the median JV dividend (including profits and rentals) they had received in the last twelve months was therefore R110, 000. Three dividend receiving households said they received R90 000. Two JV dividend and wage receiving households said they received R90 000 and one said they only received R52 000. The remaining households: 5 JV dividend receiving households and 8 JV dividend and wage receiving households, all recalled receiving R110 000. Since this data relied on the recall of key respondents, I can’t be sure whether these discrepancies point to unequal distribution of benefits, or whether respondents were deliberately underplaying their benefits, or in some cases couldn’t recall accurately (in some households old-age may account for discrepancies).

Table 27 below illustrates that the dividend contributes significantly to total household incomes for both taxonomic groups. For dividend receiving households, the mean contribution (48%) is larger than the median (44%), illustrating a positively skewed distribution. Among a few of these households, the dividend is contributing very large proportions to total household income. This reflects the generational characteristics of this taxonomic group (relatively old household heads). Some households are relying exclusively on dividends and pensions, for example. The range of contribution of dividends to total household income is between 15% and 86% among dividend receiving households. Among the JV dividend and wage receiving households, there is a negatively skewed distribution and the mean value (43%) is lower than the median (47%). There is a smaller range in the contribution of dividends to total household income among this group, from 21% to 65% of total household income.

Table 27. Keiskammahoek: Contribution of JV Dividends to Household Incomes (N= 19 households)

<i>JV Dividend as proportion of total household income in 2015/16</i>			
Case study site	Category of respondent	Mean	Median
<i>Keiskammahoek</i>	<i>Dividend receiving households</i>	0.48	0.44
	<i>JV dividend and wage receiving households</i>	0.43	0.47

Across the 19 households, according to household recall, R1 932 000 was distributed in dividend payments between November 2015 and October 2016. However if we assume that the

¹⁷² Although landowners refer to these as ‘rents’ Amadlelo Agri explains that because the sharemilking model implies that the landowner’s contribution to the farming business is their land and fixed assets, the dividend is in fact their profit share. There are however cases where additional land has been contributed to the JV schemes and a set land rental is paid e.g. at Shiloh for additional ¼ hectare food plots that were acquired and at Amadlelo’s Middledrift JV farm.

median is accurate and recall was a problem; given that I heard from the cooperative and Amadlelo Agri that landowners are not paid according to the size of their plots and everyone receives the same amount. Then we can assume that 35 landowners, receiving R110 000 each, amounted to a payout of R3 850 000. According to interviews with Amadlelo Agri, Keiskammahoek made R12 000 000 in profits in 2015/2016. After a 10% management fee is reserved for Amadlelo (R1 200 000) that should leave the landowners with 50% of the remaining R10 800 000 in profits. This amounts to a total of R5 400 000 in profits owed to the irrigation plot holders, which leaves R1 550 000 unaccounted for. However, without access to financial data on the farm, it is hard to know whether any capital investments were made to the farm's fixed assets in the last financial year that might have reduced the distributed profits¹⁷³. Cooperative and Trust members also noted that some profits had been invested in other community projects.

Contribution of dividends: Household perspectives in Keiskammahoek

At Keiskammahoek, most of the households receiving dividends emphasised the important contribution they made to reproduction of the household. There were more favourable than critical responses regarding dividends in Keiskammahoek. Many landowning households in Keiskammahoek are merely passive recipients of JV dividends, in the sense that they are used for consumption or household subsistence and are not reinvested in other productive activities. However, even in these cases, dividends are important to the overall reproductive strategy of households. I particularly noticed a pattern of elder pensioners using their dividends to take care of grandchildren and some were also sending 'reverse remittances' to migrant children.

There is also a minority of households showing evidence of accumulation in farming, who are using their dividends to accumulate livestock and other productive assets. Some of these activities involved the sale of sizeable surpluses¹⁷⁴ particularly rearing pigs, broilers and goats¹⁷⁵ and vegetable farming in large household gardens. Some were also purchasing bulls and heifers from the JV farm and selling them to the local community for a profit. Even if households were not selling a surplus, household gardens and livestock rearing contributed significantly to social reproduction and livestock possess a ceremonial value. Moreover accumulation of cattle is an investment in household capital, often with the intention of generational distribution. The following statements below, illustrate the different household perspectives on dividends and how they contribute to household reproduction.

Male respondent, *dividend receiving household (asset rich group)*: "Now we just sit down and can get benefits -we are too old to struggle! When Amadlelo came, the life changed very well. We work well with Amadlelo. Amadlelo is also helping us get a title for our land. I can save money now and before I couldn't save, I had to use it all. Now I can send my grandchildren to school and look after them well. This money is better now than when I

¹⁷³ These amounts are derived purely from interviews and therefore cannot be regarded as 100% accurate.

¹⁷⁴ The amount reserved for household consumption versus sales differed across households. However in the Middle and Richest households I found pig and chicken businesses where the majority or all of the animals were sold. Many farmers sold directly to the local community and a few also sold to the local supermarket or butchery.

¹⁷⁵ Goats are also important to the ceremonial economy in the Ciskei. Households may also choose to accumulate their own herds rather than selling so they can be used for their own ceremonies.

planted on my own. When I was planting here before, sometimes the business wouldn't go well and then you suffer. The business of growing vegetables is very unstable, it's up and down. Sometimes you give people veg on credit because there is no buyer. Now it's more certain, you know what you are going to get every month. I bought three calves with the dividend, Brahman cows; they stay on the communal grazing land. I have a big garden here and I want to open the garden and make a place for goats and chickens – I plan to do it soon. Before Amadlelo came I didn't have any cows, I was just growing veg. I also used that R50 000 to build a new house at Lower Zencuka. When we do our ceremonies, we must do it that side.”

Female respondent, dividend and JV wage receiving household (asset middle group): “The money has helped a lot because I'm a widow and before we were struggling a lot. Before my son hadn't even been to the bush [for circumcision]! Now we can also buy things in cash like furniture, instead of getting into debt. We were farming the plot before this project, up until 2000 but it was difficult and we had to share inputs with the other farmers. Now we don't need to do that because Amadlelo farms the field for us. Before we just sold it to the community but people would take our crops and milk through debit and in the end we wouldn't get paid. We would pay our labourers in harvest, not in cash. With the joint venture we have a solid market, every day the milk is going, you don't have to worry. I have a son working on that farm, so he gets a salary from there. I can also support some children who are unemployed. I also have my own broiler project, and my children help me with it, which brings in about R40 000 a year. I could make more from it if there were better markets but the problem is the community buys on credit and often they don't pay me back.”

Gender and inter and intra-household distribution of JV dividends

An important finding emerging from this study is the need to focus on the distribution of benefits and risks associated with these investments at inter and intra-household levels. It is at this level that struggles over jobs and dividends are most acute. JVs are precipitating a reorganisation of labour processes and their gendered relations within and between households. Many female respondents expressed frustrations over male members controlling income from JV dividends. The first quote from a wife of a landowner in Keiskammahoek is revealing of the gendered ways in which JV dividends can so easily be usurped by male household heads when they come in the form of a bank transfer. The second quote from a female-headed widower illustrates that her husband took a unilateral decision to give the land over to the JV. The last quote demonstrates a conflict between a separated couple where the husband is withholding part of the dividend from the wife:

Dividend receiving household (rich asset group): “Men always want all the money to come to them... Sometimes you can't know how much you got because they don't tell you, they control it. The dividend goes straight to his bank so I don't even know if it's paid or not.”

Dividend receiving household (middle asset group): “I never attend meetings of the cooperative. I never agreed that this land would be under Amadlelo. My husband would be

angry with me in his grave if he heard me saying that because he wanted the partnership. When he was alive I had no control over how the dividend was spent.”

JV Dividend and wage receiving household (middle asset group): “My husband and I are separated and now we are fighting over that dividend. I don’t know if he is coming back to the house or not. I should get half of the dividend but from the R30 000 we got in December 2015, my husband only gave me R10 000. I want to resolve this issue by getting the farm to pay us separately but they said I must go to the Magistrates court first.”

Gendered conflicts were especially marked in Keiskammahoek, where households were still farming their land prior to the JV. The comparatively large size of the dividend, also explains why it is igniting intra-household struggles over the distribution of this income. Women explained how it was easier to have a degree of control over farming income, prior to the JV. Since the JV, women were developing new strategies to renegotiate their livelihoods. Some women refocused their efforts on household gardens, and many had started small pig or broiler businesses. However, the effect of the JV on gender relations was differentiated and contingent, and the outcome was not always negative for women’s relative power within households. Some women emphasized having equal, or at least considerable negotiating power, over how JV dividends and wages were spent in the home, as the following quote indicates.

JV Dividend and wage receiving household (rich asset group): “Me and my husband receive the money together. I think the relations at this project between men and women are fine, because husbands and wives come together to the meetings. But we can’t say what goes on in those families in private. But me and my husband decide everything together.”

I didn’t find any evidence of dividends being distributed (in money or kind) within extended kin groups. This refers to where, for example, relatives live in separate houses from the household receiving the dividend payment. It also didn’t seem to make a difference if a relative was close or more distant e.g. a child as compared to a niece or nephew. Where a relative had a separate household, and especially where females had married into a new household, these kin members were unable to successfully lay claim to the dividend. If however, a kin member had laboured on the farm prior to the JV being established, this might strengthen claims to JV benefits¹⁷⁶. During the Ciskei era, however, the farm was organised around nuclear family units that made use predominantly of unpaid (immediate) family labour. Therefore in most cases extended kin were not labouring on the land. The main way, in which extended kin make claims to the benefits of the JV, are through preferential access to jobs.

Female respondent from JV Wage Receiving Household (poor asset group) : “I never receive any money from my uncle from the dividend, not even gifts. I don’t live with my uncle; I live with my mother, brothers and sisters. My mother never worked on my uncle’s farm, so my mother’s house doesn’t share in the profits. My uncle never even helped to build this house. I bought the zinc and windows from my wages and I asked some guys in the village to make a Xhosa house.”

¹⁷⁶ This dynamic has been explored by Berry (1993), and seemed pertinent in this context.

Female respondent, *JV Wage Receiving Household*, (middle asset group): “My mother has a title for land on this farm but my household doesn't get any payments from the dividend, because I live here with my husband.”



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Chapter 11. Household Composition and Livelihoods in Shiloh

11.1 Introduction

This chapter explores the current status of local livelihood systems and household composition in Shiloh, along the same lines as the previous chapter did for Keiskammahoek. I will also draw the reader's attention to some striking differences between the two case studies throughout the analysis in this Chapter. I conclude with a comparative analysis of the two case study sites, in terms of the character of livelihoods and household composition. I also look at how contextual differences may have produced different outcomes in relation to the JVs.

11.2 Overview of Livelihoods and Household Composition in Shiloh

Table 28 below reports some key features of household composition, for my sample of 62 households, including 331 individuals in Shiloh. The median household size is 5 and the age of the household head is 67 years. 53% of the sample is female-headed households. The table illustrates that there is a wide range in the assets and incomes of households, pointing towards socio-economic differentiation among the Shiloh sample. Noticeably, the Shiloh sample has much lower mean and median household incomes and assets than the Keiskammahoek sample. The median yearly household income is R86 300 as opposed to R128 495 in Keiskammahoek. Even when you disaggregate median household incomes by median household size, Keiskammahoek still has a higher median household income per person per year of R21 415, as opposed to R17 260 in Shiloh.

Table 28. Table of Key Features of Household Composition for Shiloh Sample (N=62 households)

	Number of adults in household	Number of children (0-18)	Household size	Age of Household Head	Males present most/all nights	Females present most/all nights	Total yearly household income	Total household assets ¹⁷⁷
Mean	4	1	5	64	1	2	R122 447	39
Median	4	1	5	67	1	1	R86 300	38
Range	9	6	14	55	5	4	R659 900	78

Higher incomes in Keiskammahoek would be influenced, in part, by the larger dividends received by a part of the sample of households. 37% of the Shiloh sample is living in poverty, according to South Africa's upper-bound poverty line (UBPL) of R992 per person per month. Again, this is higher than the 31% of households living below the UBPL in Keiskammahoek. Noticeably none of these households were irrigation plot holders in Keiskammahoek. However in Shiloh, a significant proportion of households living below the UBPL are dividend receiving households (31%). The remaining households living below the UBPL include 56% from no JV benefits households and 13% from JV wage receiving households.

¹⁷⁷ See attachments for list of assets included in the livelihood survey. See chapter on methodology for how assets were scored. A total asset score of 66 was possible, if households had one of each type of asset (they may have more).

There are 17% of households in the Shiloh sample living below the lower-bound poverty line (LBPL) of R647, as compared to 11% in Keiskammahoek. While the largest proportion of these households is made up of no JV benefits households in Shiloh (80%), the remaining households living below the LBPL are dividend receiving households (20%). Access to JV dividends, have thus not managed to keep the latter out of extreme poverty. It is also noticeable that access to wage employment on the JV is more determining of the position of households than dividends (and thus land ownership). There are no dividend and JV wage receiving households categorized as poor, according to either poverty line. There are more dividend receiving households categorized as poor than JV wage receiving households. The JV however would not be the only determining factor in the position of these households. The tables below explore various features of these households and their access to other kinds of incomes and assets.

When a cross-tabulation is run for household heads and marital status, 24.2% of household heads have never been married, 14.5% are married in a civil union, 9.7% are married in a traditional/ customary union, 6.5% are in a civil and customary marriage, 38.7% are widowed, 4.8% are separated or abandoned and 1.6% are co-habiting with a partner. Noticeably, the rates of customary marriage (and civil and customary marriage) are much higher in Shiloh, as compared to Keiskammahoek. This correlates with the customary setting in Shiloh, where traditional institutions play a more important role. Overall, however, there is a much higher incidence of household heads in Shiloh that have never been married with 24.2%, as compared to 9.1% in Keiskammahoek. When these marriage statistics are analyzed in relation to the lower household incomes and assets of the Shiloh sample, these results correspond with research, which has indicated, that poorer households tend to divest from the social institution of marriage (Claassens, 2013; Berry, 1989).

Table 29. Livelihood Sources and Household Composition in Shiloh (N= 62 Households)

<i>Livelihood Sources in Shiloh: By number of household members with access to various income sources</i>																			
	Household size	Proportion under 18 years	% Of adults present most nights	Types of income sources	Adults with no income sources	Agricultural permanent job (not JV)	Agricultural casual jobs (not JV)	Non-agricultural formal jobs	Non-agricultural informal jobs	Civil servant jobs	Own-account farming no hired labourers	Own-account farming hired labourers	Self-employed without hired labour	Self-employed with hired labour	Public works jobs	Civil servant pension	Old age grants	Child support grants	Remittances in Cash
Mean	5	0.2	0.74	5	1	0	0	0	0	0	1	0	0	0	0	0	1	1	0
Median	5	0.14	0.83	5	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
Sum	331			303	43	1	1	26	29	12	56	20	19	8	11	2	51	73	20

In Table 29, we can observe similar general trends for Shiloh, as captured for the Keiskammahoek sample above. However, what stands out is the decreased access to waged employment. Access to both formal and informal off-farm jobs is lower in Shiloh, with a mean and median of 0. When the sample is divided into asset groups, it is only among the rich households that there is a mean of 1 for off-farm formal and informal jobs, own-account farming (with hired labour) and self-employment (with hired labour). Self-employment

(without hired labour) is concentrated in asset poor and middle households, and involved high levels of precarity and low-income contributions. There is thus more inequality in terms of access to different income sources and jobs in Shiloh.

Households also have access to fewer types of income sources and there are lower rates of migration, with a median of 17%, as opposed to 40% in Keiskammahoek. I found many young people returning to Shiloh after failed attempts to find employment in urban areas. The more extreme context of unemployment in Shiloh heightens demands for JV jobs and control over land and dividends, in ways that exemplify a broader crisis of unemployment, beyond the ways local struggles are often articulated on the ground. In Shiloh this is taking the shape of a noticeable generational struggle over the JV farm, which is explored further below.

Table 30 below provides a comparative analysis of household composition, incomes and assets by gender of household heads. Firstly, it is noticeable that there are far more female-headed households in Shiloh (53.2% of all households) than in Keiskammahoek (29%). However, unlike in Keiskammahoek, female-headed households in Shiloh, have slightly higher annual household incomes than male-headed households. In a context of more extreme unemployment, the fact that female-headed households have relatively better access to social grants may account in part for this. They derive 43% of their incomes from social grants, as opposed to male-headed households where social grants account for 26% of incomes. Female-headed households have a greater proportion of household members who are under 18 years, and thus they would have access to more child support grants in particular. Male-headed households, however, have more cattle and household assets. They also derive larger portions of their income from own-account farming, which in large part is derived from livestock ownership.

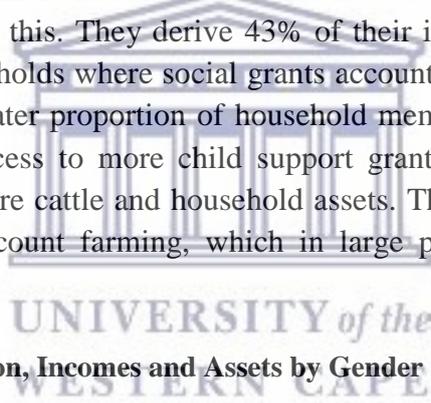


Table 30. Household Composition, Incomes and Assets by Gender of Household-Heads in Shiloh (N= 62 Households)

		% Of adults present most nights	% Under 18 years	Total yearly household income	Total income from own account farming	% Of income from own account farming	% Of income from social grants	Number of off-farm formal jobs	Number of off-farm informal jobs	Cattle owned	Total household assets
Female-headed households N= 33	Mean	0.73	0.25	R123 733	R2328	0.02	0.43	0	0	2	38
Male-headed households N=29	Mean	0.75	0.14	R120 983	R5812	0.04	0.26	0	0	9	41

11.3 Livelihoods and Household Composition by Taxonomic Groups in Shiloh

Table 31 below explores some key features of socio-economic differentiation by the JV related taxonomic groups. Looking firstly at how these groups are located in the asset groups, it is noteworthy that there are no households in the dividend and JV receiving households located in

the poor asset group. On the contrary no JV benefits households have a very large proportion located in the poor asset group (74%), and none are categorised as asset rich. Dividend receiving households and JV wage receiving households have a similar distribution of households across the different asset groups. However, the former has slightly less households located in the poor category, but the latter has slightly more households located in the rich category. The fact that households without access to irrigation plots are comparable in asset wealth to some of the customary landowners, may indicate that jobs are equally if not more important than land rights. The small dividends deriving to customary landowners, means that households with JV wages are reaping comparatively more monetary benefits; which is a source of contention.

Table 31. Shiloh: Socio-Economic Differentiation by JV Related Taxonomic Groups (N= 62 households)

	Dividend Receiving Household N=23			JV Wage Receiving Household N=9			Dividend and JV Wage Receiving Household N=10			No JV Benefits Household N= 20		
	Poor	Middle	Rich	Poor	Middle	Rich	Poor	Middle	Rich	Poor	Middle	Rich
% Of households (HHs) in various Asset Groups ¹⁷⁸	0.22	0.3	0.48	0.25	0.25	0.5	0	0.6	0.4	0.74	0.26	0
	<i>Median (Mean)</i>			<i>Median (Mean)</i>			<i>Median (Mean)</i>			<i>Median (Mean)</i>		
Household size	5			7			6			5		
Age of HH head	74			52			66			65		
Highest level of education: HH head	Some secondary			Finished secondary			Some secondary			Some secondary		
% Of female-headed HHs	0.522			0.22			0.5			0.7		
% Of Adults present most nights	0.75			0.83			0.61			1		
% Of HH members under 18 years	0.2			0.13			0 (0.08)			0.33		
Number of types of income sources	5			5			7			4		
Number of adults with no income sources	0 (1)			1			0			0 (1)		
Total HH yearly cash income	R70 600 (R146 955)			R86 600 (R86 337)			R143 785 (R186 827)			R41 760 (R44 151)		
Cattle owned by HH	0 (8)			0 (4)			6 (9)			0 (1)		
Knapsack sprayers	0			1			0			0		
Motor vehicles	1			0			0			0		

¹⁷⁸ The weightings to delineate the asset groups are established separately in each case study site. The households are divided into three (more or less) equal groups, based on their asset scores. Those defined as *asset poor* have asset-weighting scores of 8-33; *asset middle* households have 34-43; and *asset rich* households have 45-86 in Shiloh.

If we look at the household incomes for these groups, it is striking how dividend and JV wage receiving households have by far the largest household incomes, with a median that is more than double that of dividend receiving households. What is also worth noting is that there is quite a pronounced difference between the mean and median yearly income of dividend receiving household, illustrating a wide range of incomes among households. This is an indication of income inequality among this taxonomic group. The median income of dividend receiving households is also lower than that of JV wage receiving households.

The no JV benefits households clearly have significantly lower incomes than any other taxonomic group. There is not a significant difference between the mean and median, indicating more homogeneity among this group; which is also a feature of the JV wage receiving households. Interestingly, the same trend was not visible in Keiskammahoek. Incomes among irrigation plot holders in Shiloh show a much greater range. This could arguably be a basis for heightened intragroup conflict, or at least contention, among customary landowners in Shiloh. The qualitative research also indicated that households, with such different material positions and livelihood strategies, are finding it difficult to agree upon a collective vision for the JV farm.

These taxonomic groups also illustrate distinct patterns in terms of generational dynamics. The dividend receiving households have by far the oldest household heads at 74, which contrast with the dividend and JV wage receiving households with a median age of only 66. This is the same trend found in Keiskammahoek, indicating that it is households with younger household heads that are accessing JV jobs. JV wage receiving households have even younger household heads, with a median age of 52.

Dividend and JV wage receiving households have strikingly low proportions of members less than 18 years. They also have the most 'types of income sources' and all household members have at least one income source. All of these characteristics of their household composition explain why they are 'best off' in terms of asset and income wealth. As a contrast, the no JV benefits households have the largest proportion of members under 18 with 33%. They also have the least types of income sources with only 4, and notably they have the highest proportion of female-headed households at 70%. The group with the lowest proportion of female-headed households is the JV wage receiving households with only 22%.

Dividend and JV wage receiving households are the only group with a median number of cattle owned above 0. They have a median of 6 or a mean of 9 heads of cattle. In comparison the dividend receiving households have a median of 0 and a mean of 8. The large difference between the mean and median for this group, demonstrates unequal distribution of cattle ownership among households in this taxonomic group. Among the irrigation plot holders access to a JV job appears to influence ability to invest household income in cattle. Whereas those without the stable income of a JV job or other wage labour, may be depleting their herds in times of shocks, which was a commonly reported response. However, the JV wage receiving households also have a median of 0 and a mean of 4 cattle. Therefore, it is not the JV job alone

that influences cattle ownership, but clearly other factors contribute, including historical trajectories of class formation and access to a range of other types of off-farm incomes.

If we look at the proportion of household members present most nights, it is noticeable that the dividend and JV wage receiving households have the lowest proportion with 61% present most nights. This correlates with the data in Table 32 below, which tells us that these households also have the largest proportion with access to off-farm permanent jobs (50%) and civil servant jobs (30%), which both generally involve migrant labour. Access to these types of secure and better-paid income sources, contributes to their overall higher household incomes and investments in cattle. It may also explain why they invest in livestock, as its common for these types of 'worker farmers' to invest off-farm incomes in livestock, rather than household gardens or plots for example, due to the decreased labour requirements. JV wage receiving households on the other hand have less household members migrating, with 83% of household members present most nights. They are the only group with access to at least 1 knapsack sprayer, clearly concentrating own-account farming in household gardens and smaller livestock. JV wage receiving households also only have 11% of households with access to off-farm permanent jobs, as opposed to 50% of dividend and JV wage receiving households.

Table 32 below captures the proportion of households with access to different types of incomes. 36% of dividend receiving households have access to permanent off-farm jobs. Households without access to irrigation plots, have lower proportions with access to these jobs: 15% of no JV benefits households and only 11% of JV wage receiving households are employed in permanent off-farm jobs. This indicates that those with access to irrigation plots also have increased access to migrant wage income, in the form of permanent off-farm employment.

Notably civil servant jobs are also strongly correlated with irrigation plot holding households, speaking to their relative political power. Civil servant pensions are also found exclusively among irrigation plot holders. Remittances are found across all taxonomic groups however, the largest proportions of households are among dividend receiving households. Households without JV jobs have the highest proportions with access to casual off-farm jobs. These types of jobs are mostly sourced locally or in nearby villages and towns. 41% of dividend receiving households and 35% of no JV benefits households have household members with casual off-farm jobs. 22% of JV wage receiving households and 30% of dividend and JV wage receiving households have household members with casual off-farm jobs.

Households with access to JV jobs also have the highest proportion with access to public works jobs. This supports the contention of dividend receiving households and no JV benefits households, who complain that public works jobs are accessed according to the same networks of privilege in which JV jobs are accessed, i.e. through the traditional leader (who is a member of the Mayime Cooperative). Households in dividend receiving and no JV benefits households accessing these jobs, may not have fallen out of the graces of the traditional leader.

Table 32. Shiloh: Proportion of Households with Access to Different Types of Farm and Off-Farm Income
(N= 62 households)

<i>Types of Income Sources</i>	Dividend Receiving Household N=23	JV Wage Receiving Household N=9	Dividend and JV Wage Receiving Household N=10	No JV Benefits Household N= 20
JV dividend	100%	0	100%	0
JV permanent jobs	0	89%	90%	0
JV casual jobs	0	22%	20%	0
Other agricultural permanent job	5%	0	0	0
Other agricultural casual job	5%	0	0	0
Off-farm permanent jobs	36%	11%	50%	15%
Off-farm casual jobs	41%	22%	30%	35%
Civil servant jobs	23%	11%	30%	5%
Self-employed (off-farm), no hired labour	23%	22%	10%	25%
Self-employed (off-farm) with hired labour	14%	0	0	0
Public works jobs	9%	33%	20%	15%
Old age grants	73%	67%	70%	65%
Civil servant pension	5%	0	10%	0
Disability grant	23%	0	10%	20%
Child support grants	36%	57%	30%	60%
Remittances in cash	30%	22%	10%	20%
Own-account farming (household labour only)	55%	78%	90%	40%
Own-account farming (household and hired labour)	45%	11%	10%	5%
Own-account farming (paid household labour)	0	0	0	10%

Some of the no JV benefits households, who complained about not being able to access public works jobs, were households in SADA Township. The unsettled land claim is clearly playing out over access to public works and JV jobs. Likewise some of the dividend receiving households who complained about not being selected for either JV jobs or public works, are supporters of the so-called ‘opposition group’ which is in conflict with the leadership of the Mayime Cooperative.

There are much larger proportions of dividend receiving households (23%) accessing disability grants, as compared to dividend and JV wage receiving households (10%). This could possibly be one explanatory factor, among others, as to why the former are not employed in JV jobs, i.e. illness among household members of labouring age and/or caretaking demands placed on healthy household members. Dividend receiving households also have the largest proportion with access to (the relatively larger) old age grants, which corresponds with their relatively elder household heads. Access to child support grants is much higher in households without access to irrigation plots.

Self-employment (with hired labour) is not common in Shiloh and is concentrated in the dividend receiving households. However only 14% of these households are self-employed with hired labour. Self-employed without hired labour, generally involved petty trade and what was referred to as 'piece jobs' like casual brick-laying or plumbing in the local community. These incomes were generally low and could be quite erratic. It is notable that our taxonomic group with the highest household incomes- dividend and JV wage receiving households- also have the lowest proportion of households engaged in this type of activity (10%). The remaining taxonomic groups had a more or less similar proportion engaging in self-employment (without hired labour), with between 22 and 25% of households.

It is only the two taxonomic groups with access to irrigation plots, where all households are engaged in some form of own-account farming. Some of these households were exclusively involved in livestock farming and have abandoned cultivation of household gardens. This was due in large part to the drought, but also other factors such as lack of access to inputs and labour. Hiring of labour in own-account farming is notably highest in dividend receiving households. However, in some cases this was due to illness and therefore lack of household labour, rather than being indicative of capital/ labour relations or a sign of accumulation. Some livestock owning households are hiring a herder to take care of cattle on communal grazing ranges because Shiloh suffers particularly badly from stock theft.

Overall the data on labour relations in own-account farming illustrates that in Shiloh there are very few households making use of labour more frequently and selling a surplus. There are larger proportions of the Keiskammahoek irrigation plot holders hiring labour and targeting markets. This, in part, illustrates how the larger dividends are being reinvested in own-account farming. However, the fact that many of their households in Keiskammahoek are located on the irrigation scheme also means that many have access to water, unlike the Shiloh landowners. Keiskammahoek landowners also have larger household gardens to cultivate, which would allow for a surplus to be sold. Due to the drought many of the Shiloh landowners have abandoned their gardens and their own-account farming is restricted to livestock (which has also been adversely affected by the drought).

11.4 Impact of JV Jobs on Social Reproduction in Shiloh

At Shiloh at the time of research, the farm was employing 26 people in permanent JV jobs (including three male managers). The information provided below on the contribution of JV jobs includes the households of 19 permanent workers¹⁷⁹. Within these households there are more males than females employed. Only 6 households had a female member working in a permanent JV job, whereas 12 households had a male member working in a permanent JV job, (one of which had two males employed). According to the list of permanent labourers, provided by the farm, there are only 6 female workers out of a total of 26 labourers. 4 households had also benefited from casual JV jobs in the last year, which included 1 female worker and 3 male workers. Men are therefore benefiting more from JV jobs than women are because the latter only account for 23% of the labour force. On the other hand, in

¹⁷⁹ This includes one of the junior managers whose household was based in Shiloh. This household also has a general worker employed at the farm. See chapter 6 for livelihood benefits to the other two managers.

Keiskammahoek 40% of the labour force sampled was female. At the Shiloh JV farm, gender equity within the labour force needs to be given more consideration.

In dairy farming, however, there is a definite gendered division of labour. Women tend to work as 'milkers' at the rotary dairy parlour, sell milk¹⁸⁰ and rear calves (although women tend not to do the more physical tasks such as administering injections to calves). Men work in roles considered to require more physical strength, such as working as irrigators, tractor drivers, herders and security guards and completing tasks such as artificial insemination. On a relatively small farm (with fewer labourers) like Shiloh, the gendered division of labour may result in more men being hired, who are perceived to be able to do all the required jobs on the farm (including physical jobs). The specific commodity (milk) being produced therefore has implications for gendered benefits.

Table 33 below outlines the contribution of JV jobs to household income. These jobs make significant contributions to both taxonomic groups. In Shiloh JV jobs contribute more to overall household income (than they do in Keiskammahoek), with a median of 50% for JV wage receiving households and 32% for dividend and JV wage receiving households. There is differentiation between JV wage receiving households and dividend and JV wage receiving households in Shiloh. However this differentiation is not as stark as it is in Keiskammahoek, in part because dividend and JV wage receiving households in Shiloh don't have access to large dividends. However, this also supports the finding that households in Shiloh are subject to a more intense 'reproductive squeeze', with less available wage-labour outside of the JV and fewer cases of landowning households or other groups accumulating in farming.

Table 33. Shiloh: Contribution of Permanent and Casual JV Jobs to Household Incomes (N= 19 households)

Shiloh: JV Permanent and Casual Jobs as Proportion of Total Household Income							
Category of Respondent	Mean/ Median	JV Permanent jobs as % total household income	Frequency/ households	Category of Respondent	Mean/ Median	JV Casual jobs as % total household income	Frequency/ households
Dividend and JV Wage Receiving Household	Mean (%)	0,34	10	Dividend and JV Wage Receiving Household	Mean (%)	0,01	2
	Median (%)	0,32			Median (%)	0,01	
JV Wage Receiving Household	Mean (%)	0,56	9	JV Wage Receiving Household	Mean (%)	0,53	2
	Median (%)	0,5			Median (%)	0,53	

¹⁸⁰ However at Shiloh milk sales are controlled by the Mayime cooperative at their office and not on the farm, as is the case at Keiskammahoek. One dividend and JV wage receiving household is included with a worker who sells milk. This household has the second lowest salary for JV permanent jobs. The woman works at the farm 6 days a week selling milk at the Mayime Cooperative headquarters. However she works for fewer hours than a general worker would. This labourer started working on the grapevines as part of the EPWP paid labour force and then transferred to the dairy subsequently.

In terms of JV permanent jobs, none of the households with access to permanent jobs are categorised as asset poor. Whether the contribution of a permanent job has moved households out of this asset poor category, (in combination with the relative contribution of other incomes), or whether the most vulnerable are not included as permanent workers is unclear. Casual JV jobs are, however, found among households categorised as asset poor. In one household this income comprised the entire yearly income, as they didn't even have access to social grants.

Benefits in the form of JV jobs contributed to 27.4% of households included in the sample. The total monetary value of JV permanent and causal jobs amounts to R866 896 from November 2015 to October 2016. However this is only for 82.6% of the total labour force that was included in the sample at Shiloh. The mean yearly income from a JV permanent job in a JV wage receiving household is R44 422, which is slightly less than the mean for dividend and JV wage receiving household at R45 260. However this difference is mostly insignificant, as it may be slightly skewed by the fact that one household in the latter group had two JV jobs¹⁸¹. The standard deviation, or average distance from the mean, is higher in the case of dividend and JV wage receiving households (also skewed by this one household) at R32 778, compared to R18 802 for JV wage receiving households. This may also be because there are more female workers among dividend and JV wage receiving households. Females tend to work as milkers, who generally work less overtime and shorter hours than their male counterparts, who work as irrigators and general workers. The contributions that JV jobs make to household reproduction, are demonstrated in the following quotes:

Male respondent, in JV wage receiving household (middle asset group): “I started here in 2011 as a permanent and I have a contract. I am a herder here. I work for about 9 and half hours a day but sometimes it can be up to 14 hours. I get R14.25 an hour or about R4600 per month. We also get an incentive bonus of R500 but it works on a point system. Before this job I worked for the Department of Water Affairs as a plumber. I get more money now because I got around R3500 there. My income from the dairy covers food, clothes and feed for the animals. I have bought some furniture and calves from the farm with the money too. But it isn't enough money to be able to save because I support all 4 members of my household- they are all unemployed. The only other income we have is my wife's small business. She sells soup packs of chicken to the neighbours. She buys them from a farmhouse near Queenstown and sells to people on credit and makes about R500 a month. I inherited 5 cattle from my uncle and I bought 8 calves from the dairy farm, three are still calves and the rest are big. I sold two cattle last year and I got R10 300 for them. We also slaughtered two of my mother's cows in a ceremony last year. There are lots of problems with stock theft here in Shiloh, in 2015 I lost 3 cattle. The problem is the unemployment here in Shiloh. I want to take my son to circumcision school, so I will use the money from the cattle. When it's raining again, the cows will get fat and then I can sell them.”

¹⁸¹ One of these labourers is a junior manager who is still studying and therefore only works part-time. This household was the only household included in the sample that had a household member in a 'management' position on the farm. The reason for this was that this household had both a general worker and a junior manager (who is still studying at university and is still a manager in training, who only works at the JV farm during university holidays). This household is also located in Shiloh village, unlike all the other Managers whose main households are in other provinces or parts of the Eastern Cape.

Female respondent in JV wage receiving household, (middle asset group): “I used to work in a factory that closed down and then I was unemployed for two months. It was a dairy factory that made yoghurt, mass and juice. This [JV] job offers a little bit more than what I was previously earning. I started here in 2011 on a 3-month contract and then they made me permanent. I work about 45 hours a week. The only income in the house is my wages, my mother’s old age grant and four child support grants. We struggle to make months end, so we are unable to save money. We have to pay school fees for the four children. I want to start rearing pigs for extra money; I started with one pig this year. I will sell to the abattoir because the community never pays back the things on credit. The challenges of this work at the farm is that as a women it is dangerous to walk here in the morning, you can get hurt because there are lots of muggers. I had an incident because I interrupted some guys busy stealing the silage. Relations between the workers and the community are not 100%, but it's okay. There is some jealousy between those who want jobs and us. The theft is much better on the farm now... workers are not stealing anymore, but they used to. After we caught some guys working on the farm, they realized they are losing their jobs and they are breaking this project down. From the community side, there is still stealing but not as much as in the beginning. The security guys are doing a good job now.”

The above quotes from workers on the JV farm illustrate that the jobs are central to meeting the social reproduction of the households. In many contexts, it is also the first time that workers have accessed wage labour in the agricultural sector, thus the JV is contributing to skills development as well. The high levels of dependency in many of these households, however, affect the impact that JV incomes are able to make. Several workers reported having to support numerous unemployed household members. The other drain on JV job incomes are the ceremonial functions that households need to perform in order to reproduce the household and its members in its full social and cultural significance. These rituals, such as circumcision school and ancestral ceremonies, are however considered central to maintaining social networks and cultural life. The need to maintain a ceremonial fund, however, does put strain on household incomes. It also limits household’s ability to accumulate cattle and other livestock, particularly in a context where livestock theft along with the drought is putting considerable strain on livestock farmers.

Conflicts over JV jobs in Shiloh

Many of the tensions over jobs that were witnessed in Keiskammahoek are also present in Shiloh. These tensions take place at various inter and intra household levels: between ‘customary landowners’ themselves, and between them as a social group and the wider community without rights to irrigation plots. Underpinning these divides are further complex social identities that mediate access to jobs. At Shiloh, the Mayime Cooperative is directly responsible for sourcing labour for the JV farm. Households falling out of favour with members of the Cooperative’s committee or the traditional leader (headman)¹⁸² are allegedly unable to access JV jobs.

¹⁸² The headman is a prominent member of Mayime Cooperative’s committee.

Households living in nearby SADA Township are also excluded from job opportunities. This is related to the historical land conflict between SADA residents and Shiloh residents. As discussed in Chapter 5, Sada Township was a historical site of relocation during Apartheid's forced removals and Shiloh residents claim the land as their ancestral grazing land. Access to jobs is thus somewhat more politicised in Shiloh than in Keiskammahoek. This is in part because in the latter case, the farm operating company is responsible for hiring labour rather than the cooperative. In Shiloh conflicts around the JV also impact access to public works and other contract jobs, since the traditional leader is involved in selections for these jobs too. The following quotes reflect some of these complex dynamics:

Male respondent, no JV benefits household (poor asset group): "The dairy only takes people from Upper and Lower Shiloh. We are not happy but we don't complain because they [Mayime Cooperative] complain this land at SADA is their land, so they must work on their land otherwise it becomes a fight! But we need jobs too!"

Female respondent, dividend receiving household (middle asset group): "If you want to get a job there it's really difficult. People are called from their houses to work there. You can't just go to the manager to ask for a job. They want people they know to work there, their friends, on their side. The people who work there are only from a certain side of the community... those on the side of Mayime and the Nkosana".

Male respondent, in dividend receiving household (poor asset group): "I wanted to work on the farm but Mayime said that I am overage to work there... Those jobs are for the youth. If you are more than 35 years they say you are too old, you only get the piece jobs".

11.5 Impact of JV Dividends on Social Reproduction in Shiloh

In Shiloh the small amount distributed to households in the form of dividends and land rents, means that they make marginal contributions to overall household incomes. Table 34 below indicates that dividends and land rents contributed a median of 2% to total household income in 2015/16 for both taxonomic groups. At Shiloh, dividends (based on farm profits) are paid twice a year and the amount depends on the size of plots contributed by households. The Shiloh JV farm acquired some additional ¼ hectare food plots and households are paid a set rental of R600 a year for these. These ¼ hectare food plots make up 80 hectares of the farms total 450 hectares. Overall, there are allegedly 395 households receiving dividends and/or land rentals from food plots. The mean amount distributed in dividends and land rentals for the 33 households included in the sample, was R2096 per year.

The chairperson of the Mayime Cooperative stated in an interview, that the first year dividends were distributed was in 2011 and each household received R1000 for the year. This amount has slowly grown over the years to R2000 per ¾ hectare plot in 2015/16. In the absence of financial statements, which the Mayime Cooperative was unwilling to share, if we take the cooperative's statement on dividends and land rents as true then: the farm may have paid out

R192 000¹⁸³ in land rents for ¼ hectare food plots and distributed R986 000¹⁸⁴ in dividends. Therefore total benefits deriving to 395 households are possibly in the realm of R1, 178, 000 in the 2015/16 financial year. Among the households sampled, there is a more or less equal gender split in terms of the sex of individuals within households who are directly receiving dividends: 48% are females and 52% are males. Many women claiming dividends are widows but some are also younger female-headed households who have inherited irrigation plots.

Table 34. Shiloh: Contribution of JV Dividends to Household Incomes (N= 33 households)

<i>JV Dividend as proportion of total household income</i>			
Case study site	Category of respondent	Mean	Median
<i>Shiloh</i>	Dividend Receiving Household	0.03	0.02
	Dividend and JV Wage Receiving Household	0.02	0.02

Among the household sampled, there is quite a lot of variation in the dividend amounts recalled by respondents. In some cases this is due to the number of plots owned. However, in other cases I noted discrepancies in the amount recalled by key informants who owned the same number of plots. The intragroup conflicts in Shiloh around the JV may explain the discrepancies in key informant recall of dividend amounts. Some key informants were suspicious or even fearful of the fieldwork, given the on-going conflicts among customary landowners. They were thus hesitant to talk openly and honestly about dividends. For various reasons respondents many have misstated dividend amounts i.e. fear of retaliation from the cooperative, or in an attempt to obtain my support to rally for their cause.

Given the politics and power dynamics witnessed around dividend payouts, I would not rule out the possibility that in some cases (as respondents claimed), they were receiving smaller dividend payouts, since their households were in conflict with the Mayime Cooperative. Without the actual financial statements, which I was unable to get from the Mayime Cooperative (in spite of several attempts to do so), it is not possible to state unequivocally what benefits have been distributed. Since there is such variation in dividends reported among households, it is worthwhile looking at a frequency distribution of dividends and land rents recalled by respondents in the two taxonomic groups, which is reported in the table below.

¹⁸³ Each ¼ hectare is leased for R600 per year. For a total area of 80 hectares that would be 320-¼ hectare plots. Therefore R600 x 320 = R192, 000

¹⁸⁴ This calculation is reached based on 370 hectares (total area of 450 - 80 hectares of food plots). Each ¾ hectare plot allegedly received R2000 in dividends therefore: R2000 x 493 (¾ hectare plots) = R986, 000. However I must caution that it was even difficult to get clarity on the total area under cultivation. The Mayime Cooperative stated that the farm was operating over 450 hectare. Amadlelo Agri's website refers to 330 hectare. However their shareholding document (see chapter 6) refers to 400 hectares and key informant interviews confirmed that an additional 50 hectares were acquired bringing it to 450 hectares.

Table 35. Frequency Distribution of JV Dividends and Land Rents in Shiloh in 2015/16 (N= 33 households)

Category of respondent	Amount received in dividends & land rents in 2015/16	Frequency	Percent	Cumulative Percent
Dividend Receiving Household	R0	1	4.3	4.3
	R500	1	4.3	8.7
	R600	2	8.7	17.4
	R1000	2	8.7	26.1
	R1200	4	17.4	43.5
	R1500	2	8.7	52.2
	R1600	1	4.3	56.5
	R2100	1	4.3	60.9
	R2500	1	4.3	65.2
	R2600	6	26.1	91.3
	R3100	1	4.3	95.7
	R3700	1	4.3	100
	Total:	23	100	
Dividend and JV Wage Receiving Household	R600	1	10	10
	R1200	3	30	40
	R1700	1	10	50
	R2500	1	10	60
	R3300	1	10	70
	R3600	1	10	80
	R4100	1	10	90
	R5200	1	10	100
	Total:	10	100	



Contribution of dividends: household perspectives

The following statements below, illustrate the different household perspectives on dividends. The contribution of these relatively small incomes to household reproduction, contrasts starkly to Keiskammahoek, as does the general contention over these benefits.

Female respondent, in dividend receiving household (asset rich group): “The money they gave us was peanuts because that Clover Company is coming to fetch the milk every day and there are almost 1000 cows. After some arguments they increased it to R2500 this year. What's happening with the profits at that dairy? People are not being honest. From the first time they started that dairy, we said thank you because this land was sleeping and now we are at least eating. But we are still eating peanuts! The land stood still from when Ulimocor was liquidated until the dairy. The land was brown not green. But when we started seeing this joint venture is profitable, we started wondering about those profits. It was our fathers who first made this agreement for the JV, but our elders had no idea how to run it...We are not happy about what is going on there. We had proposed that one of the key projects that can come from the dairy is to develop the small town through setting up a mall, but instead they decided to come and put up the vineyard for wine making to further damage people through alcoholism! We don't even

know how we are supposed to benefit from those vineyards. They just say they take grapes to Cape Town. We are not getting anything from them.”

Male respondent, in dividend receiving household (asset poor group): “We are just happy for that one day when the money comes from the farm, but it runs out quickly. We are living in poverty here. The dividend is important because it buys something that we don't have, like furniture or clothes, but it lasts only for a short while... just for that day. My father's pension is more money, its R1500, and it comes every month... that dividend only comes once a year. My father made a very good living under Ulimocor. But after Ulimocor left they vandalized everything, so the irrigation scheme was broken and it was just for grazing. There was only one year since Ulimocor left, that we tried to plough for the potatoes and mielies when Siyazondla came. But nothing happened from it, we had no water and government didn't make a follow up... I go to the cooperative meetings for my father, I am a member of that committee. Mayime has projects, which includes the housing project for youth. RDP is too slow, so the youth are erecting houses for themselves. They are also paying me R200 a fortnight to help sometimes... Things are running smoothly with the dairy project but the main challenge is there is too much poverty... the project is not enough. Government doesn't come and see how Shiloh is. Government must put money here to make things better... The dairy on its own can't support us- we need jobs as well! Especially the youth, they are busy smoking drugs, and the only jobs they have is to make children. There are not enough EPWP jobs! If that dairy makes some other projects, like one for cheese or yoghurt, then maybe things will be better, but we need government funding!”

Female respondent, dividend receiving household, (asset middle group): “I inherited those fields they are using at the farm when my grandmother passed away in 1999. I am the eldest sister and there are no brothers. I never ploughed that land since I got it. I didn't have the strength to plough it. During the Sebe regime my family used to crop the lands, but since then we haven't. I decided to do the home garden instead because those fields are too big for me. I also keep pigs around the house, I have four now. They make good money, last year I slaughtered two and I got R5000 for each pig, selling it in pieces to the community. The money from that farm is less than my garden and pigs, which are most important. In 2015 we got R1000 in November and it was followed by R600 so far in 2016. We should get another R1000 this November. I have three plots rented at the dairy but I don't know how big they are. The income assists because we can buy groceries with it for that month but the amount will never be sufficient. I want at least R15 000 a year for my land there. I have no idea how the amount is decided. I don't even know if I'm a member of Mayime. I only go to the meetings when the amounts are paid... Why are you asking me these questions? Are you going to give this information to the Cooperative? Have you seen the lists, are our names on the list? We haven't even seen the list of landowners, and we asked for it! “

Firstly, it is important to notice that the first respondent refers to Clover as the company that procures the milk from the farm. However, since 2015 COEGA Dairy has been procuring milk from Shiloh. This was a common mistake that was made by respondents, and indicates that they are not well informed regarding the JV project. The last quote also illustrates how

customary landowners are unaware of the governance and financial arrangements, and that they have little power in holding the cooperative to account. Many respondents were fearful of retaliation from the Mayime Cooperative, who might stop distributing their dividends. This illustrates dynamics of unequal power relations between the committee of the Mayime Cooperative and customary landowners meant to receive benefits. It also doesn't help that many landowners (as the last quote demonstrates) are unaware of the area of land that they have customary rights to. This means that they can't enforce their rights legally and hold the committee to account, (in terms of being paid the correct amount for the land contributed).

Another area of contention, that the quotes reflect, is disputes over how profits should be used. Views differed over whether profits should be paid out in full as dividends to the landowners, or reinvested in other 'community projects'. Among such a large group, which is socially differentiated, views obviously differed as to which kinds of 'community projects' were suitable. The choice of the Mayime cooperative to reinvest profits into a vineyard project¹⁸⁵ has been met with disapproval among many households. Poorer households, however, tended to prefer that all profits be distributed as dividends because of the strains they face to their simple reproduction. The last respondent became very nervous talking about the dividends and was worried about the cooperative penalizing her. This kind of response was quite common and indicative of a general atmosphere of distrust and fear, which frames the intragroup conflict among customary landowners in Shiloh. I did my best to reaffirm my impartiality as a researcher and my commitment to protect anonymity. However, the tense context undoubtedly affected the responses I received from key informants.

Conflict over JV dividends in Shiloh: intragroup conflicts inflected by social differentiation

As already discussed in Chapters 7 and 9, within the customary landowning group, who are receiving dividends and jobs from the JV, there are various factional groups that have emerged, which are built around complex and overlapping identities. Various layers of social networks mediate access to not only jobs but allegedly also dividends and decision-making power in Shiloh. Most notably are whether households are considered members of the 'traditional community', association to the local Moravian Church and generational dynamics. These conflicts also have their roots in the intense reproductive squeeze many households in Shiloh are subject to. Capitalist farming introduces tensions and contradictions to social reproduction (Murray Li, 2011; Manenzhe, 2016/8; Mackintosh, 1989). This is reflected in the below quote, that indicates some of the demands being made on the JV farm, which are in direct conflict with the viability of the farm as a capitalist enterprise:

Male respondent, JV wage receiving household (middle asset group): "Some of the issues are that the dividends comes after 6 months, but they want the money every month.... But the cooperative say if they pay every month there will be a loss. Another thing they wanted is milk

¹⁸⁵ This project has allegedly received other government funding. However, customary landowners claimed that profits from land contributed towards the dairy were being reinvested in the vineyards. I couldn't get clarity on this from Mayime committee member or financial statements to prove the contrary.

for every landowner but that will also create a loss. A lot of people are not happy with it; there are opposers of this project. Half of the beneficiaries I think are unhappy.“

Manenzhe (2016/18) and Hornby (2014) have also noted similar contradictions and tensions between social reproduction of poorer households and capitalist farming in the South African context. Manenzhe (2018) for example, notes that tensions documented in JV schemes in Levubu in South Africa's Limpopo Province, can be linked to “the contradictory unity of capital and labour within community-owned enterprises, with difficult choices to be made between enhancing social reproduction or ensuring accumulation and profitability” (p.15). These types of dynamics and contradictions are markedly present in the Shiloh case study.

When asked about the distribution of dividends to households, however, the Chairperson of the Mayime Cooperative did not note any grave contentions over the land rent and dividend payments: “There are no challenges in distributing dividends. We go to a general meeting and report how much money we have. All the landowners together decide how much must be kept in the bank, to do things for the business, and how much must go to the people for the dividends. We pay a dividend to 395 beneficiaries”. She did however note that there were conflicts among the beneficiaries, linked to ‘seeing things differently’ and households ‘not wanting development’: “The challenge is that there are so many beneficiaries. People don't see things the way we do... I don't know why they are against us, they don't want the development!”

Given the rather extreme levels of social differentiation among the customary landowners (that are documented above), it is not surprising that households have differing ideas about how JV benefits should be used and distributed. Rather than ‘not wanting development’, however, it appears that the root of the contention lies in poorer households struggling to meet their reproduction. However, there are also more complex dynamics of power at work, which intersect particularly around generational, religious, class and customary identities, which will be unpacked further in the coming chapters.

One so-called ‘opposition group’, raises numerous concerns around the governance of the Mayime Cooperative and its committee. Some of these issues that are raised are relevant to the distribution of dividends. Households associated to the ‘opposition’ claim that many households are receiving dividends even though they are not ‘landowners’. They also expressed discontent that the Mayime Cooperative is responsible for distributing dividends to households, rather than the Shiloh Dairies Trust. The following statements illustrate these disputes:

Female respondent, dividend receiving household (rich asset group): “278 people own the dairy who are supposed to get money ... But because of corruption there are 395 who are getting the money. There is a fight in this village about this, some of those top members of Mayime Cooperative are not even landowners.”

Male respondent, dividend and JV wage receiving household (middle asset group): “There are two things here... The trust, which runs the dairy and Amadlelo, sits on that, and the Co-op that divides the dividend into people’s bank accounts. Joining the co-op is voluntary, but people don't see eye to eye and the co-op is a middleman between the trust and the landowners. Why is this co-op running our money because they don't represent us all? I think the money should be run by the trust!”

A manager at Amadlelo Agri also notes the conundrum regarding the number of beneficiaries, as well as issues around the governance of the Mayime cooperative, which affects the transparent distribution of dividends: “There are difficulties in these communal projects around who the beneficiaries of these projects are. People start coming out of the woodwork. At Shiloh when they first started there were 278 beneficiaries and then somehow it grew to 395, and we are not sure how”. In my sample of 33 households, who supposedly have customary rights to irrigation plots, there is one household that claimed that they were not receiving a dividend because they are a part of the ‘opposition group’ in conflict with the current leadership of the Mayime Cooperative. The following statement explains this conflict:

Male respondent, customary landowner: “Since we were pushed out of the committee in 2013, we don't get anything. I went to Mayime’s office and they just said go to the bank. We wrote to Bhisho [Government] but they never responded and we formed a new group that is opposed to the committee and then the legal process started. This opposition group is not getting money. I have 4 fields being used by the dairy and I receive nothing. Now I am being told I will only receive R600 a year. We are still hopeful if the committee can change that things can be run better and we will get our money.”

The intragroup conflicts emerging in Shiloh are complex and multi-layered, with several opposing discourses. Some of these contentions have already been discussed in previous chapters but will be elaborated on in more detail in the proceeding chapters. However, I have introduced some of these dynamics here to highlight that evaluating the outcomes of dividends and jobs in this context requires grappling with complexity.

11.6. Conclusion: Comparative Analysis of Livelihoods Impacts in Shiloh and Keiskammahoek

This chapter has illustrated how investigating characteristics of household composition, the wider political economy and dynamics of social reproduction, are of central importance in understanding the impacts of the JV farms on livelihoods. Making use of different taxonomic groups assisted in drawing out relevant causal factors. For example, although the asset groups do not denote ‘class categories’, the results presented above indicate that there are correlations between asset groups and dynamics of capital-labour relations. This was particularly the case with hiring of labour, which was exclusively found in the 'middle asset' and 'rich asset' households in Keiskammahoek and only in the 'rich asset' households in Shiloh.

Overall the comparative analysis, paints a picture of a rural community in Shiloh whose livelihoods and ability to meet social reproduction are somewhat more precarious than in

Keiskammahoek. More households in the Shiloh sample live below the poverty line (both UBPL and LBPL), they have less assets and lower incomes¹⁸⁶, scarcer access to wage labour, more female-headed households and generally rely more heavily on safety nets like public works jobs and social grants. Understanding pressures to household reproduction can also help explain emerging tensions over JV benefits.

Investigating inter- and intra-household distribution of JV benefits (and risks) is also central to understanding these contentions and conflicts. At Shiloh conflicts over dividends take place at an inter-household level, and appear to be mediated by alliance to the Mayime Cooperative, the traditional leader and the Moravian Church. At Keiskammahoek there is decidedly less tension over dividends. However, the relatively larger dividends have, in some cases, ignited intra-household conflicts over their distribution, which have taken on a particularly gendered character. At both case study sites, there are contentions over who has the right to labour on the farm, which are permeated with language of belonging and mediated by networks of kin and customary groups. There are also notable generational struggles over jobs. The following chapter will analyse these intragroup conflicts in more detail, exploring the impacts of dynamics of class formation.

The case studies reveal that there is evidence of livelihood benefits at the two Amadlelo Agri JV farms in Shiloh and Keiskammahoek, in the form of jobs, land rents and dividend payments. The formalization of labour processes on the JV farms has allowed households to access formal employment, a scarce commodity in these areas. The conditions for labour on the JV farms are decidedly less precarious than that of informal wage labour or most self-employment opportunities that can be found in the surrounding areas. The nature of dairy also means that there are more formal jobs created as opposed to seasonal or informal jobs. Arguably, the formality that comes with a JV, involving agribusiness, does have some benefits for labour. Petty commodity producing entities are often squeezed for working capital. As a result, super-exploitation of labour (including self-exploitation) is a common strategy to survive. However, in the context of a JV it is politically untenable for agribusiness to remunerate labour below the minimum wage. Authors such as Sender and Johnston (2004) have also highlighted the benefits of commercial farming for the poorest sectors of classes of rural labour.

Data presented above for each case study indicates that JV jobs make significant contributions to household incomes. This is especially the case among JV wage receiving households, where JV wages in many cases comprise the largest and most stable household income source. In Keiskammahoek the median contribution to total household income for this group is 42%, and in Shiloh it is 50%. A more stark difference is evident between the dividend and JV wage receiving households. In Keiskammahoek JV wages contribute a median of 17% and in Shiloh they contribute 32%. These differences, in the latter group, can be explained in part by the comparatively larger dividends received in Keiskammahoek. However, the wider analysis of household livelihoods presented in this chapter provides a fuller account for these differences.

¹⁸⁶ Median yearly household income for the sample was R86, 300 in Shiloh and R128, 495 in Keiskammahoek. This would, however, be affected in part by the larger dividends received by a portion of the sample in the latter case.

Particularly important, are variances in household composition, access to off-farm jobs, asset ownership, and labour hiring patterns. Households in Shiloh are generally subject to a more intense reproductive squeeze, as a result of a broader unemployment crisis. The wider livelihood portfolio of households and character of household composition thus interacts with the JV intervention in complex ways.

In Keiskammahoek, JV dividends are clearly making significant contributions to overall household incomes: a median of 44% in dividend receiving households and 47% in dividend and JV job receiving households. Many elder pensioners are using these incomes to take care of grandchildren and some also send 'reverse remittances' to migrant children looking for work in urban areas. Some respondents noted that they were using this money to reinvest in own-account farming and were hiring labour. However, these households also had access to many other types of off-farm income, and because money is fungible it's hard to delineate the dividend's contribution from these other sources of income. It is fair to conclude, that the dividend makes a contribution to the overall reinvestment fund for own-account farming in many of these households.

In Shiloh, the dividend only contributes a median of 2% to both taxonomic groups. It thus makes a relatively small contribution and is used predominantly on household consumption. In general, however, you don't see the same level of accumulation occurring in farming in Shiloh, even with contributions of off-farm incomes (as opposed to dividends). There are some dynamic livestock (worker) farmers, however they are fewer in numbers. The difference in livelihood strategies in these two sites, is in part a reflection of how the Keiskammahoek landowners accumulated larger areas of land and how most have maintained 1 or 2 hectares for own production. However, livelihood strategies are also more closely connected to agrarian activities. Most households had been farming their land and continuing to target formal and informal markets (to different degrees), up until the JV was implemented. Whereas the majority of landowners in Shiloh reported having abandoned the use of their land on the irrigation scheme between 1994 and 1997. Access to off-farm incomes and social grants have thus become comparatively more critical for the reproduction of these households. .

The main benefit deriving to the no JV benefits group is the availability of cheap unpasteurized milk from the JV farms. In October/November 2016, the farms were selling 5 litres of milk for R32.50 (R6.50 per litre)¹⁸⁷. The official price for supermarkets in rural areas in October 2016 was R14.24 for a litre of UHT milk and R13.14 for a litre of fresh pasteurized milk¹⁸⁸ (NAMC, 2016). However, one could pay considerably more in a local grocery shop, and so many local households buy milk from the farms. Workers at the farms also receive free milk each day. At Keiskammahoek, a worker responsible for selling milk reported that in peak times¹⁸⁹ around 60 people purchase milk each day. In Keiskammahoek, some local entrepreneurs were buying milk from the farm and selling it at a premium of R45 (for 5 litres) to surrounding villages, where people are unable to reach the farm by foot. Several key informants in both Shiloh and

¹⁸⁷ R5 per litre for 500 litres or more when buying in bulk

¹⁸⁸ It is not legal for supermarkets to sell unpasteurized milk in South Africa, although it is in high demand since many local people prefer to drink 'Maas' (sour milk).

¹⁸⁹ In the summer when it is easy to make 'Amasi' or 'Maas' (sour milk).

Keiskammahoek also emphasised the benefit of being able to purchase calves cheaply from the farm, especially for ceremonial purposes. Many households are also purchasing these calves and rearing them, to sell for a profit in the local ceremonial economy. The new market for cheap calves is thus a positive spin-off of these JV interventions.

The chapter also highlighted some conflicts between households receiving jobs and dividends from the farm and no JV benefits households. In both sites this taxonomic group is decidedly worse-off in terms of incomes, assets, access to land and other key features of household composition (e.g. they have the largest proportion of female-headed households). As a control group, this may indicate that access to JV benefits is a determining variable in the relative ability of households to meet their social reproduction effectively. However, as discussed above, the sampling procedure for this group may have interfered with the results. Historical trajectories of land use, livelihoods and social differentiation, and how they interact with contemporary dynamics, are also central to understanding difference between these taxonomic groups. Bringing these complex levels of analysis together will now be the focus of the proceeding chapters.



Chapter 12. A Class-Analytic Approach to Agricultural Joint Ventures

12.1 Introduction

This Chapter engages with key debates regarding the dynamics of class formation in the former Bantustans (or 'homelands') of South Africa. It is widely acknowledged that the oppressive and racially defined character of the labour regimes that emerged in the colonial and Apartheid eras, constrained rural class formation in these areas to some extent. However, a dominant 'linear proletarianisation thesis' has overstated class homogeneity, and its continuing influence on scholars, means that processes of incipient class formation in these contexts continue to be underestimated (Levin and Neocosmos 1989; Cousins 2010).

In previous chapters we have seen that the Shiloh and Keiskammahoek case studies illustrate quite divergent outcomes, even though the same JV model is implemented. This chapter will illustrate how the divergent outcomes in these two rural settlements are most powerfully explained by differences in the class structure of each settlement. A class-based typology assists in understanding the tensions that the JV model of capitalist farming generates in relation to household reproduction, in a class-differentiated manner.

The chapter focuses primarily on a class-analytic approach, which combines Patnaik's (1987) 'labour exploitation criterion' with class typologies developed for the South African context by Cousins (2010) and Levin *et al.* (1997). Analysis of class dynamics (which intersect with other aspects of social difference in complex ways) accounts for many of the divergent outcomes evident in Keiskammahoek and Shiloh. In particular, it helps to explain the more intense intragroup conflicts that have emerged in the Shiloh case. A class-analytic approach is also significant, because it illuminates the emerging agrarian class structure that a JV intervention conditions, and thus explores the implications of the model for agrarian change in South Africa

12.2 Class Typologies

Interrogating tendencies towards rural class differentiation requires an engagement with the concept of petty commodity production¹⁹⁰. Class differentiation among the peasantry occurs as a result of being 'locked into' commodity production in order to meet subsistence needs, so that peasants can no longer reproduce themselves outside of commodity relations (Brenner 2001). Within a capitalist mode of production, small enterprises that predominantly make use of family labour are best thought of as differentiated classes of 'petty commodity producers' (Bernstein 2010). These enterprises combine within them the contradictory class places of labour and capital. Since they own the means of production they are 'capitalists', but because they exploit their own labour power they also occupy the class place of 'labour' (Bernstein 2010).

¹⁹⁰ Petty commodity production has already been discussed in Chapter 2 but will be elaborated on here, as it is central to the discussion of my proposed class typology. See Chapter 2 also for debates on class formation in the former homelands, as I will not reiterate these again to save space.

In reality, many petty commodity producers will make use of hired labour for certain tasks, but the majority of labour inputs are sourced from the family. The class positions of capital and labour can also be differentially distributed within the household. For example, it is common for the class place of labour to be occupied by women and children, while men control the production process and thus occupy the class place of capital (Cousins 2010; Bernstein 2010). The position of petty commodity producers is characteristically unstable, in part because of how they combine these contradictory class positions (Bernstein 1986). Their ability to deal with competition and shocks, and to negotiate these internal contradictions of class, is uneven and this results in a tendency towards class differentiation (Cousins 2010; Gibbon and Neocosmos 1985).

Lenin (1967 [1899]) explored the tendencies and dynamics of class differentiation among the peasantry in the context of the Russian countryside in the late nineteenth and early twentieth centuries, and identified poor, middle and rich peasants. Poor peasants struggle to reproduce themselves without squeezing their own labour-power, their capital, or both. Many lose control of their capital and come to rely exclusively on the sale of their labour-power, thus transforming into proletarians (or semi-proletarians, if they maintain some foothold in agricultural production). Middle peasants can engage in simple reproduction and meet these pressures through their own efforts. Rich peasants are those able to engage in expanded reproduction, accumulating capital and perhaps producing on an increasingly larger scale of production, and some may become capitalist farmers over time.

Lenin's (1967) framework has been widely utilised to describe general tendencies towards class differentiation in a plethora of different contexts. Cousins (2010), however, has argued that it cannot be applied to the South African context, because the emergence of an African peasantry was deliberately constrained by the creation of the 'homelands' as labour reserves, and by the appropriation of land by an emerging 'white capitalist farming class'. Cousins (2010:12) proposes a different way of understanding class that takes account of the intricate ways in which wage employment is combined with self-employment:

"An alternative approach to analysing rural social formations in the region is to view both proletarianisation and the emergence of petty commodity production as class trajectories within a capitalist economy, and, furthermore, to see these as being able to be combined with each other (in complex and contradictory ways). This possibility yields the composite category of 'worker-peasants', in which simple reproduction is achieved through combining small-scale agriculture and wage labour".

Typologies have been developed in the sub-Saharan African context, which attempt to capture this reality of households meeting their reproduction through both farming and wage employment (Scoones *et al.* 2012; Neocosmos 1987, Cousins *et al.* 1992). I have summarised two typologies in Table 36 below, which were developed for the South African context. Cousins (2010) framework focuses on small-scale agricultural producers, and thus does not include class categories for rural residents who do not engage in farming and combine off-farm incomes such as wages and social grants, while Levin *et al.* (1997) include a category for a

'rural proletariat, dependent on selling their labour power. I will draw on these two typologies in proposing a relevant typology for my case study sites, while making adjustments for contextually specific dynamics.

Table 36. Existing Class Typologies for Agrarian Social Formations in South Africa

Levin <i>et al.</i> (1997)	Cousins (2010)
<i>Petty bourgeoisie</i> : salaried individuals who engage in farming.	<i>Capitalists whose main income is not from farming</i> : farm on a small scale but their main income is another business.
<i>Petty capitalists</i> : engage in petty commodity production, hire some wage labour and some have access to small businesses.	<i>Small-scale capitalist farmers</i> : rely substantially on hired labour and can begin to engage in expanded reproduction and capital accumulation.
	<i>Petty commodity producers</i> : are able to reproduce themselves from farming alone (or only minor additional forms of income).
<i>Worker farmers</i> : wage workers with access to land.	<i>Worker farmers</i> : farm on a substantial scale but are also engaged in wage labour, and combine these in their simple reproduction.
<i>Allotment holding wage workers</i> : primarily dependent on wages and pensions, also have access to small garden plots.	<i>Allotment holding wage workers</i> : work small plots or gardens but are primarily dependent on wages for their simple reproduction.
<i>Rural proletariat</i> : landless or near landless, depend almost wholly on wages.	<i>Supplementary food producers</i> : work small plots or gardens and do not have access to wage income. Rely on social grants, craftwork or petty trading for their simple reproduction.



12.3 Methodology for Class Analysis: Patnaik's Labour Exploitation Criterion

The framework for my approach to rural class analysis is based in part on Patnaik's (1987) *Labour Exploitation Criterion*, which is embedded firmly in the Marxist tradition. Patnaik's empirical index distinguishes peasant classes based on 'the degree and type of labour exploitation relative to self-employment, as the single most important indicator of class status (*ibid.*: 51). The primary forms of exploitation that she considers are firstly, direct exploitation through hiring labour (i.e. surplus value appropriation¹⁹¹) and secondly, indirect exploitation through leasing of land (rent appropriation). The latter is based on the Marxist theory of 'absolute ground rent', which has already been discussed in Chapter 8. Very schematically, under a capitalist mode of production rent is inextricably linked to the existence of a class of landed property, which claims a monopoly of property over land.

The existence of rent is explained thus by Patnaik (1983: 75), 'Absolute ground rent is a tribute exacted by the class of landlords by virtue of their monopoly of landed property, from the capitalist class out of the total surplus value appropriated by the capitalist class from the

¹⁹¹ Surplus value is the product of the unpaid surplus labour time of producers (labour), which is appropriated by capitalists as profit (Bernstein 2010).

working class'. In adopting this framework for analysis of my cases, I view the JV dividends that households with rights to irrigation plots receive as a form of rent involving indirect exploitation of labour.

Patnaik (1987) notes that, when defining a labour exploitation ratio for households, the unit of measurement could be labour-days, product or income. She chooses labour-days as her key criterion because it is easier to measure and 'because it lays bare the underlying production relation in the clearest possible manner' (Patnaik 1987). However, she notes that any unit of measurement would suffice, as the latter two are simply 'the product and value forms or expressions of the first, labour days' (*ibid.*:52).

I have chosen to use income data as my key measure for the practical reason that in my household survey I gathered detailed data on incomes but not on labour-days. Given that residents of Shiloh and Keiskammahoek engage in a variety of off-farm livelihood activities, with quite variable degrees of income generation, it could also be argued that 'income' may be more illuminating than 'labour-days' worked, since days worked in an informal or seasonal unskilled job would render quite different incomes from, for example, a permanent job requiring skills. There are however definite limitations in the use of income data for calculating a labour exploitation ration, which have already been discussed in Chapter 4 of this thesis.

In the use of the labour exploitation index Patnaik (1987) acknowledges that one has to accept a degree of reductionism. I am aware of the limitations of the approach, but as with all 'typologies', one may need to accede to a degree of abstraction and then explore the degree to which it produces meaningful results. However, basing an empirical index first and foremost on labour relations is preferable to alternative approaches that infer the class position of rural producers from, for example, scale of production or size of land holding. It is also preferable to approaches which identify class by 'individual attributes', such as a person's education, which are then used to explain differential material life conditions, while often excluding the dynamics of systemic inequality (Wright 2015).

Patnaik' labour exploitation ratio is calculated by the following formula:

$$E = (H_i - H_o) / F = X/F$$

Labour-exploitation ratio = Net labour-days hired in / Family labour in self-employment

where E = Labour-exploitation ratio

H_i = Labour-days hired in or *net income from labour hired in* (including rents)

H_o = Family labour-days hired out or *net income from family labour hired out*
i.e. total wages

F = Family labour-days in self-employment or *net income from family labour in self-employment*

X = Net labour-days hired in

In order to distinguish between different class categories, Patnaik establishes limits for each class for the value of E (labour-exploitation ratio) and assigns relative values for X (net labour hired in) as opposed to F (family labour in self-employment). The logic of how these 'limits' are established is documented in Table 37 below, in the 'reason' column, and I elaborate on these in the section that follows. It is also important to establish a methodology for identifying 'outliers', or exceptions to the general rule. For example, Patnaik (1987) identified a class of 'petty employers' in her Indian case, who are very poor households that rely primarily on hired-in labour as a matter of necessity, owing to the absence of able-bodied workers in the family and not as a reflection of an exploitative class position. It is thus necessary to use other indicators to identify these exceptions.

In addition to 'labour exploitation', Patnaik (1987: 201) identified a further two 'secondary characteristics' to distinguish classes in agrarian societies, but which are not directly computed in her labour-exploitation criterion, namely 'the degree of possession of means of production, and the achievement or otherwise of a customary subsistence'. We can expect that both of these additional variables will correlate closely with the type of labour exploitation that predominates.

Patnaik's (1987) method is commensurate with Cousins' (2010) class-analytic typology, since his principle variables are, 'the degree to which agriculture contributes to social reproduction or expanded reproduction, and the degree to which hired labour is used in the agricultural production process' (Cousins: 14). I make use of some of the additional variables mentioned by Patnaik (1987) and Cousins (2010) along with relevant additions (e.g. the contributions of social grants) to distinguish between different classes which have a similar labour-exploitation ratio, but which are qualitatively different (see Table 37 below). These additions are considered as separate variables and are not calculated into the labour exploitation criterion.

I use ownership of farming assets (means of production), ownership of livestock, and whether or not there is sale of an agricultural surplus, to distinguish between 'allotment holding workers' and 'worker farmers'. The latter reinvest off-farm incomes in own-account farming on a more substantial scale than the former. I use social grant incomes as a separate variable to identify a class category of 'supplementary food producers' that rely substantially on grants, and to distinguish them from 'petty commodity producers'. These two class categories have similar labour exploitation ratios and are similar to Patnaik's 'small peasants', because neither has access to significant wage incomes (petty commodity producers might enjoy a little wage income). Social grant incomes are included as a separate variable because it can be argued that they are an income not derived from a household-based labour process.¹⁹²

Patnaik (1987) makes use of the class categories employed by Lenin (1967) to differentiate classes of peasants, which may be relevant in the Indian agrarian context. I have chosen to steer clear of the term 'peasant' due to its 'conceptual baggage'. This term invokes intense debates

¹⁹² Some approaches have described incomes like pensions as a form of rent appropriation. This may be an accurate portrayal of labour relations in a developed country context, but I have chosen not to adopt this stance because it would misrepresent their class position in the South African context.

within agrarian political economy about the nature of the 'peasantry', and whether or not it has disappeared as a result of on-going and accelerating processes of deagrarianisation (Bryceson *et al.* 2000; Hobsbawm 1994), and is thus merely a historical category (Bernstein 2010), or is currently being eliminated (Kitching 2001), or continues to exist and is a major social force in the countryside, underpinning contemporary agrarian political movements (McMichael 2006; van der Ploeg 2008). Instead, I have chosen to use terms which shed light on the social relations of production on JV farms in Shiloh and Keiskammahoek, and the diverse ways in which households meet their reproduction needs both on and off-farms, across rural and urban spaces.



Table 37. Methodology for Establishing Class Categories and Proportions for Case Studies

Type of Labour Exploitation	Patnaik's (1987) Class Categories	Characteristics	Value of E= X/F	Reason	Bunce (2018) Revised Class Categories	Characteristics of revised class categories	Variables considered (in addition to Patnaik's value of E=X/F)	Class % in Shiloh sample (N=62)	Class % in Keiskam mahoek (N= 55)
Primarily exploiting labour of others	Landlords	No manual labour in self-employment, large-scale employment of others' labour	$E \rightarrow \infty$	$F = 0$ $X > 0$	Rent earning pensioners	Survive entirely off rents (JV dividends) and pensions. No wage labour or manual labour in self-employment (besides in garden plot and rearing livestock, which most often involves hired labour).	JV rent appropriation and access to social grants. $F \geq 0$	0%	5.5%
	Rich peasants	At least as large an employment of others' labour as self-employment	$E \geq 1$	$F > 0$ $X > 0$ $X \geq F$	Rent earning rich farmers and business owners	Employment of others' labour (including rents) is equal to or larger than self-employment. Some derive substantial income from off-farm business with hired labour. Also sell labour in off-farm activities and some labour on the JV. Reinvest income in own farming, especially accumulating livestock.	Livelihoods centered around JV incomes, own-account farming and own businesses with hired labour.	3.2%	14.5%
Primarily self-employed	Middle peasants	Rely primarily on self-employment but employ the labour of others to a minor extent	$1 > E > 0$	$F > 0$ $X \geq 0$ $X < F$	<i>Doesn't exist in either case study</i>	NA	NA	NA	NA
	Small peasants	Zero employment of others or working for others; or working for others to lesser extent than self-employment	$0 \geq E > -1$	$F > 0$ $X \leq 0$ $ X < F$	Petty commodity producer/ petty trader	Reproduce themselves predominantly from self-employment (on-farm and/or petty trade) without any or minimal hired in labour, which may be supplemented to a minor	Self-employment is main income source	8.1%	5.5%

						extent by wage labour.			
					Supplementar y food producers	No access to wage income. Survive primarily on social grants, supplemented by garden plots and petty trading	Social grants are main income source (77-100%).	14.5%	0%
Primarily exploited by others	Poor Peasants	Some self-employment but rely primarily on working for others.	$E \leq -1$	$F > 0$ $X < 0$ $ X \geq F$	Worker farmer	Engaged in wage labour (often migrant, also JV) for simple reproduction, but reinvest off-farm incomes in own account farming on a substantial scale.	Fulfil 2/3 criterion ¹⁹³ : Cattle assets (middle or rich); farming assets (middle or rich); sell a surplus	32.3%	20%
					Allotment holding worker	Engage in wage labour for simple reproduction but also work small home gardens or plots.	Do not fulfil 2/3 criterion. Tend to have fewer livestock, farm assets and marginal/ no sales	30.6%	41.8%
	Landless labourers	Do not engage in self-employment since they have no means of production, and depend entirely on working for others.	$E \rightarrow -\infty$	$F = 0$ $X < 0$	Near-landless labour	Depend almost wholly on wages and social grants. Landless or near-landless.	No plots, no livestock, most do not cultivate garden or to minor extent $F \geq 0$	11.3%	12.7%

(Source: Patnaik 1987; Cousins 2010; Levin *et al.* 1997, with the author's own additions Bunce, 2018)

¹⁹³ 2/3 criterion avoids excluding households (e.g. livestock farmers), who may have fewer farming assets or different types of livestock (not cattle); and/or no sales in the last year, due to rearing/harvesting times or drought.

12.4 Results of Employing a Class-Analytic Typology for Investigating Social Differentiation in JVs

In Keiskammahoek, those households who did not engage in wage labour and relied primarily on JV rents, social grants (primarily pensions) and own-account farming with hired labour were identified as *rent earning pensioners*. This class category is found only in Keiskammahoek, and accounts for 5.5% of the sample. Their labour exploitation ratio tends towards positive infinity: $E \rightarrow \infty$; they have little or no self-employment: $F \geq 0$; and net income from labour hired in tends to have a large positive value, derived primarily from JV rents: $X > 0$.

A substantial part of the sample in Keiskammahoek was classified as *rent earning rich farmers and business owners* (14.5%), while in Shiloh only 3.2% of the sample fell within this category. In Shiloh, these households were not identified in this category due to JV rents (which are insignificant compared to other incomes). Rather, they earned income from off-farm businesses in which they hired labour, combined with own-account farming. This class category's labour exploitation ratio equals or succeeds one: $E \geq 1$; self-employment is greater than zero: $F > 0$; net income from labour hired in is greater than zero: $X > 0$; and net income from labour hired in succeeds or at least equals that from self-employment: $X \geq F$.

A *middle peasantry* could not be identified in either case. In the case study sites, even if self-employment (with some hired labour) was undertaken, as in Keiskammahoek, it earned much less income than was contributed by JV rents. The value of E was thus necessarily larger than 1, placing these households in the class category of *rent earning rich farmers and business owners*. I also did not classify any of these households as 'small-scale capitalist farmers', as identified in Cousins' (2010) typology. This is because there were no cases where households relied substantially on hired labour in agricultural enterprises and were engaged in expanded reproduction (accumulation).

Most of the households engaging more extensively in own-account farming were classified as *rent earning rich farmers and business owners* or *worker farmers*, in the latter case because of heavy reliance on the sale of their labour in return for wages. Among these households, a minority were hiring in labour more frequently, but generally no more than a single labourer for between 1–5 days a week in household gardens or for herding, where households generally paid a herder collectively. The significance of this absence of *middle farmers/peasantry* and *small-scale capitalist farmers* for agrarian change in South Africa, particularly in light of the prominence of the JV model is discussed further below.

Supplementary food producers were identified only in Shiloh, where they made up 14.5% of the total. Social grant contributions ranged from 77% to 98% of overall household income. In both sites only a minority of households identified as *petty commodity producers or traders*. Both of these class

categories have a labour exploitation ratio $0 \geq E > -1$ that corresponds to Patnaik's (1987) *small peasants*. An ideal petty producer would have a ratio of zero, but because some are obliged to supplement self-employment with wages, the ratio may be less than zero but will be greater than -1. Self-employment is greater than zero: $F > 0$; net income from labour hired in is less than or equal to zero: $X \leq 0$; and the modulus¹⁹⁴ value of net income from labour hired in is less than income from self-employment. If less than half the total income is from working for others, the household is still a small peasant: $|X| < F$. As detailed in the previous section I distinguish between these class categories on the basis of their degree of dependence on social grant incomes.

A *near-landless labour* class category was also identified, which depends almost wholly on wages, supplemented by social grants. They have no field plots, no livestock, few or no agricultural assets and most do not cultivate a garden. Their labour exploitation ratio tends towards negative infinity $E \rightarrow -\infty$; They have zero or near zero self-employment: $F \geq 0$; and their net labour days hired in will have a large negative value, since their entire income is from working for others: $X < 0$. Some of the labourers on the JV farms in both sites fall within this class category. In Keiskammahoek, they account for 12.7% of the sample, and in Shiloh, 11.3%.

Cousins (2010) notes that the boundaries between his *worker peasants* and *allotment holding wage workers* are blurred, however, the main distinction he draws 'rests primarily on scale of land-holding'. In the specific contexts investigated here, however, scale of land-holding is not a relevant variable. Even if households own irrigation plots, none of the households in these class categories farm these plots themselves, because they are hired to the JV scheme. Historical processes of land closure related to the establishment of the irrigation schemes, means that there are very few dry land plots. Limited access to land and the importance of wage labour means many households are not cultivating plots but rather investing in livestock farming, using communal grazing land for goats, sheep and cattle, or their household yards for small livestock like pigs and chickens. I did not want to exclude dynamic livestock producers engaged in farming on a substantial scale from the category of *worker farmer*, simply because they did not have plots. As described in the previous section, the additional parameters I established for *worker farmers* included: cattle ownership, ownership of agricultural assets¹⁹⁵ and whether a surplus was being sold or not.

Worker farmers and *allotment holding workers* correspond to Patnaik's (1987) *poor peasants*. Their labour exploitation ratio is less than or equal to -1: $E \leq -1$; self-employment is greater than zero: $F > 0$; net income from labour hired in is less than zero, because they sell their labour to a greater extent than hiring the labour of others: $X < 0$; and the modulus of net income from labour hired in may equal self-employment, but is generally greater than: $|X| \geq F$.

¹⁹⁴ Modulus $|x|$ of a real number x is the non-negative value of x without regard to its sign.

¹⁹⁵ I established asset groups for the variable of cattle (no cattle, poor, middle and rich) and agricultural asset ownership (poor, middle and rich) according to data for each case study site.

Worker farmers engage in wage labour for their simple reproduction, but also reinvest off-farm incomes in own account farming on a substantial scale. In Shiloh, a larger proportion identified as *worker farmers* (32.3%), as compared to Keiskammahoek where they account for only 20% of the sample because there are more households located in the category *rent earning rich farmers and business owners*. *Worker farmers* with access to JV dividends and JV wage incomes were reinvesting these in own-account farming, particularly significant being the relatively large dividends so reinvested in Keiskammahoek. As I will discuss in more detail below, there are important qualitative differences between the reproductive strategies of worker farmers in Shiloh and Keiskammahoek.

Allotment holding workers rely mostly on wage labour (including JV jobs) for their simple reproduction, but also work small home gardens or plots. They own fewer livestock and farm assets than worker farmers, and earn little or no sales income from their own-account farming. In Shiloh, they accounted for 30.6% of the sample, and in Keiskammahoek, 41.8% of the sample. In the following section I explore further the characteristics of these various class categories, in each case study site, and disaggregate them according to taxonomic groups.

12.5 Characteristics of Class Differentiation in Shiloh

Tables 38, 39 and 40 present a picture of a highly differentiated sample of households. These different class categories comprise households that compose their livelihoods in very diverse ways. The extent, to which they exploit their own household labour, engage in wage labour, or hire in labour, differs significantly among households. Unsurprisingly, it is the rent earning rich farmers and business owners who have the highest mean incomes. This is closely related to their exploitation of hired labour in off-farm businesses and in own-account farming, which accounts for 81% of their incomes, as indicated below in Table 38. These incomes are complemented by off-farm permanent jobs and old age pensions. Households in this class category do not have members who labour on the JV farm.

Worker farmers have the second highest household incomes, however, this is a feature of this class category having the largest proportion of income from wage labour. The highest proportion of JV jobs, are found in this class category, with a mean of one per household. They also have access to a range of other incomes, notably a mean of one job per household for off-farm permanent and casual jobs, and access to remittances. There are more households in this category self-exploiting family labour in own-account farming, but many are also hiring labour. Households also have access to a mean of one old age grant and child support grants.

Table 38. Shiloh: Features of the Labour Exploitation Ratio (E=X/F)
(N= 62 households)

<i>Class Categories:</i>	Near-landless labour	Supplementary food producers	Allotment holding worker	Worker farmer	Petty commodity producer	Rent earning rich farmers and business owners
	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)
E= Labour Exploitation Ratio	-41557.5 (-22200)	-0.03 (0)	-7384.24 (-39.17)	-25673.65 (-44.73)	-0.46 (-0.4)	227600 (227600)
Total yearly cash income for household (HH)	R55 511	R36 193	R82 374	R201 533	R147 724	R271 500
Proportion of Income from Labour Hired In	0	0	0.02	0.03	0.01	0.81
Proportion of Income from Labour Hired Out	0.72	0	0.6	0.73	0.13	0.12
Proportion of Income from Self-Employed Family Labour	0.04	0.07	0.05	0.06	0.59	0
Proportion of Income from Social Grants	0.24	0.93	0.33	0.18	0.27	0.07

Supplementary food producers have the lowest incomes and derive a mean proportion of 93% of household incomes from social grants. Their only other income is from own-account farming, in which no labour is hired, and some engage in petty trade. The near-landless labour class category has the second lowest incomes, and 72% of their income is derived from wage labour. However, the types of jobs are limited to casual and precarious jobs. The generational characteristics of these households (with young household heads), means that most do not have access to pensions but they have a mean of one child support grant.

Allotment holding workers derive their largest income from labour hired out, which accounts for 60%. After worker farmers this class category has the next greatest number with access to a JV job. There is at least one household member engaged in own-account farming with family labour, and a minority is hiring in labour. Notably there is no mean of one for any specific type of waged income source, in part because there is a great diversity among these households in terms of 'types of jobs' they engage in. Social grants account for 33% of their incomes, which is the second greatest contribution to a class category, after the supplementary food producers.

Table 39. Shiloh: Access to Different Types of On and Off-Farm Income Sources by Class Categories
(N= 62 Households (including 331 individuals))

Number of HH Members with Access to Different Income Sources:	Near-landless labour		Supplementary food producers		Allotment holding worker		Worker farmer		Petty commodity producer		Rent earning rich farmers and business owners	
	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum
<i>JV permanent jobs</i>	0	0	0	0	0	7	1	11	0	1	0	0
<i>JV casual jobs</i>	0	1	0	0	0	0	0	2	0	1	0	0
<i>JV dividend</i>	0	0	0	2	1	11	1	16	1	4	1	2
<i>Off-farm permanent jobs</i>	0	1	0	0	0	4	1	20	0	1	0	0
<i>Off-farm casual jobs</i>	1	6	0	0	0	7	1	10	1	3	1	2
<i>Civil servants</i>	0	1	0	0	0	4	0	5	0	0	0	0
<i>Own-account farming (no hired labour)</i>	0	1	1	9	1	20	1	21	1	7	0	0
<i>Own-account farming (hired labour)</i>	0	1	0	0	0	4	1	10	0	1	2	4
<i>Off-farm self-employment (no hired labour)</i>	0	0	0	3	0	4	0	3	2	9	0	0
<i>Off-farm self-employment (hired labour)</i>	0	0	0	0	0	0	0	5	0	0	2	3
<i>Public works jobs</i>	0	1	0	0	0	5	0	5	0	0	0	0
<i>Old age grants</i>	0	3	1	11	1	13	1	20	1	3	1	1
<i>Disability grant</i>	0	0	0	3	0	1	0	2	1	3	0	0
<i>Child support grants (total #)</i>	1	8	1	12	1	26	1	14	3	13	0	0
<i>Remittances</i>	0	3	0	2	0	12	1	18	0	1	0	0

The class category, for which self-employed family labour contributes the most to livelihoods, is unsurprisingly the petty commodity producers. They derive 59% of their income from self-employed family labour, and they have a mean of two household members engaged in these activities (with no

hired labour). Social grants accounting for 27% of their incomes, and notably there is a mean of three child support grants per household. Markedly, the petty commodity producers have higher mean household incomes than the allotment holding workers, in part because they are complementing self-employment with off-farm casual jobs, where there is a mean of one job per household.

Table 40 presents different aspects of household composition, and some other important aspects of socioeconomic differentiation among different class categories. Of particular interest, is how the taxonomic groups intersect with the various class categories. The near-landless labour category is predominantly made up (85.7%) of those households, which derive no benefits from the JV. The remaining households are those with access to a JV job. The supplementary food producers are likewise chiefly made up (77.8%) of 'no JV benefits households', with the remainder being 'JV dividend households'. It is significant, that our two most vulnerable classes are largely made up of those without access to irrigation plots. However, it is also noteworthy, that there are JV dividend households among the supplementary food producers. This highlights the levels of differentiation among households with irrigation plots.

On the other extreme of the class typology are the rent earning rich farmers and business owners, who are entirely derived from JV dividend households. Allotment holding workers are represented among all of the taxonomic groups, but the largest proportion is from JV dividend households (42.1%). Worker farmers are also found across all taxonomic groups, but with most representation among JV dividend households (40%) and JV dividend and wage households (35%). The largest proportion of petty commodity producers, are among JV dividend households (60%).

The class categories with the highest proportion of female-headed households are the two most vulnerable class categories- the near-landless labourers (85.7% are female-headed) and the supplementary food producers (66.7%). The class category with the most male-headed households, are the worker farmers (65%). Household assets correlate with household incomes in some cases. The two class categories with the highest incomes also have a large proportion of households located in the 'asset rich' category. Worker farmers are located in the 'rich' farming asset category, followed by rent earning rich farmers and business owners, who have the highest score in the 'middle rich' category.

Cattle ownership is disproportionately distributed across these class categories, it is concentrated among the rent earning rich farmers and business owners, followed by the worker farmers. These two class categories also have the highest means for all other types of livestock, except for pigs, which are more equally distributed across the class categories. There is a mean of one pig among all groups, except for near-landless labourers and allotment holding workers, who do not own pigs.

Table 40. Shiloh: Aspects of Socio Economic Differentiation and Household Composition by Class Categories
(N= 62 households)

<i>Class Categories:</i>		Near-landless labour	Supplementary food producers	Allotment holding worker	Worker farmer	Petty commodity producer	Rent earning rich farmers and business owners
<i>JV Taxonomic Groups: % in Class Categories</i>	JV Dividend HH		22.20%	42.10%	40.00%	60.00%	100.00%
	JV Wage HH	14.30%		21.10%	20.00%		
	JV Dividend & Wage HH			10.50%	35.00%	20.00%	
	No JV Benefits HH	85.70%	77.80%	26.30%	5.00%	20.00%	
<i>Gender of HH head: % in Class Categories</i>	Female	85.70%	66.70%	52.60%	35.00%	60.00%	50.00%
	Male	14.30%	33.30%	47.40%	65.00%	40.00%	50.00%
	Other						
<i>HH Asset Groups: % in Class Categories</i>	Poor	85.70%	44.40%	47.40%		40.00%	
	Middle	14.30%	55.60%	31.60%	40.00%	40.00%	
	Rich			21.10%	60.00%	20.00%	100.00%
<i>Cattle Groups: % in Class Categories</i>	No Cattle	100.00%	77.80%	94.70%	5.00%	80.00%	50.00%
	Cattle Poor			5.30%	10.00%	20.00%	
	Cattle Middle Rich		22.20%		45.00%		
	Cattle Rich				40.00%		50.00%
<i>Garden plot cultivated during the last 12 months</i>	Yes	28.60%	55.60%	73.70%	65.00%	60.00%	100.00%
	No	71.40%	44.40%	26.30%	35.00%	40.00%	
<i>Household size</i>	Mean:	4	4	5	6	5	4
<i>% Adults present most/ all nights</i>	Mean:	0.85	0.88	0.78	0.57	0.89	0.63
<i>% HH members under 18 years</i>	Mean:	0.35	0.2	0.23	0.17	0.08	0
<i>Age of HH Head</i>	Mean:	53	72	61	67	65	67
<i># Types of income sources</i>	Mean:	3	3	5	6	6	5
<i>HH members with no incomes</i>	Mean:	1	1	1	0	0	1
<i>Cattle owned</i>	Mean:	0	1	0	10	0	60
<i>Goats owned</i>	Mean:	0	2	0	11	2	15
<i>Pigs owned</i>	Mean:	0	1	0	1	1	1
<i>Sheep owned</i>	Mean:	0	0	0	4	1	3
<i>Chickens owned</i>	Mean:	0	2	1	7	4	9
<i>Weighting of farming assets</i>	Mean:	Poor (3)	Middle (5)	Middle (5)	Rich (11)	Middle (6)	Middle (7)
<i>Motor vehicles owned</i>	Mean:	0	0	0	1	0	3
<i>Number of irrigation plots</i>	Mean:	0	1	1	1	1	2

Notably, households categorised as near-landless labourers own no livestock at all, and allotment holding workers, only have a mean of one chicken. The supplementary food producers own more small livestock than the allotment holding workers. This indicates differentiated livelihood strategies and the increased dependence on wage work among allotment holding workers, and possibly a reduced availability of household labour to engage in own-account farming. However, generational characteristics may also account for differences in livestock ownership. Supplementary food producers have the oldest mean for household heads at 72 years, possibly allowing for generational accumulation and investment of pensions in livestock.

Notably, the worker farmers have the smallest proportion of adults present most or all nights (57%), signifying the highest incidence of migration among the class categories. Petty commodity producers, on the other hand, have the most adults present. The percentage of household members under eighteen speaks to dynamics of generational reproduction and a consumer/producer ratio. Notably this variable correlates with income levels. There are no child dependents in the rent earning rich farmers and business owner households, while the near-landless labour households have 35% of household members under eighteen years. These different aspects of household composition, illustrate how class on its own cannot explain everything, and how aspects of generation, gender and other identities, intersect with class in complex ways.

Below I contrast the livelihood strategies of two customary landowning households who are both receiving dividends from the JV. The first is a *supplementary food producer* household, where reproduction is met without recourse to wage employment, and the second is an *allotment holding wage worker* household, where a JV job is crucial to reproduction. Generational dynamics and local political dynamics, particularly allegiance to the traditional leader and Mayime Cooperative, clearly interweave with class place.

Supplementary Food Producer

JV dividend receiving household: "I am 77 years old and live here with my wife, brother and grandchild. We survive off our old age pensions, my brother's disability grant and a child support grant. We have a ^{1/4} hectare garden plot where we grow maize and other vegetables. It is only myself and my wife working in the garden and we don't sell anything, we eat it all. In the last year we harvested about a plastic shopping bag of peas, 50 cabbages, 20 bunches of beetroot, 25 (10 KG) bags of potatoes, and we still need to harvest the maize. I inherited that irrigation plot, which is rented to the dairy, from my father because I am the first born. The Moravian church handed that land to my grandfather. The last time we ploughed that land ourselves was in 2010. I was growing maize, beans and vegetables and I would hire people from Sada Township sometimes. We would work with other landowners to pull resources to plough. In 2010 I only made about R200 from sales but overall I was making more from the land before because I always had enough food on the table! I was influenced by the other landowners

who handed their land over to the dairy. I am not pleased with the current status and now we are too old to work that land, so we will see whether we ask another white man to take over. I received R1200 last November from the dairy. The amount has been the same since 2011. At this dairy they milk twice a day and then the truck goes to PE so it is too little to receive only R1200 a year. I think that there is something funny going on there. The main cause of the conflict in this community is this small amount we get. The money contributes little to our lives. I bought a fridge with the money and it was finished. I attend Mayime Cooperative meetings once a month. We do ask questions in the coop meetings but we get silenced and answers don't surface".

Allotment Holding Wage Worker

JV dividend and wage receiving household: "I am 52 years old and I live with my mother, sister and my two daughters of 18 and 21 years. I never took a wife. I started working at the dairy in 2011. I am a general worker and irrigator. The Mayime committee called me for the job, I didn't apply. I make around R3500 but it changes depending on how much you work, we get R14.25 per hour. I like working in agriculture, I've never worked in agriculture before this. I worked in construction as a builder before. The money is better now in this job because I would only make R1500 to R2000 a month building. My salary pays for the groceries, furniture and clothes in my house. I save R350 a month, which the company saves for me in an account and some months I try and save in my bank too. We keep a vegetable garden and sometimes when we get a lot of crops I sell some things to the neighbours, especially the potatoes and some beetroot, cabbage and onion. This year we sold 4 bags of potatoes, (those 10 KG ones), 15 bunches of beetroot and about 20 cabbages. We don't have any cattle but this year we started keeping chickens for around the household. Our other income is from my mother's old age grant and we get a child support grant for my youngest daughter- but next year she'll be too old for it. My sister works at the local clinic as a cleaner. She makes around R1800 a month and she works 5 days a week. My daughter is 21 years old, but she is unemployed and I support her through my job. We have lived in Shiloh since 1982. Before that I was living on a white farm near here. The Nkosana allocated us this land and we built the house ourselves".

12.6 Characteristics of Class Differentiation in Keiskammahoek

It is clear that these class categories have different characteristics of household composition and other important aspects of socioeconomic differentiation. Table 41 illustrates that the class category with access to the highest incomes in Keiskammahoek, are the worker farmers. They derive 70% of their household incomes from hiring their own labour out. Households classified as near-landless labourers derive 72% of their income from hiring their own labour out. However, they have much lower incomes as these jobs are generally informal and poorly paid. Table 42 indicates that worker farmer households have a mean of one JV job. They also have access to a range of other incomes, including a mean of one permanent and casual off-farm job, and one civil servant job. 18% of their income is from labour hired in, which is in part from labour exploitation through JV rents. However, it is also due to there being a

mean of one member engaged in own-account farming, with hired labour. Worker farmers have the lowest social grant contribution to income, of only 6%.

The next greatest mean, for total household incomes, is among the rent earning rich farmers and business owners. Their greatest proportion of income is derived from labour hired in, which accounts for 64%. Table 42 indicates, that this is mostly from JV dividends, as there is a lower incidence of hiring labour in own-account farming. Exploitation of family labour in own-account farming is more common among these households, where there is a mean of one. These households complement their incomes from labour hired in, with wage labour, particularly JV jobs and civil servant jobs. They also have access to off-farm permanent and casual jobs (and remittances), but these are distributed unequally among households. In general, their livelihoods are more closely centered around the JV farm and their own-account farming, than worker farmers, who rely more significantly on off-farm jobs. The livelihoods of rent earning rich farmers and business owners, like worker farmers, do not rely insignificantly on social grants, which constitute just 9% of incomes.

Table 41. Keiskammahoek: Features of the Labour Exploitation Ratio (E=X/F)
(N= 55 households)

<i>Class Categories:</i>	Near-landless labour	Allotment holding worker	Worker farmer	Petty Commodity Producer/ Trader	Rent earning rich farmers and business owners	Rent earning pensioners
	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)
E= Labour Exploitation Ratio	-53280 (-2000)	-6395.54 (-20)	-29149.46 (-14.75)	-0.53 (-0.55)	54712.63 (20.67)	36866.22 (63.48)
Total yearly cash income for household	R85 916	R116 117	R341 014	R116 813	R228 769	R132 262
Proportion of Income from Labour Hired In	0	0.06	0.18	0	0.64	0.76
Proportion of Income from Labour Hired Out	0.72	0.61	0.7	0.21	0.21	0
Proportion of Income From Self-Employed Family Labour	0.01	0.09	0.06	0.44	0.06	0.01
Proportion of Income from Social Grants	0.27	0.24	0.06	0.35	0.09	0.23

The class place of rent earning pensioners intersects with generational dynamics, as household heads have the oldest mean age of 78 years. 23% of their income is derived from social grants, and notably

they are the only class with a mean of one for disability grants. Together with generational dynamics, ill health may explain why they are not accessing wage labour. The highest contribution to their income is from labour hired in (76%), predominantly from the JV dividend. The use of hired labour in own-account farming reflects in part, illness and old age.

Allotment holding workers, derive 61 % of their income from hiring their own labour out, particularly in JV jobs. Most JV workers are located in these households. They also have a mean of at least one permanent and casual off-farm job. These incomes are supplemented by own-account farming with family labour and petty trade. Social grants contribute significantly to their household incomes, accounting for 24%. Petty commodity producers derive 44% of their income from self-employed family labour. At least two household members are engaged in own-account farming and one in off-farm petty trade, both with no hired labour. Social grants contribute most significantly to this group, accounting for 35% of household income. They also access wage labour, particularly off-farm casual jobs.

Households classified as near-landless labour, have by far the lowest incomes. They have access to precarious and poorly paid types of wage labour, and notably they are the only class category with a mean of one public works job. A few households have access to JV jobs, and there is a mean of one casual job, one permanent job and one remittance. This is the class category with the second highest reliance on social grants, which contribute 27% of total household income. There is a mean of one child support grant. When compared to other social grants, child support grants have a relatively low-income contribution (R350 per month in 2016), as compared to an old age grant (R1500 per month).

Table 43 illustrates how the class categories intersect with the taxonomic groups. The majority of near-landless labourers are 'no JV benefits households' (57.1%), with the remainder from JV wage households. Allotment holding workers are primarily 'JV wage households' (52.2%), followed by 'no JV benefits households' (34.8 %), with the remaining minority distributed among the two taxonomic groups with access to irrigation plots. Worker farmers are most prominent among 'JV wage households' (45.4%), followed by 'JV dividend households' (27.3%) and 'JV dividend and wage households' (18.2%). Petty commodity producers are concentrated in 'no JV benefits households' (66.7%) and the remainder in 'JV wage households'. Rent earning rich farmers and business owners, are concentrated in 'JV dividend and wage households' (87.5%) and the rest are found in 'JV dividend households'. Rent earning pensioners are only found in 'JV dividend households'.

Rent earning rich farmers and business owners have the highest incidence of female-headed households with 50%, and worker farmers have the lowest with only 9.1%. Worker farmers have the largest household sizes and the highest incidence of migrant labour, with only 46% of adult household members present most or all nights. Table 43 also captures some striking aspects of generational reproduction. Near-landless labour households have the youngest household heads, and 29% of their household members are under eighteen years, while rent earning pensioners have the oldest household heads, and the lowest percentage of household members under 18 years, with only 13%.

Table 43 also illustrates how asset ownership correlates with class categories, and their defining livelihood strategies. For example, near-landless labourers have a high proportion (57.1%) categorised as asset 'poor'. While, both rent earning rich farmers and business owners, and worker farmers have the most households categorised as 'middle rich' in household assets, but 'rich' in farming assets. In contrast, rent earning pensioners are 'rich' in household assets but 'middle-rich' in farming assets, illustrating differentiated reproductive strategies.

The most prolific livestock owners are worker farmers, rent earning rich farmers and business owners, and petty commodity producers. Accumulation of cattle is most pronounced among worker farmers, followed by petty commodity producers, and then rent earning rich farmers and business owners. Ownership of large herds of goats is notable among petty commodity producers but also among worker farmers. The high number of chickens among rent earning rich farmers and business owners, is because a few households are engaging in small-scale broiler farming, targeting local markets. Pig ownership among worker farmers, and rent earning rich farmers and business owners, also indicates some small pig businesses targeting markets and run mostly by females. Notably, allotment holding workers only have a mean of four chickens and one pig and they are characterised as 'middle rich' in farming assets. Near-landless labourers in contrast, have 71.4% of households who have not cultivated a household garden in the last year, they own no livestock, and have few or no farming assets.

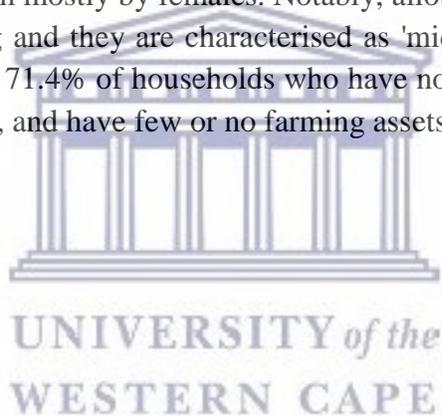


Table 42. Keiskammahoek: Access to Different Types of On and Off-Farm Income Sources by Class Categories

(N= 55 households (including 368 individuals))

Number of HH Members with Access to Different Income Sources:	Near-landless labour		Allotment holding worker		Worker farmer		Petty Commodity Producer		Rent earning rich farmers and business owners		Rent earning pensioners	
	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum	Mean	Sum
<i>JV permanent jobs</i>	0	3	1	12	1	10	0	1	1	4	0	0
<i>JV casual jobs</i>	0	0	0	4	0	0	0	1	1	4	0	0
<i>JV Dividend</i>	0	0	0	3	0	5	0	0	1	9	1	3
<i>Permanent jobs</i>	1	5	1	13	1	13	0	1	0	3	0	0
<i>Casual jobs</i>	1	4	1	18	1	8	1	3	0	3	0	0
<i>Civil servant jobs</i>	0	0	0	2	1	6	0	0	1	4	0	0
<i>Own-account farming (no hired labour)</i>	0	3	1	34	1	11	2	5	1	9	0	0
<i>Own-account farming (hired labour)</i>	0	0	0	2	1	7	0	0	0	2	1	4
<i>Off farm self-employment (no hired labour)</i>	0	2	0	6	0	4	1	3	0	1	0	0
<i>Off farm self-employment (hired labour)</i>	0	0	0	1	0	1	0	0	0	2	0	0
<i>Public works jobs</i>	1	5	0	11	0	0	0	0	0	1	0	0
<i>Old age grants</i>	0	1	1	12	0	5	1	4	1	7	1	3
<i>Disability grant</i>	0	3	0	7	0	0	0	1	0	0	1	2
<i>Child support grants (total number)</i>	1	7	1	31	1	14	1	4	1	7	1	2
<i>Remittances</i>	1	4	0	11	0	4	0	1	1	6	0	1

Table 43. Keiskammahoek: Aspects of Socioeconomic Differentiation and Household Composition by Class Categories
(N= 55 households)

Class Categories:		Near-landless labour	Allotment holding worker	Worker farmer	Petty Commodity Producer/ Trader	Rent earning rich farmers and business owners	Rent earning pensioners
<i>JV Taxonomic Groups: % in Class Categories</i>	JV Dividend HH		4.30%	27.30%		12.50%	100.00%
	JV Wage HH	42.90%	52.20%	45.40%	33.30%		
	JV Dividend & Wage HH		8.70%	18.20%		87.50%	
	No JV Benefits HH	57.10%	34.80%	9.10%	66.70%		
<i>Gender of HH head: % in Class Categories</i>	Female	28.60%	30.40%	9.10%	33.30%	50.00%	33.30%
	Male	71.40%	69.60%	90.90%	66.70%	50.00%	66.70%
	Other						
<i>HH Asset Groups: % in Class Categories</i>	Poor	57.10%	34.80%	9.10%	33.30%	12.50%	
	Middle	14.30%	43.50%	54.50%		50.00%	33.30%
	Rich	28.60%	21.70%	36.40%	66.70%	37.50%	66.70%
<i>Cattle Groups: % in Class Categories</i>	No Cattle	100.00%	78.30%	9.10%	33.30%	25.00%	
	Cattle Poor		17.40%			37.50%	100.00%
	Cattle Middle Rich		4.30%	36.40%	33.30%	25.00%	
	Cattle Rich			54.50%	33.30%	12.50%	
<i>Garden plot cultivated during the last 12 months</i>	Yes	26.60%	65.20%	63.60%	100.00%	62.50%	100.00%
	No	71.40%	34.80%	36.40%		37.50%	
<i>Household size</i>	Mean:	6	6	8	7	7	6
<i>% Adults present most/all nights</i>	Mean:	0.57	0.59	0.46	0.67	0.65	0.58
<i>% HH members under 18 years</i>	Mean:	0.29	0.22	0.3	0.17	0.27	0.13
<i>Age of HH head</i>	Mean:	54	57	65	72	63	78
<i># Types of income sources</i>	Mean:	4	5	6	6	6	5
<i>HH members with no incomes</i>	Mean:	1	1	1	1	1	0
<i>Cattle owned by household</i>	Mean:	0	1	15	13	7	3

<i>Goats owned by household</i>	Mean:	0	1.43	9.36	28.67	3.88	1.33
<i>Pigs owned by household</i>	Mean:	0	1	3	1	4	2
<i>Sheep owned by household</i>	Mean:	0	0	4	12	0	0
<i>Chickens owned by household</i>	Mean:	0	4	9	5	29	5
<i>Weighting of farming assets</i>	Mean:	Poor (5)	Middle (7)	Rich (13)	Rich (14)	Rich (14)	Middle (10)
<i>Motor vehicles owned</i>	Mean:	1	0	1	1	1	1
<i>Number of irrigation plots</i>	Mean:	0	0	2	0	3	3



Worker Peasant household in Keiskammahoek: A story of accumulation

I came across a household which represents a livelihood trajectory of accumulation. This household has used their dividend to accumulate dairy cattle, which are rented to the JV farm to generate significant incomes. This is a *dividend receiving household* which is categorised as asset rich. The household has also managed to accumulate 4 heads of cattle (not dairy cows), 40 goats, 50 chickens and 30 ducks. These livestock, particularly the goats and ducks, are sold to the local community. They hire a full-time worker to look after the animals and work in the household garden. The household earned R316 600 in 2015/16, of which the largest contribution is the rental of dairy cows (R144 000). The household head is also a member of the Trust and an 'additional member' on the board of the Seven Stars Cooperative. The following life history illuminates the history behind how the household came to rent dairy cows to the farm:

"I came from Colesburg in 1977 to this irrigation scheme. I am 76 years old. In this house there is my wife and 5 grandchildren, my one son who is a lawyer, another son who is a private security guard and two daughters who both work in Johannesburg in permanent clerical jobs. Before I came here I was working as a police officer and before that I worked in a hotel. I decided to get out of the police force because of the frustration of the riots. I grew up on a livestock farm so farming wasn't completely new... During the Ciskei we each milked 6 cows and there was no payment for your produce, they would give you R120 for your whole produce no matter the amount. We were like workers not farmers! It was not a good income but we managed to give our children an education on that money. I have a title for the land since 1985 but not everyone does... Before Amadlelo came here I had around 30 cows and we were just milking them and selling to the community and we planted maize and veg on his land, hiring people casually. We started in 2010 getting a small stipend from Seven Stars farm, around R600 then it slowly increased. Now we get R5000 a month and a large amount at end of the year. In 2015 we got R50 000. I used the dividend to fix up this house and to look after my grandchildren. I also fixed my car and bought livestock.

I hire 20 cattle to the dairy farm business. I started with 10 cows in 2013 and through the calves I now hire 20 dairy cows to the (JV) business. When we started Seven Stars, some people sold their cows but they used that money for other things. I decided to save that money and buy more cows for the business. I get R600 per month for each cow and I get paid at the end of the year. When I can get more money I will want to extend my cows. My most important income source will be from the cows because the one from the dividend is up and down and depends on how well the business does, now there is a drought so it may be difficult. My wife and I both have old age pensions. She also receives three child support grants for the grandchildren. I also have other livestock and cattle, I keep them in an outside camp during the day and at night I close them in one of the three houses I have on the scheme. We sell livestock to the local community. We have a home garden that my wife looks after but just for eating not for sale. She has one person to help in the garden and also with the livestock, he is a casual person but he comes daily".

The class position of this worker peasant household is illuminated by its ability to hire in labour and to accumulate productive assets. Younger household members are actively engaged in wage labour. Some of the migrant children remit, while others contribute to household expenses and the ceremonial fund when they return to the rural household, including investments in livestock. This case illustrates how the JV is providing some opportunities for landowners to accumulate productive capital in Keiskammahoek. For an elder pensioner, the opportunity provided to generate passive income through renting dairy cows to the JV scheme is a pragmatic and seemingly beneficial livelihood strategy. Clearly incomes and benefits deriving from the JV are central to the overall accumulation strategy of this household.

However, the life history also reveals that this particular household has a much longer trajectory of accumulation and class formation extending beyond the JV. Before accessing land on the irrigation scheme the household head was a police officer. He managed to save money during his employ with the state. He received a pay-out upon his resignation and still receives a state pension to augment the dividends he receives from the scheme. This example demonstrates that it is not always possible to determine the degree to which cases of accumulation are a direct result of JV benefits, as compared to other income and asset sources and historical processes of class formation. Money is fungible and class place is dynamic and inherently unstable.

12.7 Discussion and Comparative Analysis of Shiloh and Keiskammahoek

The results of employing the class typology, illustrate definite patterns between the class categories. These differences are not only expressed in terms of trends in different forms of labour exploitation, but also in terms of reproductive strategies, access to different types of incomes, assets and also household composition. This indicates that despite limitations in using income data, the modifications to Patnaik's (1989) labour exploitation ratio were successful in distinguishing class categories with common characteristics. The results of the livelihood survey and life histories (which could not be presented in full here) have confirmed that in both Shiloh and Keiskammahoek, the local communities in which these JVs are being implemented, are socially differentiated along lines of class. However, aspects of generational difference, gender, religion, race, and ethnicity, intersect with class in complex ways. There are also important differences between these two sites, in terms of historical trajectories of class formation, social differentiation and particularly land use and consolidation, which assist in explaining the very diverse outcomes.

At an obvious level, the divergent outcomes between Shiloh and Keiskammahoek are also a function of the size of the beneficiary group and scale of production. In Keiskammahoek, 2000 cows are kept on 745 hectares with dividends deriving to only 35 households. This sharply contrasts to Shiloh, where you have 900 cows on 450 hectares, with a huge beneficiary group of 395 households, and hence both smaller dividends and fewer JV jobs. The difference in reproductive strategies across these case studies, is in part, a reflection of the way in which larger holdings of land had been historically accumulated in Keiskammahoek prior to the JV. Farming their irrigation plots had remained a central livelihood activity

up until the JV was implemented in 2010. This fact, along with historical processes of class formation, can in part account for the much larger numbers of rent earning rich farmers and business owners, and worker farmers engaging extensively in own-account farming. However, access to a larger JV dividend also enables a surplus to be reinvested in farming, and at the same time influences their labour exploitation ratio.

This contrasts sharply with Shiloh, where the majority of landowners reported having abandoned cropping on the irrigation scheme between 1994 and 1997, when the Ciskei's agricultural parastatal Ulimocor was dissolved, and the homeland was reincorporated into a democratic South Africa. Following this, for the most part, the land was only used to graze cattle in Shiloh. Consequently, access to wage-labour and social grants became comparatively more critical for the reproduction of these households. This explains the relatively small number of rent earning rich farmers and business owners, and a larger grouping of worker farmers in Shiloh, relying substantially on wages. The wider context of unemployment in Shiloh also accounts for the identification of the class category of supplementary food producers (not identified in Keiskammahoek), who rely almost entirely on social grants, supplemented marginally by own-account farming.

In order to understand the heightened levels of intragroup conflict in Shiloh, relative to Keiskammahoek, it is revealing to compare the class structure of those households with access to irrigation plots, as documented in Table 44 below. Clearly, there is differentiation among these households in both sites. However, in Shiloh, this differentiation is more extreme. In particular there are classes like petty commodity producers, which make little or no use of wage labour and mostly exploit their own family labour. Households identified as supplementary food producers rely considerably on social grants, and can thus be considered quite a vulnerable class. In Keiskammahoek, neither of these class categories can be identified among households with rights to irrigation plots.

The majority of households in Shiloh are located in the allotment holding worker class and worker farmer class, comprising 74% together. In Shiloh, the rent earning rich farmers and business owners are a very small minority, and the rent earning pensioner class category, does not exist. In Keiskammahoek by contrast, when these two classes are combined, they account for 57.5% of households with irrigation plots. These classes both exploit the labour of others, to an equal or usually greater extent, than they exploit their own labour in self-employment. Rent earning pensioners do not sell their labour, and rent earning rich farmers and business owners, sell their own labour to a smaller degree than they hire in the labour of others. This demonstrates how the predominant dynamics of labour exploitation among irrigation plot holders, is vastly different between the two case study sites.

In Keiskammahoek, there are a relatively large proportion of worker farmers among households owning irrigation plots, although less than in Shiloh. In both case study sites, worker farmers have quite high household incomes, relative to other class categories. However, in Keiskammahoek, with a mean of R341 041, this is much higher than Shiloh with only R201 533. However, the former also tends to have

larger household sizes. In Keiskammahoek, social grants only contribute 6% to total worker farmer incomes, whereas in Shiloh they contribute 18%. In Keiskammahoek, worker farmers have a mean of one civil servant job, whereas in Shiloh, only a few households have access to these jobs. This speaks to a difference in the type of wage labour and possibly the 'political connectedness' of Keiskammahoek's worker farmers.

Table 44. Class Typology for Combined Taxonomic Groups of 'JV Dividend' and 'JV Dividend and Wage Households'

Class categories for irrigation plot holdholders¹⁹⁶	Shiloh	Keiskammahoek
Supplementary Food Producers	7%	0%
Allotment holding worker	30%	15.5%
Worker farmer	44%	27%
Petty commodity producer/ trader	12%	0%
Rent earning rich farmers and business	7%	42%
Rent earning pensioners	0%	15.5%

The life histories also reveal that there are qualitative differences between worker farmers' reproductive strategies. In Keiskammahoek there is evidence of accumulation in farming, which is simply not present in Shiloh to the same extent. For example, I found a worker farmer who had accumulated 20 dairy cattle and is renting them to the JV farm. This also illustrates the point that the qualitative differences in the class place of worker farmers, in relation to rent earning rich farmers and business owners in Keiskammahoek, may not be so pronounced as to create the type of class conflict that is evident in Shiloh.

There are also half as many allotment holding workers among irrigation plot holders in Keiskammahoek as there are in Shiloh. In Keiskammahoek this class has higher overall household incomes, (a greater proportion of which is from self-employment, particularly agricultural sales), they rely less on social grants and they have more assets and livestock. A closer look also reveals that in Keiskammahoek some households were located in this category because of gender and generational dynamics. These were female-headed households who didn't own cattle and due to old age or illness, some were no longer generating a surplus from own-account farming. These households predominantly rely on the JV dividends, supplemented by the support of younger, healthy household members engaged in wage employment.

¹⁹⁶ The near-landless labour class category is not included here because this is a class typology for households that own irrigation plots, and thus they are not landless.

In Shiloh, the incidence of female-headed households is however far more pronounced, and shows an almost opposite trend to Keiskammahoek. In Shiloh, every class category except worker farmers, has more female-headed households than male-headed households. In contrast, in Keiskammahoek, it is only among rent earning rich farmers and business owners where there is a 50/50 split, and all of these were households headed by elder widows. This is an important characteristic difference between the two sites. Literature highlights how female-headed households tend to be more vulnerable. This is not only because of gendered struggles in the work place, home and other social spaces. Women (particularly when unmarried), also generally have inferior customary inheritance rights, which are contingent on their relationships with male household members (Claasens 2013; Cousins 2013b; Fay 2005; Oomen 2005; Berry 1989; Whitehead and Tsikata 2003; Knowles 1991).

Various layers of social networks mediate access to jobs, dividends and decision-making power in Shiloh. Many intragroup conflicts have emerged, focused around the JV farm. However, life histories and ethnographic immersion revealed that many of these conflicts preceded the establishment of the JV, but had since been reinvigorated by it. Several aspects of social difference intersect in complex ways with the class categories, including generational and gender dynamics, as well as association to the local Moravian Church and being considered a member of the 'traditional community', in good relations with the local headman who is a member of the cooperative.

Although the JV has not led to the same levels of intragroup conflict in Keiskammahoek, there are still visible areas of contention. The history of land consolidation under 35 landowners has contributed to shortages of grazing land in this area. In the first years of the farms establishment, the surrounding community would frequently cut fences to let their livestock on to the pastures, which caused serious challenges for the biosecurity of the farm's dairy herd. The local community often refers to the landowners as 'settlers', since many originate from other parts of South Africa. The legitimacy of their rights to the land is frequently questioned, framed by discourses of belonging and membership to customary groups, which endure in spite of the title deeds most households hold.

Another important finding emerging from this study is the need to focus not only on intragroup conflicts through a class lens, but also on the distribution of benefits and risks at an intra-household level. In some cases, JVs are precipitating a reorganisation of labour processes and their gendered-relations within households. Some female respondents expressed frustrations over male members controlling JV dividends and wages. This quote, from a woman in a rent earning rich farmer and business owner household in Keiskammahoek, is revealing of gendered struggles:

"Men always want all the money to come to them. Sometimes you can't know how much you got because they don't tell you, they control it. The dividend goes straight to my husband's bank so I don't even know if it's paid or not".

Gendered struggles were especially marked in Keiskammahoek, where households were still farming their land prior to the JV. The comparatively large size of the dividend also explains why it is igniting intra-household struggles over the distribution of this income. Women explained how it had been easier to have a degree of control over farming income prior to the JV. However, since the implementation of the JV, women needed to develop new strategies to renegotiate their livelihoods. Some women had refocused their efforts on household gardens, and many had started small pig or broiler businesses. However, the effects of the JV on gender relations were differentiated and contingent and the outcome was not always negative for women's relative power within households. Some women emphasised having equal, or at least considerable negotiating power, over how JV dividends and wages were spent in the home.

In spite of these conflicts over the distribution of JV jobs and dividends, it must be recognised that the evidence indicates that in both sites, jobs in particular, made significant contributions to household incomes. This was especially the case among JV wage receiving households located in allotment holding worker and near-landless labour class categories, where they were often the largest and most stable income source. There is also evidence in Keiskammahoek of JV dividends being reinvested in own account farming, particularly in the households of rent earning rich farmer and business owners and worker farmers.

12.8 Conclusion

This chapter made use of a methodology for exploring class dynamics, that brings together Patnaik's (1989) labour exploitation criterion with other approaches to develop class typologies in the South African context (Cousins 2010; Levin *et al.* 1997). The results of employing the class typology, demonstrate how differing dynamics of class formation and other aspects of social differentiation help explain divergent outcomes in the comparative case study of the Amadlelo Agri JV farms in Shiloh and Keiskammahoek.

A longer view of historical processes of class formation and accumulation of land, livestock and farming assets in Keiskammahoek under a few households, can in part account for the JV's relative success. This is demonstrated by the examples of rent earning rich farmers and business owners and worker farmers, who are investing JV dividends and wages extensively in own-account farming. In Shiloh, the many intragroup conflicts that have emerged around the JV farm reflect the realities of a highly differentiated community, and a context where household reproduction is under more extreme pressure.

The class typology, detailed in this Chapter, is also significant because it speaks to the type of emerging agrarian structure that a JV intervention conditions. This has important implications for debates around agrarian change in South Africa. Significantly, the study could not identify any households as 'middle farmers'. This contrasts to research that has identified dynamic middle farmer class categories, 'reliant on 'accumulation' from below' through petty commodity production' (Scoones *et al.* 2012; Cousins, 2013).

Many authors consider accumulation from below to be a more progressive, dynamic and desirable pathway of agrarian reform (Cousins 2015; Aliber and Hall 2012; Scoones *et al.* 2012). The JV model does not, however, seem to provide the conditions for establishing such a class category of accumulating middle farmers.

Also I could not find evidence of the emergence of small-scale capitalist farmers, as identified in Cousins' (2010) typology. However, it could be argued that some of the black JV farm managers (discussed in Chapter 6) could be viewed as small-scale capitalist farmers. The entrance of black small-scale capitalist farmers could be viewed as contributing to transformation of the dairy sector. However, benefits to this class need to be evaluated in relation to benefits to households that hold land rights to irrigation plots, and particularly the high levels of intragroup conflicts emerging in Shiloh in the face of the JV intervention.



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Chapter 13. Sharemilking Joint Ventures: Impacts on Social Reproduction, Land Rights and Class Relations in the Amadlelo Agri Schemes

13.1 Introduction

This Chapter is the final concluding chapter of this PhD thesis. I will attempt to summarise and discuss the key analytical issues and findings that the thesis has explored. I will also particularly focus on two of my key research questions, which involve a synthesis of the findings discussed so far, and which have particular relevance for research, policy and practice:

- How can the impacts of JVs on the livelihoods and land rights of local residents be explained, with particular emphasis on the social relations of production, the structure of property rights, discourses of ‘custom’ and the character of decision-making and power?
- What are the wider political and policy lessons that can be drawn from these cases of large-scale agricultural investments in communal areas? And how can the study contribute to understanding processes of agrarian change in contemporary South Africa?

13.2 Summary of the Key Analytical Issues Explored in this Thesis

The Amadlelo Agri model of sharemilking JVs and its benefits for agrarian capital

The way in which agrarian capital chooses to organise production is no accident. It tells one something about how capital is responding to the particular pressures inherent to a commodity market and the wider political economy. Capital must be organised in ways that are profitable if it is to survive. Political uncertainty around land reform, coupled with a volatile market for milk in South Africa, explains in part why white agrarian capital chooses to enter into dairy joint ventures with black landowners. JVs are a strategy to ‘hang in’ and access government funding to make investments less risky, in highly competitive value chains like dairy.

Agribusiness partners often cite their primary motivation as a desire to contribute to land reform and black economic empowerment. However, a number of other incentives were also noted. The comparative case study reveals that sharemilking in the South African context is a means by which to avoid tying capital up in costly fixed assets and land, as these are instead provided through government grants and access to communal land. This allows agribusiness to free up capital to rather accumulate large herds of valuable dairy cows and make investments in the wider value-chain, up and downstream from the farm, which arise through sharemilking ‘empowerment deals’. Other incentives of the model

for agribusiness include: access to scarce and valuable irrigated pastures in South Africa's coastal regions (which provide a differential rent), increasing political creditability within the context of land reform, and the labour-disciplining effect of having a large part of the labour force derived from customary landowners/ community shareholders.

Amadlelo Agri reports that government investment in fixed assets across all of their projects to date has amounted to R197 million, while they have invested R92 million in dairy animals and movable equipment. Amadlelo Agri benefits from a 10% management fee and 50% of the remaining profits, while investing far less capital in movable assets as compared to the value of the land, irrigation infrastructure and milking parlours. The model is thus a good return on investment for the sharemilker. The kind of financial data required to carry out a thorough analysis of the relative return on investment to the community cooperatives vis-à-vis Amadlelo Agri was not made available to me, and therefore I cannot attempt to unequivocally answer the question of whether the community beneficiaries are being exploited, as government has claimed.

In many cases 'main-stream economic logic' states that strategic partners prefer to invest where there is private title. The main explanation for this is that tenure insecurity doesn't provide adequate insurance on investments, especially for crops that require long-term investments e.g. tree crops (Bitzer, V & Bijman, J., 2014; Derman et al., 2006). For dairy, however, this restriction can be more easily overcome because of the nature of the commodity being produced, which involves twice-daily milking. If government invests in the fixed assets, as they have in a number of Amadlelo Agri's farms, risk is reduced for agribusiness, which can easily withdraw their cows¹⁹⁷ or movable assets should the venture fail.

Landed Property and Rent in South Africa's Land Reform

In Chapter 8, I made use of Patnaik's (1983) application of the Marxist theory of rent to sharecropping, in order to theorize class relations in sharemilking. Within this framing, the JV dividend is seen as a form of rent. This clarifies the fundamental social relations of production involved in sharemilking, as one between landed property (the community/ customary landowners) and a capitalist producer tenant (Amadlelo Agri/ Agribusiness). Patnaik's (1993) conceptualisation of sharecropping, as a form of capitalist rent, is important and helps us clarify social relations of production. Viewing sharecropping, in its widely held empirically associated character with petty production and pre-capitalist relations, does not adequately explain the concrete capital-labour relations we have investigated in sharemilking. Importantly, Patnaik (1993) notes that the key difference between a petty producer and a capitalist tenant or sharecropper, is that the latter produces for profit and therefore does not pay the whole of their surplus product as rent, whereas the former does.

In order to ensure, therefore, that a sharecropping or sharemilking arrangement is still profitable, the capitalist tenant must raise the output and surplus per unit of land by employing advanced techniques or

¹⁹⁷ Given the lucrative rental market for dairy cows in South Africa.

technologies and/or by accessing land where a differential rent (as discussed above) can be reaped. Importantly this conceptualisation also explains why *capitalist producers* only employ share contracts with certain types of farming. Dairy, for example, allows for the penetration of capital, in the form of mechanisation. This allows capitalist tenants (sharemilkers in this case) to lower the proportion of the surplus product paid as a rent, making the arrangement profitable in ways that other types of farming would not allow for because they can't be mechanised.

I have conceptualised class relations in sharemilking as those between landed property (the customary landowners) and a capitalist tenant (agribusiness). The class identities of the various landowning households will, however, be more complex, given the ways in which class position is fragmented (Bernstein, 2011a). However, for the purpose of theorising sharemilking and understanding its dominant social relations of production, it is useful to abstract from the complexities of class place among different landowning households. In most cases, households owning irrigation plots and receiving rents from the JV will not identify simply as 'landed property'. The pressures of social reproduction in rural South Africa would allow very few people to live off rents alone. As Chapter 12 demonstrated, however, in Keiskammahoek I did identify such a class category among the irrigation plot owners, who survive entirely off rents and pensions, with no access to wage labour. I have referred to them as "rent earning pensioners" because of how generational characteristics intersect with class place.

My theorisation of class relations of sharemilking arrangements in the former homelands, making use of Marxist theories of rent and landed property, also has some parallels with Capps (2010) theorisation of the Bafokeng Tribal Authority in the context of platinum mining in South Africa. To explain land relations in the former homelands, Capps (*ibid*) makes use of the concept of 'tribal landed property', which is understood as:

"... A dialectical unity of local state and corporate land relations that are both form and effect of the contradictory development of the capital relation in sub-Saharan Africa under conditions of colonial imperialism. As a state institution the chieftaincy is everywhere constituted as a territorialised tribal authority, while as a landed institution it has the potential (though by no means the necessity) to assume the 'class function' of modern landed property in relation to agrarian and industrial capital" (p. 3).

Capps' (2010) conceptualisation, allows for communal tenure to be understood from within a political economy perspective, and its inherent class relations to be drawn from those that characterise the capitalist mode of production. This avoids the perplexing tendency to draw on 'pre-capitalist' social forms and relations to understand its dynamics. My theorisation of landed property in sharemilking arrangements, does not, however, focus strongly on the institution of chieftaincy. This is in part because of the somewhat unique context of the Ciskei where, for example, the institution of chieftaincy is absent in Keiskammahoek but present in the Shiloh case study. However, the key class dynamics remain relevant. In particular, Capps (2010) explains how 'tribal landed property' is viewed as a distinct phenomenal form that embodies both a political and economic character, unlike the purely economic

form of 'landed property'. This creates various antagonisms and contradictions between political authority and the economic aspects of landed property.

This specific characterisation is useful for my purposes, as it explains the enduring role of the state, in which all communal land remains vested. The state continues to play a major role in land administration and in directing development on land located in the former homelands (whether privately or communally owned). The Keiskammahoek case study, illustrates that in the context of the communal areas, even where land is privately owned, the legitimacy of land rights continue to be subject to negotiation based on membership to various, nested social groups (Berry, 1993; Moore, 1998). Thus the nature of land rights remain 'politically up for dispute' and are not merely enforced through the 'economic power' bestowed on landed property to organise production (Wood, 1981; Capps, 2010).

Capps (2010), for example, explains how tribal landed property's power to subordinate labour to capital is made more precarious by its political aspects, which become the condition by which it can exert its economic power. The many contestations over JV arrangements, that I discussed in this thesis, not only in the Amadlelo Agri case studies but also in a number of other JVs being implemented in the communal areas, have their roots in the inherent tensions that characterise the type of 'landed property' found in South Africa's former 'homelands'.

The wider significance of the Amadlelo Agri case for debates on 'Broad-Based Black Economic Empowerment' (BBBEE) and class

An implication, of the class dynamics inherent in the sharemilking JV model, is that it may not be creating the right conditions to stimulate a class of productive black farmers, since beneficiaries are involved primarily as workers and as passive recipients of dividends and land rents. Key informants from Amadlelo Agri, also acknowledge this limitation of the JV model, as the following statement expresses: "I don't think that the JV model is mobilizing people to be excited about agriculture, it just makes them wait for their dividend".

A definite limitation of the model is that it is centred on agribusiness directing the production and management of the JV farms. The cooperatives are not being sufficiently trained to take over the financial management of their farms, which remains quite centralised under Amadlelo Agri through the farm trusts. In essence the JV model and its vision of agrarian reform is at risk of equating 'black emerging farmers' with a group of customary landowners, who are in reality passive recipients of JV dividends and jobs. This in general reflects the wider conundrum of the BBBEE programme in South Africa. There is a need to re-envision alternative models, which ensure the continued productivity of our economy in the long term. This means creating new opportunities for 'accumulation from below', rather than only focusing on distributing the value of existing capitals.

There are a number of cases, where customary landowning households are using their dividends to reinvest in own-account farming. These households could be potential candidates for accumulation and

for establishing productive farming enterprises, alongside the JVs. This could create an impetus towards a more fundamental shift in agrarian relations. However, government and agribusiness are not currently supporting this potential. A number of limiting factors were identified, in particular, the fact that complementarity of land use for the JVs and own-account farming by households has not been integrated into the design of the farms, insufficient access to reliable markets and the poor functioning of the community cooperatives.

These types of JV 'partnership models' between capital and poorer communities (or in many cases workers) aren't unique to the agricultural sector. They should therefore also be explained within the general tendencies of capitalism. Under modern capitalism providing employees, or other 'vulnerable classes', with equity ownership in a firm has become a global trend. Social or worker ownership is a way to deal with the inability of firms to raise wages in a context of economic stagnation (Minns, 1996; Sesil et al., 2001).

These types of arrangements can therefore be seen as a compact between the state and capital, to jointly manage the threat of labour and political unrest that might arise from falling living standards. In contexts like South Africa, which suffers from pervasive unemployment, this is particularly relevant. In many ways both the state and agribusiness are aware that arrangements like JVs cannot provide opportunities for wealth and capital accumulation among beneficiaries, especially where many households are included, as is the case in Shiloh. However, JVs are seen by the state as contributing to social welfare for the growing masses of the poor in the former homelands. Thus they fit neatly into the neoliberal, 'social safety net' approach of the South African state.

Impacts on social reproduction, land rights and class relations

The comparative case study reveals that there is evidence of livelihood benefits for local residents, in the form of jobs, land rents, dividend payments and some opportunities have emerged for accumulation. However, there are also some impacts that could be evaluated as negative for social reproduction, in its broadest social, economic and cultural significance. At an obvious level, the divergent outcomes between Shiloh and Keiskammahoek are a function of the size of the beneficiary group, and scale of production. However, I will also detail a number of other less obvious explanations for the contrasting outcomes at these two JV farms.

The formalization of labour processes on the JV farms has allowed households to access formal employment, which is a scarce commodity in these areas. Income data presented in Chapters 10 and 11 for each case study indicated that JV jobs make significant contributions to household incomes. This is especially the case among *JV wage receiving households*, where JV wages in many cases comprise the largest and most stable household income source. In Shiloh, the dividend makes a relatively small contribution and is used predominantly on household consumption. While at Keiskammahoek the dividend makes a significant contribution to household income, and also contributes to the reinvestment fund for own-account farming in many of these households.

A Marxist lens is interested with accumulation dynamics in farming, or answering Bernstein's (2010) questions of "who gets what and what do they do with it?" In a minority of cases in Keiskammahoek, dividends are contributing to accumulation in own-account farming. However, money is fungible and it is not always easy to differentiate benefits from the JV from other income sources. Several authors have emphasized the importance of wages and remittances in sustaining agricultural production in the former homelands (Murray, 1981; Spiegel, 1986; James, 1985; Beinart, 1982). This continues to be true in the case studies investigated. However, barring a few households, incomes generated from these agricultural activities remain relatively insignificant, in comparison to other off-farm income sources. Hebinck and van Averbeke (2013) have, however, emphasised for other regions of the Ciskei, that agrarian activities continue to contribute significantly to household reproduction, in spite of their contribution to *monetary income* being relatively low.

The main benefit deriving to the *no JV benefits group* is the availability of cheap unpasteurized milk from the JV farms and the sale of calves. In both sites this taxonomic group is decidedly worse-off in terms of incomes, assets, access to land and other key features of household composition (e.g. they have the largest proportion of female-headed households). This seems to indicate that access to benefits from the JV may contribute to the more secure livelihoods of the other three taxonomic groups in the sample. However, my 'opportunistic sampling' method for the *no JV benefits group* means I cannot decisively assert this. There are also a number of other factors that are difficult to control for, including historic processes of class formation, which are discussed in Chapter 5.

Numerous challenges, weigh heavily on JV benefits. In both sites conceptions of belonging to customary and kin groups mediate access to benefits. Preferential access to jobs for irrigation plot owners and their wider kin networks are creating conflict with the wider community. At Keiskammahoek, in reality this appears to be more of a 'perception' of preferential access, since only 27.5% of the total labour force comes from households who also receive dividends. On the contrary, at Shiloh 53% of the labour force are *dividend and JV wage receiving households*. At both case study sites, there are contentions over who has the right to labour on the farm, which are permeated with language of belonging and mediated by networks of kin and customary groups. There are also notable generational struggles over jobs.

The examples of lost livelihoods and conflicts over JV jobs, presented in Chapters 10 and 11, illustrate the difficulties of operating 'capitalist farming ventures' in a communal setting where complex social networks remain important in mediating access to land, jobs and other resources. Irrigation plot holders are under pressure to offer jobs to their kin, while the viability of the farm itself relies on maintaining social relations with local residents in surrounding villages. The farm has to navigate these dynamics carefully to avoid the risk of alienating different groups, which may pose a risk to its legitimate right to use the land.

Inter- and intra-household distribution of JV benefits and risks

Investigating inter- and intra-household distribution of JV benefits (and risks) is central to understanding impacts of the JV and also the emerging contentions and conflicts. The different social and historical characteristics of each case study site, has produced noticeably different intragroup relations and class dynamics. In Shiloh, along with membership to customary and kin groups, benefits are mediated by alliance to the Mayime Cooperative, the traditional leader and the Moravian Church.

At Keiskammahoek there is decidedly less tension over dividends. However, the relatively larger dividends have, in some cases, ignited *intra-household* conflicts over their distribution, which have taken on a particularly gendered character. In some cases the JV has thus had a negative effect on the position of women in households, which is discussed in Chapter 10. The rights of Keiskammahoek's landowners to their irrigation plots also remains contested by the wider community, who refer to them as 'settlers', in spite of the private title deeds most households have.

Poor governance of community cooperatives

Issues of democratic governance and the character of power and decision-making are particularly important in understanding the distribution of risks and benefits, as discussed in Chapter 7. The very poor governance of the community cooperatives has produced numerous tensions. This is particularly the case in Shiloh, where claims of corruption and mismanagement, regarding the Mayime Cooperative, have resulted in intense intragroup conflict and even violence. Access to dividends and jobs are somewhat more politicised in Shiloh, as compared to Keiskammahoek. At Keiskammahoek the farm operating trust is responsible for hiring labour and distributing dividends, whereas in Shiloh the Mayime Cooperative handles these tasks. Poor governance also affects the potential sustainability of the JV model, since currently it seems unlikely that either the Mayime Cooperative or Seven Stars Cooperatives would be able to run the farming enterprises without Amadlelo Agri in the near future.

Amadlelo Agri asserts that much of their energies are focused on dealing with the complexities of community politics to ensure buy-in, but they appear hesitant to tackle face-on the claims of corruption within the Mayime Cooperative. However, without resolving these tensions, and the issue of democratic and transparent governance of the cooperatives, the long-term viability of the JVs is uncertain.

Tensions between social reproduction and capitalist farming

There is the sense that even if governance challenges are addressed, the JV model at Shiloh in particular, will still be a mismatch for the reproductive needs of poorer households. This tension is reflected in the emerging conflict at Shiloh, over whether all profits should be paid out as dividends to customary landowners or saved and reinvested in the cooperative business. Many poorer households are simply unwilling to reinvest their meagre dividend payments into building a business, which will reap little benefits given the large number of beneficiaries. Capitalist farming thus introduces numerous tensions into processes of social reproduction engaged in by socially differentiated households. This is a

conclusion that has been made before by other authors, including Manenzhe (2016) regarding JV arrangements in Limpopo and Hornby (2016) regarding the operations of CPAs in KwaZulu-Natal.

The JV model is designed to operate according to the imperatives of profit inherent to capitalist farming, free from concerns of meeting the reproductive demands of poorer households, or of maintaining the many social networks that are key to social and cultural life in the communal areas (PLAAS, 2016; Berry, 1989). However, this sits uneasily with the realities in which these JVs are being implemented. The demands placed on the farm to hire landowner's kin, and how cooperatives are embroiled in local identity politics is also rooted in the complexities of social reproduction. Therefore, there appears to be an inherent mismatch between the logic of the JV model and that of social reproduction.

The pressures experienced by differentiated households in their ability to meet social reproduction, is central to understanding conflicts over land, jobs and dividends. These tensions do not create as much tension in Keiskammahoek, due to on the one hand the larger dividends to satisfy the needs of reproduction, and on the other hand the different character of class dynamics among the landowning group. At Shiloh, where social differentiation is more intense among the landowners, their reproductive needs are more distinct, and conflict is emerging over how dividends should be used by the Mayime Cooperative.

Joint ventures and trajectories of class formation

Another key impact of the JVs is the particular way in which they promote class formation. In Chapter 12, I present a methodology for exploring class dynamics that brings together Patnaik's (1989) labour exploitation criterion, with other approaches to develop class typologies in the South African context (Cousins 2010; Levin *et al.* 1997), along with my own additions. The results of employing the class typology illustrate how in both Shiloh and Keiskammahoek, the local communities in which these JVs are being implemented, are socially differentiated along lines of class.

The differences between the class categories are expressed, not only in terms of trends in different forms of labour exploitation, but also in terms of reproductive strategies, access to different types of incomes, assets and also household composition. The comparative analysis of the class character of each settlement in Chapter 12 illustrated how divergent outcomes from the JVs in these two rural settlements are most powerfully explained by differences in the class structure of each settlement. A class-based typology assists in understanding the tensions that the JV model of capitalist farming generates in relation to household reproduction, in a class-differentiated manner.

Class dynamics are, however, not the only ones at work, and are intermeshed with many other 'determinations'. Class place is thus complex, contingent and subject to processes of constant change (Scoones *et al.*, 2012; Cousins, 2010; Bernstein, 2010). The challenge is in theorizing the ways in which class difference relates to other aspects of social difference. Peters (2004) also notes that "differentiation takes many forms- including youth against elders, men against women, ethnic and religious

confrontations- these also reveal new social divisions that, in sum, can be seen as class formation” (p.291). This PhD has thus tried to illustrate how the JV interacts with and impacts on currents of class formation, and how class interacts with other aspects of social difference, particularly gender, kinship, ethnicity, race, generation and religious affiliation.

In order to understand the heightened levels of intragroup conflict in Shiloh, as compared to Keiskammahoek, it is revealing to compare the class structure of those households with access to irrigation plots, which is documented in Chapter 12. Clearly in both sites there is differentiation among households. However, in Shiloh, this differentiation is more extreme. In particular there are classes like *petty commodity producers*, which make little or no use of wage labour and mostly exploit their own family labour. Households identified as *supplementary food producers* rely considerably on social grants, and can thus be considered quite a vulnerable class. In Keiskammahoek, neither of these class categories can be identified among households with rights to irrigation plots.

The majority of households in Shiloh are located in the *allotment holding worker* and *worker farmer* class categories, comprising 74% together. In Shiloh, the *rent earning rich farmers and business owners* are a very small minority, and the *rent earning pensioner* class category, does not exist. In contrast in Keiskammahoek, when these two classes are combined, they account for 57.5% of households with irrigation plots. These classes both exploit the labour of others, to an equal or usually greater extent, than they exploit their own labour in self-employment. *Rent earning pensioners* do not sell their labour, and *rent earning rich farmers and business owners*, sell their own labour to a smaller degree than they hire in the labour of others. This demonstrates how the predominant dynamics of labour exploitation among irrigation plot holders, is vastly different between the two case study sites.

This thesis has also attempted to illustrate how an analysis of historical trajectories of class formation, land rights and use, and livelihoods is also central to understanding the impacts of JVs in different contexts. This was the explicit focus of Chapter 5 and I have attempted to thread a historical lens throughout this thesis. In Keiskammahoek, the historical process of class formation that took place during the Ciskei era, among a small group of 35 petty commodity producing households on the irrigation scheme is central to understanding contemporary dynamics. They managed to accumulate larger parcels of land from their neighbours (many with private title), along with productive assets. For landowners in Keiskammahoek, farming their irrigation plots, had remained a central livelihood activity up until the JV was implemented in 2010. This fact, along with historical processes of accumulation, can in part account for the much larger numbers of *rent earning rich farmers and business owners* and *worker farmers*, who are engaging extensively in own-account farming. However, access to a larger JV dividend also enables a surplus to be reinvested in farming.

This contrasts sharply with Shiloh, where the majority of landowners reported having abandoned cropping on the irrigation scheme between 1994 and 1997. The vandalism that took place to the irrigation scheme following the liquidation of the Ciskei parastatal, prohibited production on the

irrigation scheme in the democratic period, and also created a lingering intragroup conflict. However, even during the Ciskei era, much of the land (apart from 17 plots used for commercial dairy farming and the food plots) was operated by a 'group farm', and customary landowners received dividends and jobs. Therefore the conditions for accumulation found in Keiskammahoek¹⁹⁸, were never afforded to the customary landowners at Shiloh.

Overall, the comparative analysis of livelihoods presented in Chapters 10 and 11, illustrates that the ability of households to meet social reproduction are somewhat more precarious in Shiloh. More households in the Shiloh sample live below the poverty line, they have less assets and lower incomes¹⁹⁹, scarcer access to wage labour, more female-headed households, and generally rely more heavily on safety nets like public works jobs and social grants. The wider livelihood portfolio of households and character of household composition thus interacts with the JV intervention in complex ways. Understanding pressures to household reproduction can also help explain emerging tensions over JV benefits.

Historical land use patterns and conflicts and the impacts of the joint ventures

Apart from the different nature of land rights in Shiloh (communal allocations) and Keiskammahoek (predominantly private titles and deeds of sale), there are also some important differences in terms of how land use has been affected by the JV farms. In Shiloh most landowners have given over the use of all of their land to the JV, with a minority maintaining a few quarter hectare food plots. This means that most people have the use of communal grazing camps and their small household gardens for own-account farming, and they do not have access to water from the irrigation scheme. This has limited the ability of households in Shiloh to engage in own-account farming to the same extent as households in Keiskammahoek.

In contrast, in Keiskammahoek, households had accumulated relatively large plots in the past (of between 12 and 20 hectares), and most homes remain located on these plots and are surrounded by pastures on the irrigation scheme.²⁰⁰ Many households have maintained plots of around one to two hectares for cropping and livestock production. Own-account farming is thus a relatively more important livelihood strategy to these households. It is argued that, apart from the very different dynamics of class formation in Shiloh and Keiskammahoek, the fact that most households in the latter maintained some land on the irrigation scheme to keep livestock and cultivate plots, can in part account for the JVs relative success.

¹⁹⁸ Chapter 5 demonstrated that during the Ciskei era landowning households were also exploited by Ulimocor, and meeting livelihoods was a struggle for many of them. Many households had to combine farming with off-farm incomes as well. However, in comparison to Shiloh, the opportunities for accumulation in farming and over land and other assets were far more conducive in Keiskammahoek.

¹⁹⁹ Median yearly household income for the sample was R86, 300 in Shiloh and R128, 495 in Keiskammahoek. This would, however, be affected in part by the larger dividends received by a portion of the sample in the latter case.

²⁰⁰ The houses of some farmers had to be removed to make way for the construction of new centre pivots for the irrigation scheme. In these cases they have been allocated new houses by the JV, including large household gardens.

At both Shiloh and Keiskammahoek there are some noticeable conflicts and contestations around land. This creates a challenging context in which the JVs must operate. At Shiloh an on-going land conflict from the post-Ciskei era has found a new expression in the context of the JV, because the state has failed to address the longstanding claims of 17 dairy farming households, that lost land and dairy animals.

At Shiloh, within the group of irrigation plot owners, the emergence of an 'opposition group', reflects another layer of contention over rights to and use of communal plots. This intragroup conflict ultimately reflects complex dynamics of class, generation, religion and allegiance to customary groups. The heightened tensions around land in Shiloh have historical roots, but the smaller dividends fuel this conflict, as do the more intense pressures to social reproduction. These conflicts all have historical roots that cannot be understood or explained solely in the contemporary context, as a result of how the JV is structured. Intragroup dynamics, which have historical roots extending beyond the implementation of the JV intervention, are therefore central to understanding impacts on livelihoods and land rights and use.

The agrarian question of labour: Conflicts over joint ventures reflect a wider crisis of social reproduction

Conflicts emerging around the JVs must also be understood within the wider political economy. Therefore, an investigation of the local historical context only takes one so far. In this sense, Bernstein's (2011) rendering of the *agrarian question of labour* compels our attention towards the wider crisis of employment under modern capitalism, and how classes of labour battle to meet their simple reproduction needs. It is this tension which is often at the core of struggles over land, its use and its meaning (Arrighi and Moore, 2001).

Struggles emerging in the countryside, in the face of the types of agricultural investments detailed in this PhD thesis, are implicitly therefore also part of broader social and political struggles. These struggles take many forms, and it is not always easy to distinguish their class character, because of the ways in which classes of labour are fragmented (Bernstein, 2010). How local residents respond to JVs, and the seeming failure of some investments to improve livelihoods is thus also a reflection of the wider failings of our capitalist economy in general, and in particular the failings of land and agrarian reform to address this crisis of reproduction.

13.3 Conclusions on Political and Policy Lessons: Agrarian Change and Joint Ventures in the Communal Areas

So, what are the wider political and policy lessons that can be drawn from these cases of large-scale agricultural investments in communal areas? How can this study contribute to understanding processes of agrarian change in contemporary South Africa? There are a number of lessons emerging from this study. Some of these are relevant at a policy level, or are of interest to academia and advancing a research agenda on agrarian studies. Whilst other lessons may concern agribusiness and those

implementing development interventions on the ground. Critically, there are also a number of 'political lessons' for advancing a progressive politics of land in South Africa.

Integrating a class-analytics approach into agrarian reform policy

A central lesson emerging from this study is that the outcomes and impacts associated with JVs, or other agricultural investment models, cannot be fully understood without a comprehensive understanding of class and other dynamics of social differentiation. Social differentiation and the varying reproductive needs of 'beneficiary communities' must be thoroughly understood before agricultural models or investments are designed. The unfortunate reality for policy makers and implementers is that it is naive to assume that a single model of agricultural investment can be uniformly implemented across the communal areas to produce the same results.

Interventions should also have a wider political agenda in mind, in regards to the character of agrarian reform desired and the underlying class relations that tend to generate these changes. For example, the question of whether we should be promoting 'accumulation from below' among differentiated smallholders on irrigation schemes (Cousins 2015; Aliber and Hall 2012; Scoones *et al.* 2012; Pellizzoli, 2009), in place of the JV model that involves customary landowners primarily as workers and shareholders.

This PhD thesis has explored the question, of how a 'class lens' can assist in understanding the impacts of JVs on on-going dynamics of agrarian change, and the challenge of transforming relations of land, labour and capital in South Africa's former homelands. The failure of both policy and research to adequately investigate and understand incipient class formation has meant that residents in the former 'homelands' are assumed to be a fairly homogenous class of proletarians or semi-proletarians (Levin and Neocosmos 1989). Although these debates have progressed, and some detailed studies have endeavoured to highlight dynamics of class and other aspects of social differentiation (Levin *et al.* 1997; Cousins 2010/3), dynamics of class formation in the former 'homelands' continue to be somewhat misunderstood today.

As discussed above, in Shiloh the many intragroup conflicts that have emerged around the JV farm, reflect the realities of a highly differentiated community and a context where household reproduction is under more extreme pressure. The case of Shiloh provides a precursory warning, regarding the implementation of capital-intensive agricultural investments like JVs within large beneficiary groups in communal areas. This is particularly the case where there is intense contestation over land rights, pre-existing intragroup conflict, and high levels of poverty and unemployment. The tensions that capitalist farming introduces and the contradictions it poses to the social reproduction of poorer households, can in part explain the emerging conflicts and the limited benefits that the JV has had for local livelihoods. In cases like Shiloh, I'm inclined to conclude that the production of agricultural commodities that require less capital investment, and which are better suited to smallholder production (labour absorbing commodities), would provide better benefits for these communities.

Debates around the extent of social differentiation in the former homelands are important precisely because they have implications for the types of pathways we imagine for agrarian reform. The solitary focus on JVs, has excluded other possible ways of organising production, to meet a variety of contexts and the diverse reproductive needs of households. At the same time, however, this does not mean that JVs are inappropriate in all contexts. Rather, closer attention is required on more appropriately crafting solutions to meet the realities of diverse 'communities'.

For example, in Keiskammahoek where you have a group of elder landowners, whose younger kin are on the most part engaged in off-farm businesses and employed in nearby cities, the JV model may be a more appropriate fit for the generational and household characteristics of the landowners. Dairy farming also represents continuity with the previous use of land on this scheme. Although some contend, as Laker (2016) does, that "Keiskammahoek should never have been put under pastures for dairy cows. With its high potential soils it should have been under high value cash crops".

With due regard to the context of South Africa, JVs must also be evaluated on their ability to contribute to transformation of the country's agrarian structure (Bitzer and Bijman, 2014). The class typology, detailed in Chapter 12, is significant because it speak to the type of emerging agrarian structure that a JV intervention conditions. This has important implications for debates around agrarian change in South Africa.

Significantly, this study could not identify any households as 'middle farmers'. This contrasts to research conducted by Scoones *et al.* (2012: 503) in Zimbabwe, for example, which identified a dynamic middle farmer class category, 'reliant on 'accumulation' from below' through petty commodity production'. Cousins' (2013a) research on Msinga, has likewise illustrated that smallholder irrigation schemes in South Africa, where plots are being used for own-account farming, can provide conducive conditions for establishing a class of middle farmers. Many authors consider accumulation from below to be a more progressive, dynamic and desirable pathway of agrarian reform (Cousins 2015; Aliber and Hall 2012; Scoones *et al.* 2012). The JV model does not, however, seem to provide the conditions for establishing such a class category of accumulating middle farmers.

I also could not find evidence of the emergence of small-scale capitalist farmers, as identified in Cousins' (2010) typology. However, it could be argued that some of the black JV farm managers could be viewed as small-scale capitalist farmers. A few have begun accumulating cattle, which they rent out to the JV and other commercial dairy farms, providing significant passive incomes. One male manager had also become a '10 % sharemilker' and is remunerated according to a 10 % share of the farm's profit, rather than a set salary. Amadlelo's model does therefore seem to be facilitating the entrance of new black farm managers, into a dairy sector dominated by white commercial farmers and managers. However, benefits to this class, need to be evaluated in relation to benefits to households that hold land

rights to irrigation plots. Notably, apart from one junior manager at Shiloh, none of the managers are from among the customary landowners, who are involved predominantly as shareholders and workers.

The relative success of Amadlelo Agri's training and mentoring programme for black farm managers and sharemilkers, raises questions around whether this particular aspect could be more effectively implemented in different ways, and in other parts of the land reform programme. Clearly, there are mismatches between their sharemilking model and the contextual realities of some rural settlements in the communal areas of the former homeland. However, perhaps an adaption of the model could serve BBBEE and land and agrarian reform in other ways. I would suggest that there are two contexts in which their sharemilking model could be more suitably employed outside the communal areas of the former homelands.

Firstly, it could be implemented in the context of the land reform programme. However, it should target only very small beneficiary groups, so that adequate dividends can be generated to allow for accumulation. Black farm managers, graduating through Amadlelo Agri's programme, could impart skills to land reform beneficiaries, providing the possibility for them to run the business on their own in the future, should they chose to, or continue a sharemilking arrangement if preferred. If their programme intentionally targeted existing market-oriented smallholders, it would be easier to provide the right conditions for small-scale black capitalist farmers to flourish through 'accumulation from below'. Farm workers, with existing skills in the dairy sector, would also be obvious candidates for this model. In some cases, it could also work in relation to claimant groups of pensioners, who are unable to undertake or supervise farming, as is largely the case in Keiskammahoek.

Secondly, Chapter 8 revealed that there are some agribusiness firms that are currently sharemilking with white landowners. These share contracts are commonly made with white dairy farmers who are 'in distress', due to competitive pressures, poor management and lack of capital. Perhaps this could be an opportunity for Amadlelo Agri's black farm managers, who could sharemilk on existing white dairy farms. However, in order to legitimise these investments on white-owned land, there should be existing fixed asset, as these couldn't be justifiably provided by state grants²⁰¹. This could provide a way for the sharemilking model to make use of existing assets, rather than diverting large sums of ReCap grants to establish costly dairy farms from scratch, which offer little benefits in the context of large beneficiary groups in the former homelands.

This model should also entail agreements for black sharemilkers to graduate to owner-operators. Since it takes around 4-5 years to settle down a dairy farm, sharemilking might provide a way to avoid burdening emerging capitalist farmers with the risks entailed in maintaining both the fixed and movable assets from the onset. Since it is clear that there are already many white dairy farmers in distress, who are exiting the industry, this may provide as of yet unexplored potential for the entrance of successful black capitalist dairy farmers. I do acknowledge that this approach has limited scope in terms of

²⁰¹ Although in some cases, where future hand over of the farm has been agreed, state grants for upgrading of assets could be justified.

numbers of beneficiaries reached. However, given the realities of South Africa's extremely competitive and concentrated dairy industry, which is dominated by large-scale capitalist farmers, dairy is simply not the sector that can realistically provide opportunities for a large number of market-oriented small-scale farmers to accumulate from below.

Joint ventures and agrarian reform: Broadening out the range of models to suit diverse contexts

There is also the necessity of being pragmatic in certain contexts, and seeking to do the best to support livelihoods given the constraints of the capitalist economy, rather than disregarding JVs purely on ideological grounds. In some cases of restitution and redistribution, where farms produce high value export crops (e.g. horticultural farms in Limpopo), it may be justifiable that government opts not to destroy what are profitable existing enterprises that have the potential to support much needed jobs (Davies, 2014, Manenzhe, 2016). However, research has also illustrated that these JVs have struggled to produce benefits for local residents and more should be done to secure complementary livelihoods alongside JV production (Manenzhe, 2018; Lahiff et al., 2012). However, on the most part, this is not the case in the former homelands, where many of these irrigation schemes have fallen into total or partial disrepair, as was the case in Shiloh and Keiskammahoek. Therefore the context of the former homelands, rather, requires interventions that more closely fit the reproductive demands of differentiated communities.

Opening up and broadening out the range of possible pathways is suggested here, in which JVs may be one possibility, among a range of other production models, particularly differentiated small-scale farming systems (see Cousins 2010/3; Aliber and Hall 2012). Land use may be reorganised in some cases, to allow for the complementarity of a large-scale JV or other model, alongside land reserved for household production in which producers are adequately supported (Manenzhe, 2016).

It is argued that, apart from the very different dynamics of class formation in Shiloh and Keiskammahoek, the fact that most households in the latter maintained some land on the irrigation scheme to keep livestock and cultivate household gardens, can in part account for its relative success. Given the evidence in this thesis that there is interest among landowning households in investing dividends in own-account farming, more could be done by Government and Amadlelo Agri to support these activities alongside the JV. Particularly, improving the governance of the primary and secondary cooperatives and securing access to markets, which appear to be the main constraints in expanding their household farming operations.

Equitable distribution of benefits in sharemilking JVs

Even where it is deemed that a sharemilking JV or a mixed-model is suitable, there are still some issues of concern that should be addressed regarding the equitable distribution of investments and benefits from sharemilking JV arrangements. As discussed in Chapter 8, the New Zealand 50/50 sharemilking model delineates much more carefully between the landowner costs and the sharemilkers costs in the dairy farming operation. In New Zealand it is the milk income that is shared, whereas in Amadlelo

Agri's model the profits are shared. In essence, this difference comes down to a clear separation of the maintenance costs of each party's assets (NZDairy, 2016; Gardner, 2011; du Faur, 1997). This separation has been blurred in Amadlelo Agri's 50/50 sharemilking model, with important implications for the 'fairness' of the model and return on investment for the beneficiary communities.

The analysis in Chapter 8, of the relative return on investment accruing to the 'sharemilker' and the 'landowners' in Amadlelo's 50/50 sharemilking contract as compared to New Zealand's model, revealed that the latter model would be of more benefit to customary landowners. Strictly separating the maintenance of the fixed assets of the landowners (Mayime and Seven Stars Cooperatives) and the movable assets of the sharemilker (Amadlelo Agri), appears to be a more beneficial way to structure a sharemilk contract, from the viewpoint of the customary landowners. There are already examples of the New Zealand 50/50 sharemilking model being implemented in its original formulation, in the context of land reform in South Africa. A proposed focus of future research would be a comparative analysis of the model used by Grasslands Agriculture at their Schoonfontein sharemilking farm and the Amadlelo Agri model.

Dairy farming and land and agrarian reform

The volatile and highly competitive nature of the dairy industry has shaped the type of large-scale JV sharemilking arrangements that are emerging in the communal areas of South Africa. Restructuring and liberalisation of the dairy sector and the specific nature of dairy as an agricultural commodity, which is particularly amenable to technological innovations and capital-intensive methods, has resulted in extreme competition between producers. Scale of production is necessary to survive the competitive pressures of the dairy sector in South Africa and since 1994 we have witnessed a drastic reduction in the number of dairy producers. This specific nature of the industry must be considered when coming up with new avenues for black emerging farmers to enter the dairy sector, and also when asking the question of whether dairy is the right commodity for land and agrarian reform given the volatility of the sector.

The National Development Plan (2011) identified dairy as an agricultural commodity with relatively high growth potential, but with a limited capacity to absorb labour, given high levels of mechanization. Alternative commodities have been identified which have high-growth potential and importantly absorb more labour, since they are less amenable to mechanisation (see figure 16). In contexts like the former homelands, where there is a high demand for jobs, we should be considering some of these labour-intensive alternatives where smallholders could be more competitive, such as subtropical fruits and nuts, vegetables, sugar and livestock production on communal rangelands.

What about smallholder dairy farming as an alternative to JVs between communal landowners and strategic partners? Do the case studies, detailed in Chapter 6, of successful smallholder dairy farming elsewhere on the continent like Kenya, Tanzania and Uganda, or further afield in India, provide

applicable lessons for South Africa? Unfortunately, reality seems to demand that even proponents of smallholder models need to pragmatically consider whether there is a future for dairy smallholders in South Africa (Midgley, 2016; Mkhabela and Mndeme, 2010; Muriuki and Thorpe, 2001). Without a significant shift in the way government supports and protects the dairy sector, the review of the South African dairy sector, undertaken in Chapter 6, indicates that a smallholder dairy programme would set up customary landowners to fail.

Alternatives to JV arrangements in the former 'homelands'

An alternative way of organising production on irrigation schemes in the former homelands, would be promoting a successful smallholder sector. However, pathways of accumulation for smallholders are also clearly limited by the particularities of agrarian change in South Africa. Especially important factors to consider are the competitive agricultural sector, which is dominated by large-scale producers, processes of deagrarianisation, and a history of expropriation. This means there is more widespread dependence on wage labour in South Africa's rural areas (and particularly in the former homelands), than in other parts of the continent (Cousins, 2015; Bernstein, 1996/ 2011b).

Extreme poverty in the communal areas and dependence on wage labour, means local residents may not have been engaged in farming for some time. Since Africans have been historically marginalised in the agriculture sector, concerns have abounded regarding the 'viability' of supporting a differentiated small to medium-scale sector of black farmers. This has led to the belief that promoting equity ownership of existing farms and other agricultural enterprises, alongside secure employment, is more pragmatic (Cousins and Scoones 2010; Davis 2014). There is, however, evidence to suggest that smallholders are succeeding in spite of these challenges (Aliber and Hall, 2012; Cousins, 2013). A model based on providing a supportive system for smallholder production may work as an alternative to JVs, however, it is unlikely that dairy is the right commodity to promote in many cases.

In the context of market-oriented smallholder farmers, Cousins (2015) particularly suggests that we should consider 'labour-intensive fresh produce on irrigation schemes' and 'indigenous goats and cattle on communal rangelands'. Providing secure markets for horticultural crops would be key. For example, government could secure access to markets like schools, hospitals and prisons, and smallholders could leverage a mix of formal and informal markets. Such a programme could target smallholders already engaged in production, particularly those 200, 000 identified by Aliber and Hall, (2012). In cases where market-oriented smallholders have rights to communal plots on irrigation schemes in the former homelands, and where JVs are deemed to be an inappropriate solution for agrarian reform, this could be a viable alternative.

It is ironic that in the context of the communal areas, and particularly on irrigation schemes where existing land rights are overwhelmingly characterized by access to small plots of land, well suited to smallholder production, the government should still opt to consolidate people's land into large group

farms. This results in establishing huge groups of beneficiaries represented by single entities. Experience with CPAs, trusts and cooperatives in South Africa's land reform programme, have to date proven that these entities face extreme challenges and are seldom successful (Cousins and Walker, 2015; DAFF, 2012; CLS, 2015²⁰²; Clark and Luwaya, 2017; PLAAS, 2016).

In Averbeké et al.'s (1998) study of several smallholder irrigation schemes, they concluded: "food plots have been one of the relatively successful aspects of irrigation scheme development in central Eastern Cape". Some food plots in Shiloh have now been incorporated under the JV farm. However, Averbeké et al.'s (1998) findings beg the question of whether there could be better livelihood outcomes deriving from these food plots if household production was promoted alongside the JV intervention, rather than incorporating them as part of the land farmed by the JV.

However, as discussed above, even within a rural settlement, households are socially differentiated. Therefore devising suitable alternative models for organizing land rights and use would need to be crafted to the specific reproductive needs of households in different contexts. For example, whether land is required to substitute reproduction (through food plots), or whether access to larger plots is required to allow for a surplus to be sold and for farming to play a major part in a household's livelihood and potentially allow for accumulation. Averbeké et al. (1998) advise the following regarding the size of plots on irrigation schemes, (although this would need to be qualified by the type of crops being produced):

"Whereas food plot schemes appear to be a suitable model of introducing irrigation on land held under communal tenure, it is not recommended for settlement schemes. The size of standard food plots (0, 25ha or less) is just too small to make irrigated agriculture a viable livelihood option. From the study it appeared that a minimum plot size of 2ha is required in order for agriculture to become the main source of income for farming households".

Then there is also the question of land for what purpose i.e. grazing or crop production? As Chapter 12 indicated, a number of *worker farmer* households, in both sites, are engaging extensively in livestock production. For many, this is easier to combine with wage employment because household members may be absent for long periods. In cases where customary landowners fall into the category of *supplementary food producers*, discussed in Chapter 12, what strategies are viable? South Africa has limited agriculturally productive land and water rights, and thus we must ask the difficult question of who the beneficiaries of land and agrarian reform should be, and how we can best support differentiated producers. Aliber and Hall (2012) identify three viable strategies. Firstly, focusing on promoting food security for a large number of poor households. Secondly, providing opportunities for a select few better-off farmers to graduate to commercial farmers, which they refer to as 'accumulation for the few'. Finally, a much more radical programme of 'accumulation from below', whereby a large number of the existing population of subsistence and smallholders are supported to maximise and diversify their

²⁰² Centre for Law and Society (2015) COMMUNAL PROPERTY ASSOCIATIONS (CPAs) FACTSHEET. Accessed: http://www.cls.uct.ac.za/usr/lrg/downloads/Factsheet_CPAs_Final_Feb2015.pdf

production to develop into ‘sustainable commercial smallholders’. It is the latter proposal, which they promote.

Obviously the context of the communal areas differs from the land redistribution and restitution programmes, which aim to redistribute water and land rights, and thus the types of viable production models will also differ. Market-oriented smallholders in the former homelands should, however, also be the targets of these programmes. This would go some way towards depopulating available agricultural land in these areas (Cousins and Walker, 2015; Aliber and Hall, 2012). Within the current constraints, in contexts like Shiloh, where there are a large number of households owning small plots (between a ^{1/4} to 1 hectare), predominantly promoting food security, alongside some opportunities for selling a small surplus, may be what is viable. Opportunities for accumulation in farming for some households might be greater in livestock farming, due to limited land available on irrigation schemes.

We also need to be realistic about the role that land and agrarian reform can feasibly play in addressing the crisis of social reproduction which poorer households in South Africa's communal areas face (Bernstein, 2011b/2013; Cousins, 2015). As Bernstein (2013) asserts, what is needed to improve the wellbeing of South Africa's rural and urban classes of labour is a much broader and “radical political and macroeconomic project centred on public investment and redistribution”. Improving access to off-farm jobs will be central to this strategy. The vast majority of people in the former homelands rely on wages, remittances and social grants to meet their reproduction (Neves and du Toit, 2013; Walker and Cousins, 2015).

Lessons emerging from this thesis for future research

This PhD provides some general insights for future research. The sole focus of much of the literature on agricultural investments has been on relationships between agribusiness, and what are too often portrayed as homogenous communities. However, this PhD thesis has illustrated that this approach is misleading of the real politics on the ground. Struggles over jobs, dividends and land take place within highly differentiated communities. Understanding how dynamics of class and other aspects of social differentiation play out in the context of agricultural investments is key to understanding their significance for agrarian change.

To understand the impacts of JV-type interventions on livelihoods, land rights and agrarian change, the level of analysis required is multiple. It requires grappling with complex realities and overlapping causal factors to bring together form and content (Harvey, 2010). Relevant emphases of analysis should be moulded to suit different contexts. Some of the many key dynamics that have together helped to build the rich picture of social reality presented in this thesis include: a focus on class dynamics inherent to a specific social relation of production (sharemilking joint ventures), intragroup conflicts and historical trajectories of social differentiation, and relationships between different social groups and the state. All of these factors are moreover embedded in specific historical contexts, but are equally conditioned by a

wider political economy and the capitalist mode of production. It is only in understanding the broader 'political economy', in which specific JV interventions are inserted, that we can understand how they interact with a complex set of social realities to produce certain outcomes in different contexts.

The focus of research should be on understanding this complexity, and how agricultural investments are reorganising social, economic and cultural life and work, and the means by which communities reproduce themselves in a full set of social relations. It is the task of research to bring these numerous and complex levels of analysis together to form "*a rich totality of many determinations and relations*" (Marx, 1973: 100). Embracing complexity is the only means by which we can offer adequate explanations for the impacts of agricultural investments on livelihoods and land rights and use, and begin to comprehend their significance for agrarian change.



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Appendix

1. Livelihood Survey: Questionnaire

Questionnaire Number:					
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Category of respondent's household: (landowner/labourer/ other community)	
Name of respondent	
Name of Joint Venture Project:	
Village name:	
Ward number:	
Municipality and district:	
Name by which household is known:	
Cellphone number of respondent:	

Particulars of visit to the household:

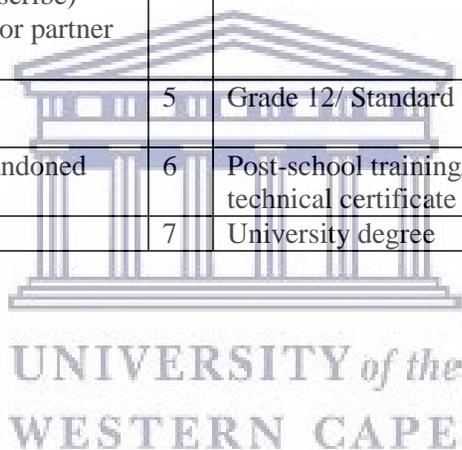
Number of visits	Date	Time started	Time finished
First visit			
Second visit			
Third visit			

Hello, our names are Brittany Bunce and Welcome Nelo. Brittany is a PhD student at the University of the Western Cape and Welcome is the research assistant and translator. We have no links to the government or any company. The purpose of this survey is to understand people's livelihoods and land use in this area. The interview will focus on your family history, income sources, agricultural activities and land use. If you agree to participate please be advised that I will not mention your name in the results of this study as to maintain confidentiality at all times. Your information will be compiled with hundreds of other households in this area. Your participation in this research is entirely voluntary, which means that you are free to decide not to participate. You may also choose not to answer particular questions that are asked. If there is anything that you would prefer not to discuss, please feel free to say so. The interview will take about an hour. Since I am a student I must warn you that there is no payment for taking part in the study.

- Do you have any queries about the study? Are you available and interested in taking part in this study?
- We would like to interview one member of this household but that member should know and be able to share relevant information about the household and of the people living here. Who can we interview?
- Would you prefer to be interviewed in English or Xhosa?

A. Codes Table 1: for Household Structure Model (DO NOT READ OUT!)

	(A4) How is this person related to you		(A5) What is this person's marital status?		(A6) Highest level of education attained?		(A7) How many nights a week is this person present in the household?
1	Self	1	Never been married	1	No schooling	1	Present most or all nights
2	Husband/wife/ partner	2	Married	2	Some primary	2	Present during working days but away most weekends
3	My child	3	Co-habiting	3	Completed primary	3	Present during weekends but away most working days
4	Adopted/ foster child	4	Other form of marriage/ partnership (describe)- Husband, wife or partner still alive	4	Some secondary	4	Present about once a month
5	Partner's child	5	Divorced	5	Grade 12/ Standard 10	5	Present for one or two periods in the year
6	Grandchild	6	Separated/ Abandoned	6	Post-school training/ technical certificate	6	Present during school or work holidays
7	Parent	7	Widowed	7	University degree	7	Other (describe)
8	Step parent						
9	Grandparent						
10	Sibling						
11	Partner's sibling						
12	Own niece/nephew						
13	Partner's niece/nephew						
14	Cousin						
15	Partner's cousin						
16	Uncle or aunt						
17	Partner's uncle or aunt						
18	Tenant						
19	Domestic worker						
20	Other (describe)						



A. HOUSEHOLD STRUCTURE MODEL

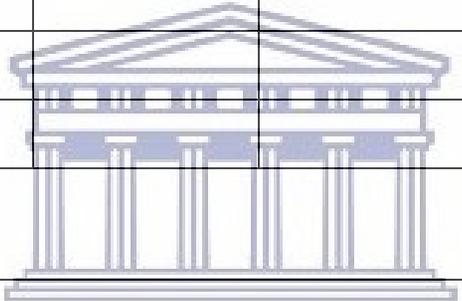
Name of household head: _____

A1 Name	A2 What sex were you/ household member assigned at birth?			A3 Age	A4 How is this Person Related To You? (USE CODE)	A5 What is this person's marital status? (USE CODE)	A6 Highest level of education attained? (USE CODE)	A7 How many nights a week is this person in the household? (USE CODE)	A8 Comments?
	F	M	other						
1.	1	2	3						
2.	1	2	3						
3.	1	2	3						
4.	1	2	3						
5.	1	2	3						
6.	1	2	3						
7.	1	2	3						
8.	1	2	3						
9.	1	2	3						
10.	1	2	3						
11.	1	2	3						



12.	1	2	3						
13.	1	2	3						
14.	1	2	3						
15.	1	2	3						
16.	1	2	3						
17.	1	2	3						
18.	1	2	3						
19.	1	2	3						
20.	1	2	3						

Comments:



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B. Code table 2: For Income Sources of Household Members

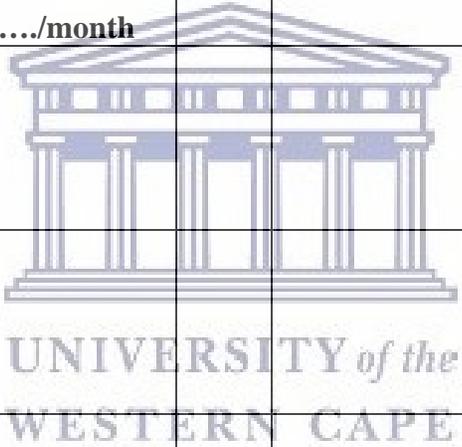
Code	Types of Income Source
1	Employee on the joint venture (permanent job)
2	Employee on the joint venture (non-permanent job/ contract/seasonal job)
3	Employee in other agricultural job (permanent job)
4	Employee in other agricultural job (non-permanent job)
5	Employee in non-agricultural private sector job (permanent job)
6	Employee in non-agricultural private sector job (non-permanent job)
7	Civil servant
8	Ward councillor or other political position
9	Traditional leadership (chief, nkosana etc.)
10	Farming activities on household's land
11	Non-agricultural own/family income-earning activity
12	Gathering fire wood and other natural resources
13	Work on income generating project with NGO
14	Work on EPWP or CWP (not including JV jobs paid by EPWP)
15	Old age grant
16	Civil servant pension
17	Pension from private employer
18	Disability grant
19	Child support grant
20	Foster Care Grant
21	Remittances (from household members working elsewhere) in cash
22	Remittances in kind (food, clothes etc.)
23	Transfers in cash (from people who have established separate households)
24	Transfers in kind
25	Gifts
26	Other (Specify)

Note: Probe using list of possible income sources, once respondent has finished. It's especially important to find out if there is a household member working on the JV or in case respondent doesn't consider an activity to be important enough to mention

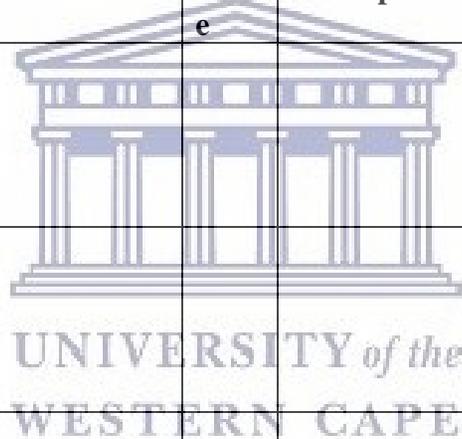
B. INCOME SOURCES OF HOUSEHOLD MEMBERS IN THE LAST YEAR

(In description: include detail on nature of income sources e.g. type of job, position employed in, economic sector, where it is located etc.)*

	B1	B2		B3		B4	
	Name of household member	Income source 1		Income source 2		Income source 3	
		Cod e	Description	Cod e	Description	Cod e	Description
1							
			Income Amount:...../month				
2							
3							
4							
5							
6							



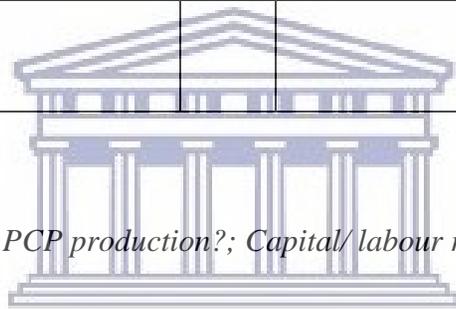
7							
8							
	B1	B2		B3		B4	
	Name of household member	Income source 4		Income source 5		Income source 6	
		Code	Description	Code	Description	Code	Description
1							
2							
3							
4							
5							



6							
7							
8							

Comments on income sources:

(Gendered & generational nature of household income; PCP production?; Capital/labour relations etc.)

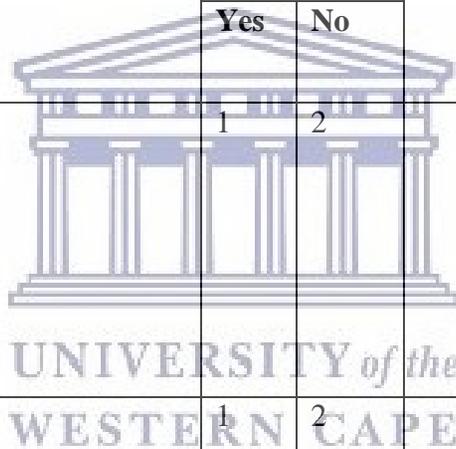


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C. LAND USED BY MEMBERS OF THE HOUSEHOLD IN THE PAST YEAR

- What types of land does this household have? (Include land not adjacent to the household)

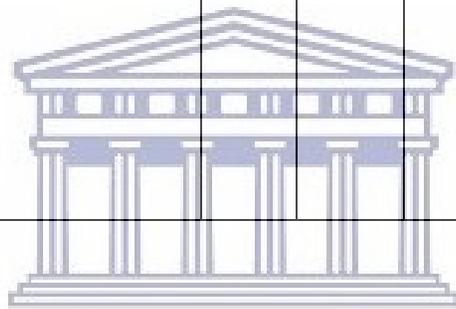
	C.1	C.2		C.3	C.4	C.5		C.6	C.7	C.8
	Type of land	Does the household have this type of land?		In what year was this land first acquired by the household ?	How was the land first acquired? (e.g. inheritance, allocated by traditional leader etc & to determine whether PTO, quitrent, freehold etc).	Has the land been used by the household in the last year?		If yes, what is the land used for?	If no, in what year was this land last used?	If no why hasn't the land been used in the last year?
Ye s	No	Yes 1	No 2							
1	Residential	1				1	2			
2	Garden plots within or adjacent to household	1	2			1	2			
3	Community Garden	1	2			1	2			



4	Fields (including land given to JV farm?)	1	2			1	2			
5	Irrigation scheme plot (including land given to JV farm?)	1	2			1	2			
6	Other project garden plot (NGO or Govt)	1	2			1	2			
7	Additional land reform land (including land given to JV?)	1	2			1	2			



8	Grazing land (including land given to JV?) Community Garden	1	2			1	2			
9	Other (specify)	1	2			1	2			



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D. ADDITIONAL LAND BASED QUESTIONS: DISPOSAL, RENTING AND LENDING OF LAND

	D1	D2		D3	D4	D5				D6
	Type of land use	Yes	No	Size of land?	What was the land used for previously?	Is compensation received for the land and how much?				Comments?
						Yes	No	Amount	Frequency ²⁰³	
1.	Have you/ or a member of this household ever rented or lent land to someone else?	1	2			1	2			
2.	Have you/ or a member of this household ever borrowed land from someone else?	1	2			1	2			
3.	Have you/ or a member of this household ever sold land to someone else?	1	2			1	2			
4.	Have you/ or a member of this household ever bought land from someone else?	1	2			1	2			

²⁰³ Monthly, yearly, quarterly, once-off?

E. CROPS GROWN BY MEMBERS OF THE HOUSEHOLD IN THE LAST YEAR

(Note! only refer to land you know the household has: refer to table C)

	E1	E2	E3	E4	E5	E6	E7	E8	E9
	Type of land	Crop type 1	Amount Harvested (Specify measure e.g. bag, bucket)	Crop type 2	Amount Harvested	Crop type 3	Amount Harvested	Crop type 4	Amount Harvested
1	Garden plots within household								
2	Irrigation scheme plot								
3	Fields								
4	Community Garden								
5	Other project garden plot (NGO or Govt)								
6	Additional land reform land								
7	Other (specify)								



8									
9									



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	E1	E2	E3	E4	E5	E6	E7	E8	E9
	Type of land	Crop type 5	Amount Harvested	Crop type 6	Amount Harvested	Crop type 7	Amount Harvested	Crop type 8	Amount Harvested
1	Garden plots within household								
2	Irrigation scheme plot								
3	Fields								
4	Community Garden								
5	Other project garden plot (NGO or Govt)								
6	Additional land reform land								
7	Other (specify)								
8									
9									



F. CROPS SOLD BY MEMBERS OF THE HOUSEHOLD IN THE LAST YEAR

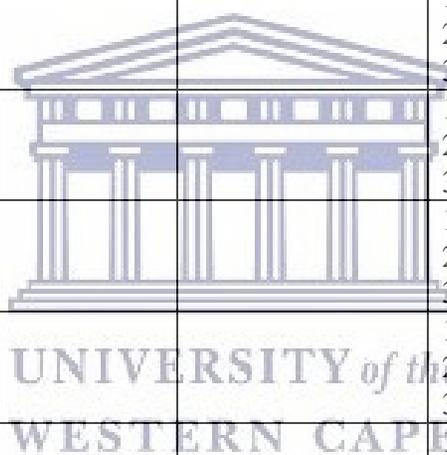
F.1	F.2	F.3	F.4	F.5
Crop type	Amount sold (include measure e.g. bag, bucket etc.)	Cash Received	Purchaser	Comments
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				



G. LIVESTOCK OWNED BY MEMBERS OF THE HOUSEHOLD IN THE LAST YEAR

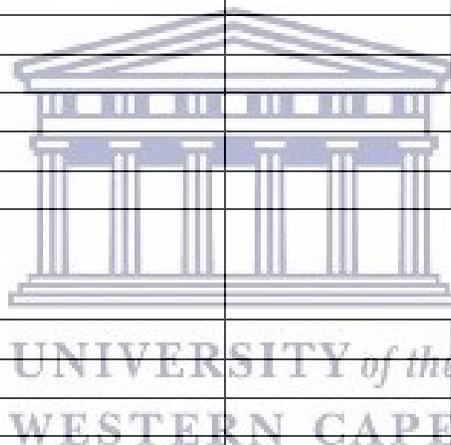
- What livestock are owned by members of this household? (Include animals owned but kept elsewhere)

	G1.	G2	G3	G4	G5	G6	G7	G8
	Type of livestock	Number owned now	Number owned a year ago	Sales in the last year	Cash received	Purchaser?	Which household member owns these animals? (gender)	Comments
1	Cattle						1 2 3	
2	Goats						1 2 3	
3	Pigs						1 2 3	
4	Sheep						1 2 3	
5	Chickens						1 2 3	
6	Ducks						1 2 3	
7	Horses						1 2 3	
8	Donkeys						1 2 3	
9	Other (specify)							



H. DURABLE GOODS AND PRODUCTIVE ASSETS OF HOUSEHOLD MEMBERS

H1 DOMESTIC (& weighting 1,2,3)	H2		H3 Number owned?	H4		H5. TOTAL [multiplied by the weighting (3,2,1)]
	Does the household have?			In working order		
	Yes (1)	No (2)		Yes	No	DOMESTIC DURABLE
1. Solar Panel (1)						
2. Paraffin stove (1)						
3. Microwave (2)						
4. Gas stove (2)						
5. Electric stove (2)						
6. Fridge/ freezer (2)						
7. Sewing Machine (2)						
8. Washing Machine (3)						
9. Electric generator (3)						
10. Lounge suite/ couch (3)						
ELECTRONIC/ COMMUNICATION						ELECTRONIC/ COMMUNICATI ON
11. Radio (1)						
12. CD Player (1)						
13. Television (1)						
14. DVD Player (2)						
15. Home phone line (2)						
16. Mobile phone without contract (2)						
17. Mobile phone with contract (3)						
18. Computer (3)						
TRANSPORT						TRANSPORT
19. Bicycle (1)						
20. Motorcycle (2)						
21. Car (3)						
23.Truck (3)						



AGRICULTURAL						AGRICULTURAL
<i>Large Agricultural Assets</i>						
24. Tractor (3)						
25. Water tank (3)						
26. Water pump (3)						
27. Plough (3)						
<i>Medium Agricultural Assets</i>						
28. Wheelbarrow (2)						
29. Knapsack sprayer (2)						
30. Donkey/ ox cart (2)						
<i>Small Agricultural Assets</i>						
31. Garden spade (1)						
32. Garden fork (1)						
33. Hoe (1)						
34. Other (specify)						
35. Other (specify)						

Comments:



That is the end of the interview. Thank you for taking the time to sharing your story with us.