THE PRICE OF REDISTRIBUTION: LOCAL MARKETS AND AGRICULTURE IN SOUTH AFRICA'S LAND REFORM PROGRAM

A Dissertation

Presented to the Faculty of the Graduate School

of Cornell University

in Partial Fulfillment of the Requirements for the Degree of

Doctor of Philosophy

by

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August 2022

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Cornell University 2022

Under what conditions is land redistributed to correct for rural land inequality? Many scholars have sought to explain the occurrence of land transfers by thinking about the demand for land by the landless, the historically dispossessed or political elites. I use this dissertation to argue that to understand contemporary land redistribution, which is often voluntary and compensated, we must also consider the supply of land by landholders. Characteristics of agricultural institutions determine whether a commodity sector provides land for land reform. This argument has implications for our understanding of how to resolve rural inequality and historical injustices under a market-based framework.

I rely on four subnational case studies of agricultural commodities in South Africa: sugar, fruit, livestock and grain. After apartheid, the South African state promised to redistribute 30% of all agricultural land from white farmers to dispossessed or landless Black farmers. While the program has floundered and failed to meet even half this target, some sectors–especially the sugar sector–have redistributed land at relatively high rates.

Under market-based land reform, the characteristics of agricultural institutions affect landholders' supply of land. I develop a typology based on two factors. First, some sectors have actors who depend on the regulation of their sector and thus landholders have an incentive to redistribute land because the state has leverage over them. However, other sectors have deregulated and therefore the state has minimal leverage to encourage land transfers. Second, some sectors centralize power in processors, which give actors collective action capacity to act on such incentives. With decentralized power among producers, sectors will supply land in a more patchwork fashion.

BIOGRAPHICAL SKETCH

Alex Dyzenhaus holds a BA(Hons) in Peace and Conflict Studies from the University of Toronto and an MPhil in Comparative Government from University College, Oxford University.

This dissertation dedicated to my parents, Cheryl and David

ACKNOWLEDGEMENTS

My work has benefited from a large community of mentors and collaborators, without whom I could not have written this dissertation. As a committee, Nic van de Walle, Tom Pepinsky, Sabrina Karim and Jeremy Wallace provided constant support and guidance. As an advisor, Nic's ability to push back on just about any claim makes one hone one's argument. Nic really gives his students the freedom to pursue any project and I can't emphasize enough how important that is.

From the program's introductory comparative classes up until the defence, Tom has always provided me with careful feedback to make sure I was asking interesting questions and answering them clearly. Sabrina made sure that I was outlining both my ideas and methods rigorously from the proposal stage until submission and was a constant source of support and advice – especially when I was doing field research as the pandemic and lockdowns loomed. Jeremy has really helped me come to grips with difficult theoretical questions across comparative cases. Thank you as well to Gustavo Flores-Macias, who as my outside reader encouraged me to be more ambitious about the implications of agrarian change for rural inequality beyond cases on the African continent.

Cornell's Government Department is a unique academic community of supportive people. My cohort within the department has been incredible throughout this process and I really don't think I could have done this without the friendship and support of Rich Barton, Colin Cepuran, Ani Chen, Naomi Egel, Julius Lagodny, Cameron Mailhot, Lindsey Pruett, Nina Obermeier, Kyle Wolfley and Inni Youh. Walks, games, runs, soccer and lockdown or field research calls with the cohort were much needed moments of joy and reflection. My cohort has read countless drafts of my writing in various states of disrepair and provided invaluable feedback.

Across cohorts, Will Cameron, Rob Cantelmo, David di Micheli, Tessa Evans, Thalia Gerzso, Roya Izadi, Kanika Khanna, Joseph Lasky, Natalie Letsa, Tessy Schlosser, Adrienne Scott, Whitney Taylor, Angie Torres-Beltran, Jimena Valdez and Jessica Zarkin have

all been truly wonderful friends, model colleagues and brilliant academics. At Cornell, Tina Slater, Dinnie Sloman, Laurie Dorsey and Danielle O'Connor made sure that I met numerous deadlines and helped make the department the friendly, warm and efficient place it is. I have also received great guidance on my dissertation from Begum Adalet, David Bateman, Isabel Perera and Chris Way.

Beyond Cornell, I have had the good fortune of a number of supportive figures and mentors within academia. Catherine Boone has been amazingly helpful in guiding me through my academic career with advice and opportunities whenever we have met up in Oxford, London or Nairobi. Her suggestion to focus on subnational variation in land inequality in South Africa set me off on the path to thinking about local agricultural sectors and how they change the dynamics of land redistribution. I am also looking forward to working with Antoinette Handley at the University of Toronto, who has been a supportive mentor since the days of my undergraduate dissertation. Dan de Kadt, Mai Hassan, Safia Farole, Nic Cheeseman and Danielle Resnick have all provided me with advice, feedback and assistance that has helped me undertake and frame my research more effectively.

In South Africa, a vibrant and dedicated community of South African land reform scholars and rural activists welcomed me with open arms. Nolundi Luwaya, Nokwanda Sihlali, Ramabina Mahapa, Zenande Booi and Kolosa Ntombini at the Land and Accountability Research Centre gave me one of the best host institutions I could ask for. Attending law lectures at the University of Cape Town during my early days of interviews in 2019 provided many revelations about how to think about rural issues and customary authority in South Africa. The network of researchers and activists around LARC a have been a constant reminder of the necessity of rural reform and the implications of my scholarship. The scholars at the Institute for Poverty, Land and Agrarian Studies at the University of the Western Cape, including Ruth Hall, Ben Cousins, Nkanyiso Gumede, Farai Mtero and Katlego Ramantsima, also helped orient my project with crucial advice and tips about

data and navigating the land redistribution sector. Rod Alence and the International Relations Department at Wits provided me with an office and affiliation, which I managed to use just before the lockdown.

During field research, I am grateful to my community of engaged and thoughtful PhD students and early career researchers who could support me in a way that only another PhD student could. Sarah Delius, Rori Lekalake, Tom O'Mealia, Salih Noor, Marcus Walton and Janice Winter provided crucial days of writing, coding and commiseration while I was in South Africa. A special thanks goes out to Nicole Beardsworth, who housed me in her spare room in Joburg, and Tara Weinberg, who loaned me her car at a discount rate and included me in an exhausting biweekly soccer game at Zoo Lake.

I am also lucky to have friends and family to call on outside of this academic community. My friends from Toronto, Nairobi, South Africa and the UK provided me with a positive foundation for this dissertation. Alex Lynchehaun, Amjad Iraqi, Cloe Bilodeau, Graeme Myers, Hannah Borenstein, Hillary Birch, Jack Wills, Ketan Taylor, Luke Freeman-Mills (and the Freeman-Mills family), Matt da Mota, Nessa Kenny, Olivia Dooley, Phil Dorrell, Robert Muigai, Seb Beauregard, Sebastian Dutz, and Sitaara Stodel have all been their for drinks, hiking and food in scattered parts of the world or essential late night calls. With Paul Zille, I had countless heated debates over lunches in Fordsburg and Zoo Lake or when I was displaced by Joburg thunderstorms. Although we disagree on most issues, Paul pushed me to think harder about the market in a way that I hope shows in my dissertation. In Johannesburg, Micah Reddy and Chipo Hamukoma's incredibly generous hospitality included both stunning meals, an education in wine and seemingly infinite knowledge of South African and African politics.

My grandparents–Alex and Ruby–and the Misak clan have always provided me with support through jokes, noise and food and are all very glad that I am done. The UK-based Dyzenhaus clan have given me shelter, food and care when I have been in London for research (or simply to watch a Tottenham game). My younger sister Sophie was a

constant source of support next door in New York City, especially when the border to Canada was closed. It's useful to have a younger sibling who can look after you.

I took advantage of my fieldwork to reconnect with my father's country of birth. This meant that I got to spend more time with parts of my family and family friends than I had ever before. My aunt Carole made sure that both Johannesburg and Cape Town felt like home. It is perhaps unsurprising that research is so much more enjoyable when people who make you feel so comfortable. My stays with Andy, Dirk, Benji and Finley allowed me to take my mind off of the challenges of research and turn it instead to trains and running around the garden.

My parents, David and Cheryl, really made this dissertation possible. It's hard to think of a specific moment as their support was constant throughout the highs and lows of being a PhD student, including an especially tricky period during March of 2020 as the world was all too rapidly changing. Their kindness as academics, parents and friends has always served as an example for me.

I see this dissertation as indirectly building off a tradition in the Dyzenhaus family of documenting and analyzing issues of historical injustice, discrimination and dispossession. I was constantly reminded of this, especially when working beside the Black Sash map of forced removals hanging in the LARC offices at UCT or thinking through the legal architecture of the apartheid and post-apartheid orders. While this dissertation may be from a different perspective, I hope that it helps to provide answers to these same seemingly intractable problems.

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CHAPTER 1

INTRODUCTION

1.1 Introducing South African Land Reform

In 1955 South Africa's African National Congress (ANC) declared in its Freedom Charter– a ten point set of policy priorities that defined the early struggle movement–that "The Land Shall Be Shared Among Those Who Work It!" and so promised an end to racially based land ownership and to support all farmers. It made this promise in the context of opposing apartheid rule, under which white South Africans dispossessed Black South Africans of their land and franchise, instituted horrific labour practices for Black farmworkers and put in place racially restrictive laws on land ownership (Ngcukaitobi, 2018; Plaatje, 1982).[1] Four decades later, the struggle movement forced the end of formal apartheid and the ANC won power in the country's first democratic elections. However, in the intervening years further land dispossession had already resulted in vast rural land inequality.

While Black South Africans made up 80% of the population, they could only formally lay claim to 13% of the country's agricultural land at the end of apartheid. The new Black-led government made ambitious plans to redistribute that land quickly from white to Black farmers using a voluntary, market-based program and pledged to transfer 30% of that land in the first five years. It thus embarked on a program of restorative justice, that is, an effort to make right past dispossession and historically rooted inequalities through the restoration of lost property or the transfer of resources.

But two and a half decades in, these efforts had floundered. The state has only redistributed around 10% of all white-owned land and its land reform programs have at-

[1] In addition to placing similar restrictions on other South Africans of colour.

tracted a great deal of criticism for corrupt, slow and uneconomic allocation (Hall and Kepe, 2017; Ngcukaitobi, 2021). To an extent, the failure of the ANC to redistribute land in South Africa provides a challenge to existing theories of land redistribution. These theories, which focus on a model of land redistribution that is expropriative, would see South Africa as a prime site of land reform. The country had a government in power that made outright promises to redistribute and represented the portion of the population who demanded redistribution.

However, existing theories of the conditions under which land reform occurs would also identify factors present in the South African case that might explain why land redistribution has faltered. Some might point to the democratic nature of South Africa and its relatively stable rule as reasons why the state has been sluggish on land reform (Albertus, 2015; Herring, 1983). Under democracies, landed elites can influence land policy and protect their assets. Further, minimal electoral competition, like one sees in South Africa (Ferree, 2010), means that there is limited pressure on the ruling party to undertake the difficult task of land reform. Others (Gibson, 2010; Huntington, 1968) might argue that the country is more concerned with issues of symbolic justice than it is with rural economic justice as its population is relatively urbanized and industrialized (Huntington, 1968) and it has a modernized, efficient agricultural sector.

I argue that we should not conceive of democracy and changes to the structure of the economy are no longer variables that impede land reform. Rather, these characteristics are part of most contemporary land reform initiatives. Today's land reform differs greatly from yesterday's expropriative, peasant-based land reform. Instead, it is often market-based, voluntary and focused on issues of historical justice and reparations. To address these changes in land reform, I build a theory of market-based land redistribution that focuses on the realities of the market for different agricultural actors.

In spite of the obstacles to land reform in South Africa, there have been some agricul-

tural sectors in the country that have redistributed land. South Africa's ranching sector has transferred vast tracts of land through state-led redistribution, while sugar farmers have redistributed almost a quarter of their land. The grain and fruit sectors have been slow to redistribute and provide a stark contrast to sugar and cattle. In this dissertation, I enquire into the institutional drivers of these differences and ask: under what conditions is land redistribution possible?

Using South Africa as a case study, I look across agricultural sectors to see why some have redistributed land voluntarily, while others have not. I conclude that with voluntary, market-based programs, land redistribution is either catalyzed or held back by the market institutions that exist within various agricultural sectors. These institutions create variation across crops as to whether the state has power over landholders to compel them to redistribute and whether powerful actors in the sector have the capacity to redistribute. My study of South African land reform goes into depth in understanding the barriers that exist towards restorative justice in South Africa. Yet it also has implications for thinking about redistribution and justice in a wide variety of cases. Many countries–especially former settler colonies–face a similar set of key questions. How can one make up for past dispossession in the context of a modern day, market society? How can one redistribute land when these assets are in the hands of the economically powerful under a voluntary redistribution program?

1.2 Summary of Argument

I argue that to understand the dynamics of redistribution in a market-based economy, one must turn to institutional variation in commodity sectors based around two conditions: sector regulation and centralization. Some farmers will have greater incentive to redistribute due to the existence of strong regulatory regimes, while others will have less of a

reason to do as they have deregulated. Additionally, some farmers in centralized sectors will have the capacity to act on incentives to redistribute, while others in decentralized sectors will have less collective action capacity and therefore will redistribute in a more haphazard manner.

The first dimension of institutional variation is the degree of regulation of a sector by the state. Some commodities rely on state regulatory policies to maintain their profits, which gives the state leverage over landholders. This leverage provides an incentive for landholders to sell their land to the state for land redistribution. In contrast, other sectors have deregulated, which leaves them outside of the control of the state. Without leverage over liberalized sectors, landholders have fewer incentives to redistribute their land.

The second dimension is the degree of centralization of a commodity sector's institutions. Some commodities have decentralized institutions around producer organizations, which reduces industry-level collective action capacity to engage with the land redistribution program. Others have centralized institutions around processor organizations, which increases the ability of the sector to organize around its interests in a top-down manner.

These two factors create four types of sectors that redistribute land in different ways, which I introduce below in Table 1.1. Because the state has leverage over farmers within Corporatist sectors, they have the incentive to redistribute land. Additionally, processors have power to organize actors in the sector, which allows them to organize the sector for land redistribution in a top-down way. Thus, Corporatist sectors systematically provide land for redistribution.

In contrast, Low Cost sectors have institutions that may be leveraged by the state, but have less organizational capacity. Their decentralized nature means that, while there may be an incentive for farmers to redistribute land, there are no sector-wide institutions that

can prompt farmers to do so. Therefore, redistribution is much less systematic and based more on the incentives of landholders, which vary based on locality.

Those in Entrepreneurial sectors may have the organizational capacity to redistribute land, but they have very little incentive to do so and thus their participation in redistribution is limited. Instead, actors resist redistribution if it does not line up with their agricultural models. However, when farmers do manage to gain land in these productive sectors, then Entrepreneurial sector institutions have the capacity to assist these actors. In these sectors, agricultural change benefits existing farmers, but moves the sector away from models promoted within land reform.

The final type, Free Market sectors, are both sites of a low rate of redistribution and low support of new farmers. The state has minimal leverage over these sectors to prompt land reform, while the producer-dominated institutions have low organizational power and thus do not organize to either transfer land or assist new farmers. Instead, existing farmers must chase profitability in an age of vast agricultural modernization and disruption.

Table 1.1: Redistribution Outcomes

	Centralized High Organization	Decentralized Low Organization
Regulated High Leverage	Corporatist Systematic Redistribution	Low Cost Unsystematic Redistribution
Deregulated Low Leverage	Entrepreneurial Low Redistribution, Supportive	Free Market Low Redistribution, Unsupportive

1.3 Classical Theories of Land Redistribution

While land reform in South Africa is important for restorative justice and the economic empowerment of systematically marginalized rural Black South Africans, many other

countries pursue land reform for a variety of reasons. Land reform matters for explaining state development (Kohli, 2004), political stability (Albertus, 2015; Boone, 2014; Magaloni, 2006), democratization (Boix, 2003), poverty alleviation and economic growth (Lipton, 2009). Land redistribution – i.e. largescale and state-backed land transfers between populations – has played a role in the development of many countries. Some countries have used it to break up large, politically powerful, abusive and economically inefficient landholding elites (de Janvry, 1981; King, 1973; Walinsky and Ladejinsky, 1977). Others have undertaken land redistribution to address impending conflict, correct glaring rural inequalities, resolve poverty and food insecurity as well as redress for those who had their land unjustly taken (Albertus, 2015; Swinnen, 1999; Yashar, 2005). Land reform for restorative justice can go hand in hand with economic development and agricultural modernization (Albertus, 2015; de Janvry, 1981).

While land reform can mean a broad swathe of reforms that are intended to alter the structure of rural and agrarian life (de Janvry, 1981), I use it to mean the transfer of land from land rich populations to those without land. In this chapter, I review the existing literature on this kind of land redistribution. I argue that the literature can describe the state of land reform of a certain era, but struggles to deal with contemporary changes in rural and agricultural politics. To make their claims about the drivers of land redistribution, scholars have relied on three assumptions about the actors undertaking land reform, the political audience for land reform and the targets of land reform. The case studies used to build theories of land redistribution tend to have autocratic rulers, large rural populations and inefficient landed elites, which make the assumptions of the literature entirely reasonable. In this context, land redistribution could be expropriative (and thus cheap), politically useful due to the many potential beneficiaries of land reform and economically sound given the advantages of redistributing large-scale inefficient farms to many efficient smallholders.

I use the case of land redistribution in South Africa to argue that these assumptions no longer hold in democratic societies with modern, liberalized, efficient agricultural spheres. First, in democratic societies, states struggle to expropriate land, increasing the cost of land redistribution. Second, with more urbanized societies, there are fewer potential beneficiaries to land redistribution programs. Third, with the mechanization and liberalization of agriculture, land redistribution may not actually improve agricultural productivity.

To account for these changes, political scientists must rethink how states undertake land redistribution in a *market* dominated context. Some have called these market-based land redistribution programs "New Wave Land Reform" (Lipton, 2009) or "negotiated land reform" (Deininger, 1999; Albertus, 2015). To understand how and why land redistribution occurs in contemporary states, scholars need to refocus their analysis on the role of business and politics. I argue that institutions have their own independent effect on policy outcomes and can even affect attempts to reform policies. Thus, in this chapter, I first outline why market-based land redistribution has different drivers than expropriation-based land redistribution. In the following chapter, I provide a theory that lays out the institutional obstacles or catalysts for market-based land redistribution.

Classical theories of land redistribution tend to hold that rulers redistribute land when they need a new strategy to stay in office. Many theories of regime change implicitly consider land redistribution as a means for a government to win favour with the landless rural class or the peasantry. For example, in his classic work on The Social Origins of Dictatorship and Democracy, Moore (1966) maintains that variation in regime type stems from whether powerful economic classes align with the disempowered rural peasant class who desire land reform. Other theorists of the causes of democratization emphasize that democratization is less likely in the presence of high land inequality, arguing that empowered landed elites prevent democratization because they fear the power of the peasants

under a democracy to push for the redistribution of their assets in land (Acemoglu and Robinson, 2009; Ansell and Samuels, 2014; Boix, 2003).

This kind of assumption has led to theories of land redistribution that see land as a patronage good that is allocated to a class of people by a ruling autocracy to stay in power (Albertus, 2015). Others show that land redistribution (or the redistribution of the control over land) occurs when rulers in an electoral autocracy (Boone, 2014, 2011; Magaloni, 2006; Hassan and Klaus, 2020) or patronage-based democracy (Baldwin, 2014; Klopp, 2001; de Kadt and Larreguy, 2018) decide that they need to win votes in a new electoral constituency.

Thus, classical theories of land redistribution hold that the primary drivers of the timing and degree of land reform stem from a leader's interest to stay in power. Either a leader needs to deal with a series of crises and reaches out to the class of rural landless peasants using land redistribution or they seek to provide land clientelistically to specific sub-groups who may provide political support. I argue that these theories rest on three assumptions around the feasibility of land redistribution, the potential political gains from land redistribution and the economic development gains from land redistribution. While these assumptions hold for land redistribution that took place in the 19th and early 20th centuries, they do not apply so effectively today.

The first assumption in classical theories of land redistribution is to do with the feasibility of land reform. Many theories of land redistribution concern themselves with cases from a specific time period when states were autocratic and could seize land in an expropriative manner. As Albertus (2015) finds, expropriative land redistribution occurs much more frequently in autocratic states because they can more easily ignore interest groups–such as landed elites–to redistribute land as political patronage in times of crisis. In contrast, democratic states must often deal with constitutional provisions or laws that protect property rights (Albertus, 2015), pacted transitions that limit the expropriative op-

tions for redistribution-oriented governments (Wood, 2000) and democratic avenues for interest groups around land ownership and property rights to influence policy (Herring, 1983).

In an autocratic state, governments can relatively easily build political support through land redistribution, as was done by the autocratic PRI in Mexico (Magaloni, 2006) and the autocratic KANU in Kenya (Boone, 2014; Hassan, 2020; Kanyinga, 2000). Yet today, there are many more democracies in the world and many have written constitutional protections that ward against the expropriation of private property. Thus, many land redistribution attempts take place under the conditions of pluralistic, democratic politics, leading to a more diverse menu of non-expropriative land redistribution strategies like land titling and market-based redistribution (Bhattacharya et al., 2019). Under democracies electoral pressures reduce the state's ability to redistribute land in a clientelistic manner (Dyzenhaus, 2021).

The change to land redistribution is important because it means that land redistribution is more expensive for governments. With property rights protections and the means for landed elites to influence policy through interest groups and constitutions, governments may struggle to expropriate land and must pay for it instead. This means that land redistribution is a more costly political strategy for ruling elites. Further (and relatedly), market-based redistribution has become the norm even in the once expropriation-dominated, but now-democratic, Latin American cases (Albertus, 2015). Market-based land reform under democracies allows for interest groups to influence the policy process either through lobbying land or agricultural policy or through electoral contestation (Herring, 1983).

The second assumption is to do with the recipients of land through redistribution. Classical theories of land redistribution use cases with countrysides that contained the majority, if not most, of the country's population. Huntington (1968) argues that for land

redistribution to occur, a society must have 30% of its population employed in agricultural labour for land redistribution to be feasible. This assumption was important because it implied that there was a politically salient cleavage around land redistribution that could entice a government to redistribute land for political gain.

However, the connection between land redistribution and political outcomes is more tenuous due to contemporary trends in mechanization and urbanization around the world. These trends reduce the number of farmworkers and rural landless people who may directly and easily benefit from land redistribution. While landholders are seen to oppose democratization due to fears that the masses will demand land redistribution, Samuels and Thomson (2020) show that landholders are less opposed to democratic transitions if they have mechanized, as they have fewer farmworkers who may demand land redistribution and the risk to their assets under democracy is lowered.

The fact that there is less pressure on landholders is indicative of why land redistribution is a less effective tool for political elites. With fewer potential rural recipients of land, contemporary land redistribution is a less effective tool in addition to being a more costly tool. This factor makes politicians more reticent to use land redistribution as their first tool to stay in power.

The third assumption contends that land reform is beneficial for a state because it gets rid of inefficient existing landholders. Many economic theories of agricultural productivity hold that small scale farming is more efficient than large scale farming (Berry and Cline, 1979). By subdividing land, classical land redistribution was a means for development-minded rulers to break up inefficient, large-scale feudal holdings to redistribute the land to smallholder tenants who would produce more efficiently (Binswanger and Elgin, 1998). Other scholars have emphasised how land redistribution is crucial for state building and economic development (Kohli, 2004), while still others emphasise how land redistribution can be used to break up traditional or feudal networks of clientelistic

support (Dyzenhaus, 2021; Larreguy et al., 2015). Thus, for many rulers, land redistribution made economic sense. Rulers could use land redistribution to simultaneously shore up their political position and make gains in economic development.

However, the idea that smallholders are more productive (the Inverse Farm Size Productivity Relationship) has come under scrutiny, with many arguing that farms work better on economies of scale and that the finding that small farms are more productive may be a statistical artefact (Benjamin, 1995; Vollrath, 2007). Additionally, the structure of agriculture has changed. Largescale landholders in the contemporary era are often productive agribusinesses rather than feudal lords. These agribusinesses hold large tracts of land and control large sections of the agricultural value chain (Sheingate et al., 2017). Thus, even if one remains agnostic on the debate around the productivity of small farms, the large farms that land redistribution aims to break up are more productive in the contemporary era than they were in the past.

Under traditional land redistribution regimes, states would take land from feudal lords and give it to their tenants. These tenants merely continued to work the land they had always worked under a fairer tenancy or (often collective) ownership relationship. This resulted in productive smallholder plots farmed by people with the skills and tools necessary to survive on that land. However, there are very few remaining regions of the world with landlord-tenant dynamics that would result in the economically productive redistribution of land to productive smallholders without requiring resettlement of smallholders from one area to another (Binswanger and Elgin, 1988, 1998). In part, the lack of classical rural tenancy relationships might explain findings that land redistribution beneficiaries may be less well off as time develops (Albertus and Popescu, 2020; Albertus et al., 2020; Albertus, 2022). In contemporary land redistribution, states might also have to spend more money to train and support new farmers.[2]

[2]The main determinant of the success of land redistribution was the type of production that existed in the agricultural sphere (Deininger, 1999, 652). *Landlord estates*–discussed above as tenancy arrangements–were

Thus, in addition to uncertainty around whether elites can cheaply or effectively use land redistribution as a tool for political longevity, there are doubts as to whether the strategy is economically beneficial. While expropriative land redistribution could be a cheap, useful tool for autocrats for patronage and economic growth, today's land redistribution is slower, more expensive and less economically sound. Democratic rulers still undertake land redistribution (Bhattacharya et al., 2019), but I argue that they do so for different reasons.

1.4 Agriculture and Interest Groups

Above, I have suggested that the rural political economy and the modalities of agriculture have changed. Studies in agricultural economics have shown that such changes in rural life and production have affected land reform outcomes. However, theories that connect land redistribution to the political economy of democratization and elections are somewhat divorced from those on the political economy of agriculture itself. This disjuncture is despite the fact that land redistribution usually targets agricultural land. In this section, I outline the various incentives that states and agricultural interest groups have in both autocracies and democracies. Rulers' incentives to make pro-rural policy depend on the ability of rural groups to organize and put pressure on the state.

Much of the discussion on the rural sphere revolves around the concept of 'urban' or 'rural bias'. Classical works on rural political economy portrayed autocratic states as captured by organized urban interests who demanded low food prices, leading them to create policy that protects urban constituents' preferences over those of rural constituents

relatively easy to break up as tenants just resumed farming. However, *hacienda estates* were more difficult sites of land redistribution as they involved resettlement and extra costs for land reform beneficiaries who had to compete in an agricultural world filled with market imperfections that benefited big farmers and political elites. These were similar to the tenant systems, but in a *hacienda* a tenant would work a small plot of land for themselves and then as a wage labourer for the estate-owner.

(Bates, 1981; Lipton, 1977). On the logic of urban bias, autocrats in developing states tend to fear urban uprisings and therefore displace the costs of food production on the many poorer and more loosely organized agricultural producers. In contrast, studies of agriculture in democracies with more capitalist economies have found rural producers are smaller and better organized than largely urban populations and thus lobby more effectively for pro-producer policies (Browne, 1988; Lowi, 1969).

But newer work shows that both autocratic and democratic regimes had much more mixed approaches to their rural sectors depending on certain variables. For example, Thomson (2019) argues that agricultural policy in autocratic states was dependent on the power of certain constituencies. Well organized and veto-holding landed elites could easily press for pro-rural policies, but stronger urban movements might also be able to succeed in campaigning for lower food prices and pro-urban policies. In contrast, democratic states are often more developed so have smaller and better organized agricultural sectors that lead to greater rural bias. Similarly, both Harding (2020) and Varshney (1995) argue that democratic but less industrialized societies often allocate more resources to rural areas due to the large portion of the population who are rural. Further, Sheingate (2003) focuses on three advanced industrial democracies (France, the USA and Japan) that experienced varying changes in agricultural policy depending on the changing capacity of urban and rural groups to organize.

These findings complicate the simple dichotomy between urban bias in industrializing or autocratic societies and rural bias in industrialized or democratic societies. Instead, the emergence of either policy configuration is dependent on the collective action potential of various groups within society and the incentives of the regime itself (Thomson, 2019). Rulers will balance the needs of rural and urban citizens in complex ways to stay in power in both autocracies (Wallace, 2014) and democracies (Sheingate, 2003; Thomson, 2019).

To add to these new findings, autocracies and democracies alike face a new landscape

of rural actors in the contemporary era, which has implications for how states make rural policy. Agriculture and rural economies are increasingly liberalized and deregulated in advanced industrialized democracies, new democracies and even autocracies. Global agricultural liberalization makes the politics of agriculture in the 1960s, whether that is the protectionism of agricultural interest groups through tariffs and support (Lowi, 1969) or the policies of urban bias in the Global South (Bates, 1981) harder to maintain as a political strategy.

In the Global South, the World Bank and International Monetary Fund drove reforms that served to weaken the system of subsidies and tariffs that upheld inefficient economic policies. Despite this, governments still tried to protect key subsidies to important rural actors if those rural actors were crucial to the maintenance of their rule (Van de Walle, 2001; Jayne et al., 2002). Liberalization, while largely imposed upon developing economies, was often taken up in advanced industrial democracies by the actors themselves as the interests of agricultural actors changed (Sheingate, 2003). In many developed economies, agricultural interest groups drove the process of the retrenchment of direct subsidies to agriculture as a means of sectoral growth (Sheingate et al., 2017).

1.5 Revising Theories of Land Redistribution: The Role of Market Institutions

These theories of political utility as the cause of land redistribution rely on three assumptions. First, rulers must be able to easily take land from landholders to redistribute it. Second, land redistribution must be a politically helpful tool for them. In other words, rulers need a relatively large constituency who will serve as the beneficiaries of this strategy and will therefore support the government because of it. Third, the landholders that land

reform targets should – ideally – be inefficient so that land redistribution can be a sensible economic policy in addition to being a useful political strategy. My contention is that under current agricultural changes, these assumptions about the relationship between political survival and land redistribution are more tenuous, and instead one should view the motivations for land redistribution as stemming from agricultural dynamics around collective action in different commodity sectors.

Any state that now tries to achieve equitable land distribution is effectively deprived of the once traditional tools to do so. As Binswanger and Elgin (1988, 750) argue, expropriation and taxation are no longer "politically palatable". Instead, they claim that states must move away from supporting large farmers to incentivize the sale of their land or to help reduce land prices to allow for market-based redistribution to be more affordable.

This leaves a question to the obstacles of land redistribution. What sorts of agricultural reforms lead to land redistribution? Under what conditions can a state redistribute land? When Deininger (1999, 652) argues that "the success of land reform was critically dependent on the form of production into which it was introduced," he makes his point at the level of the agricultural system (i.e. is there a landlord-tenant relationship or a *hacienda* style system?). Within a market-oriented system, I extend this argument to think about the specific contexts of the market in two ways. First, I argue that changes in agricultural markets–especially the liberalization of agriculture–can determine the success or failure of market-based land redistribution. Second, I argue that the structure of a commodity–whether power is centralized or decentralized–affects how a sector responds to redistribution.

1.6 Structure of the Dissertation

In this dissertation, I analyze the case of market-based reform in South Africa to determine how and why these changes affected land redistribution. In the first chapter, I present a theory of business power within agricultural sectors influences land reform. I argue that one must consider both the power dynamics within the sector and those between the state and the sector. I argue that institutional variation in commodity sectors changes the context of land reform at a sub-national level in terms of whether it has deregulated and how its internal governance is structured. To understand market-based land reform, one must examine the structure of agricultural commodity sectors and the power dynamics within them to understand whether market-based land redistribution will take place within a given commodity sector.

Regulation affects whether a state can compel a commodity sector to engage in market-based land redistribution, while the degree to which a commodity sector is centralized determines how the sector responds to pressures for land redistribution. Thus, my theory posits that it is not merely strong actors who resist land reform nor is it weak decentralized actors who feel compelled to redistribute land. Instead, the state's relationship with that sector–specifically its leverage over the sector–determines whether that centralization works for or against land redistribution.

In the next chapter, I provide background to the case of South Africa. I account for my case selection before discussing the history of land dispossession and agriculture through colonialism and apartheid. Then, I discuss the period of agricultural liberalization in the 1980s and 90s to contextualize the era in which the newly elected, post-apartheid government conducted its land reform program. Using literature on South African land reform, I discuss broadly the progress and obstacles that have affected land reform policy and how it has changed between 1994 and 2016. The first empirical chapter uses the

case of South Africa's sugar sector as a deviant case to establish the relevance of the two conditions in my typology. Sugar, as a regulated and centralized sector, is one of South Africa's few sectors that has transferred a significant portion of its land. In it, I show that the state had leverage over the sector through state-market coordination in the form of a sugar tariff. The centralized powerful players within the sector–the millers–were able to use their top-down control of the sector to redistribute large swathes of sugar land early on in the land reform process. Both political and demand imperatives cannot explain the high rate of land transfers in the sugar sector.

The second empirical chapter tests the necessity of one of these conditions: regulation. This case study relies on the centralized but deregulated fruit sector, which has redistributed minimal land. I show that while this highly organized sector may have the capacity to redistribute land and support new land reform farmers, the fact that it is deregulated means that the state has minimal leverage to compel redistribution. Instead, the agricultural model within the fruit sector has developed to prioritize profitable, export driven farming, which prices Black farmers out of the sector, places high barriers on networks and expertise to new entrants and means that the state's agricultural models do not work for the key actors within the sector. Thus, regulation is a necessary condition for redistribution.

The third empirical chapter is a case study of South Africa's cattle sector, which has redistributed some land. I use this case of a decentralized, but regulated sector to show how regulation is in itself insufficient for widespread redistribution. Instead, absent centralized structures, the mere presence of an incentive to redistribute will only prompt some actors to sell their land. I discuss several instances of regionally specific, but successful land transfers or initiatives to support new farmers. But while initiatives like this exist in the sector, they only emerge in localities where incentives to redistribute exist due to the sector's decentralized nature.

In the final empirical chapter, I focus on the grain sectors in South Africa, which are both decentralized and deregulated. Here, I demonstrate that these two factors work in tandem to frustrate the state's attempts to redistribute land. Grain farms make up very few redistribution farms in the country. Instead, the deregulation of the sector made life harder for established grain farmers, which led to consolidation of their farms rather than engagement with the land reform program. Combined with the fact that there is minimal sector level support and organization to organize for land transfers or assistance to new farmers, the grain sector is an especially inhospitable sector for land reform.

Finally, I conclude by discussing the implications for my argument. First, I discuss the implications of my findings for land reform policy in South Africa. I argue that these findings cut through the policy debate about the causes of South Africa's slow land reform, showing that solutions to the slow pace of land reform cannot be in either the market or the state in isolation. Second, I discuss how to think about the success of land reform farmers in a sectoral approach. Each of the types in the typology will lead to different problems for farmers post-land transfer. Finally, I discuss how my theory relates to cases in other minority settler states in Africa.

CHAPTER 2

RURAL CHANGE, INTEREST GROUPS AND LAND REDISTRIBUTION

2.1 A Theory of Market Led Land Reform

In this chapter, I outline the potential determinants of market-led land redistribution within a new context of 'willing buyer, willing seller' land reform. I begin by postulating expectations for land reform if one assumes that farmer behaviour is driven by factors such as land value and resources that determine whether the state can buy certain land and whether farmers can resist the state's purchase. I then outline a further set of expectations about the demand for land as a driver for land reform, relying on the literature around social movements for land and land reform as a form of patronage. I argue that these initial assumptions alone cannot explain land redistribution outcomes. To fully explain the variation in land transfers, I propose that agricultural institutions play a pivotal role by determining what sectors supply land to the market for the purposes of land reform.

I develop a theory about how agricultural institutions in various commodity sectors affect land transfers. Power is configured in commodity sectors in different ways. Some are in stronger positions vis a vis the state, while others are better organized within themselves. Using the literature on historical institutionalism, collective action and the political economy of businesses, I propose a theory of how agricultural institutions are linked to redistribution outcomes. I describe two conditions that classify agricultural sectors: regulation and centralization.

The first condition is the degree to which the state regulates a sector. Regulation determines whether actors within that sector have the incentive to engage in land reform programs. In some commodity sectors, producers and processors rely on the state for key

sectoral activities. Without this supportive regulatory framework, actors within regulated sectors would struggle to make a profit and their sector would collapse. Thus, agricultural actors[1] tolerate continued regulation of their sector in exchange for these services. But regulation gives a redistribution-oriented state leverage over agricultural actors because the actors need to ensure that the state maintains the regulatory regime due to the actors' need the supports and benefits the regulation provides.

In contrast, other sectors choose to avoid a regulatory relationship. Under certain conditions, producers and processors opt to liberalize the sector and remove regulation. In these deregulated sectors, a redistribution-oriented state has limited leverage over actors and cannot compel landholders to redistribute. While actors in regulated sectors invest in the maintenance of that regulatory regime, deregulated sectoral actors pursue more individualistic, profit-motivated goals that may even make redistribution less likely.

The second condition pertains to how a sector organizes itself. This condition determines the ability of agricultural actors to coalesce either in favour of land reform or for other purposes. Due to the nature of farming a crop or the political economy of agriculture, crops are often organized with either the producers or the processors of the crop in a position of power. When producers can store crops and wait to sell at a better price, power within the sector is often decentralized among a range of producer and processor organizations. Power in decentralized sectors is therefore spread out across a multitude of actors in different locations or at different stages of a value chain.

In contrast, when crops must be processed quickly or degrade over time, processors centralize the value chain around their own institutions and control the sector in a top-down manner. Actors in centralized sectors are better able to organize because processors control the sector in a top-down way. However, decentralized sectors have many different

[1]Throughout this chapter I use the term 'agricultural actors' to refer to both producers and processors of a crop.

empowered actors, which frustrates sector-wide collective action.

I argue that different combinations of these two institutional conditions lead to distinct types of agricultural sectors. In this typology, certain actors within regulated sectors have an incentive to redistribute because of the state's ability to leverage the benefits of regulation against them, while others in deregulated sectors do not have this incentive. Further, in sectors where power is manifested and centralized in processor dominated, top-down institutions, there is a greater collective action capacity within the sector. With fewer actors and concentrated costs, these sectors often can act on their incentives more efficiently. In contrast, those sectors that decentralized power to producers are less likely to organize around redistribution.

2.2 Potential Explanations: Incentives and Demand

There are several immediately intuitive explanations for why land redistribution might work in some sectors or areas, but not in others. First, one might expect that the state will be able to redistribute the cheapest or most low quality cropland, which may be concentrated in certain sectors. Second, the state may be more likely to redistribute land when actors within a sector are less powerful and thus less likely to be able to resist land redistribution. Third, the state might redistribute land in areas where there is high demand for land for that land. Fourth, the state might target certain land in order to reward politically salient groups in order to win their support.

I outline the logic behind these intuitions before explaining my own theory of sectoral drivers of land reform that moves beyond mere considerations of cost and resistance. While these intuitions explain some variation in land reform, I argue that they do not capture the full variation in sectoral responses to land reform. Land reform occurs in

some sectors where one would not expect it to do so on these explanations. In other sectors where one might expect high land transfers to occur based on these explanations, there is minimal or patchwork land reform.

2.2.1 Market Factors and Negotiation

The first set of intuitions is driven by the market structure of the land redistribution program under study. Land redistribution, in its classical form, pits landholders against the state (Albertus, 2015). On this model, one might predict that the state will enter into a confrontational negotiation with landholders.

Market-based reforms quite clearly introduce a utility-maximizing logic to when and where land redistribution will take place. When the state enters into a land market for redistribution, this model supposes that farmers and the state would follow profit-maximizing incentives. The state desires to reduce costs and farmers to maximize profits from sales. On this explanation, the state will be more likely to purchase cheaper, low quality land. Alternatively, those farming on less profitable or indebted land may be more willing to sell given they have fewer profits to lose in the future. Therefore, one might expect to see higher land transfers on lower quality, lower profit land. Additionally, one might expect a lower transfer rate on land that is of higher value.

If one assumes that land transfers take the form of a bargaining model driven by conflict, one would expect that private actors in a stronger position would have more power to withhold their land from state-led land reform. Some scholars see strength and institutional organization as a major impediment to state action in the private sector as highly organized or wealthy sectors can effectively lobby the state to pursue policies that follows that sector's interests (Block, 1977; Hacker and Pierson, 2010). Therefore, one might expect more profitable farmers with greater resources, organizational power or role in the

economy to be better able resist land redistribution and refrain from selling their land. In contrast, less organized or profitable actors may be more vulnerable to state attempts to purchase land in the sector.

Thus, a very straightforward set of assumptions emerges from the market characteristics of land reform. First, sectors with lower quality or affordable land will redistribute more, while those with higher quality land will redistribute less. Second, sectors that are in a better position to lobby the state to keep their land will redistribute less, while sectors that are less able to lobby may redistribute more.

However, I argue that these assumptions present an incomplete explanation. First, land reform itself–as I argue above–has changed form. One cannot assume that producers and processors in the agricultural sector are like the landlords of past land redistribution attempts who would do anything to hold onto their land. Instead, these actors have much more complicated relationships with land that give them different incentives and shape redistribution (Bernstein, 2004b).

Second, land reform outcomes do not depend entirely on the individual incentives and capacities of established agricultural actors. Rather, over time, these individual incentives, capacities and the demands of crops within a given sector have given rise to strong agricultural institutions, which in turn structure the incentives of their constituent members. Once settled, these institutional characteristics play an important role in structuring the behaviour of the agricultural actors within the sector. Institutions themselves, I argue, meaningfully determine how and to what degree land reform occurs. Thus, institutional characteristics drive counter-intuitive results in land redistribution outcomes. Institutional factors mean that some sectors with highly organized actors will redistribute their land, while sectors with poorly organized actors on low quality land will not redistribute their land.

2.2.2 Land Reform from Political Demand

The second set of explanations rests on the idea that demand for land reform drives land transfers. Classic conceptions of land reform viewed the transfer of land as driven in part by an active and vocal set of landless people who occupied the land they wanted and some even fought for its transfer (Bernstein, 2005; Moyo and Yeros, 2005; Wolf, 1969). In addition to accounts that rely on land activism, others see land reform as driven by the desires of politicians to appease politically relevant groups to maintain stability or win elections (Albertus, 2015; Magaloni, 2006; Boone, 2014; Holland, 2017). In other words, even in spite of pressures to redistribute from the landless, those in power must see a benefit for themselves to act on the demands of the landless. These pressures on landowners and the state might lead to subnational variation in land transfers where demand for land reform is highest or where the government needs political support.

One potential explanation of land reform is the demand for a certain type of land within a given beneficiary community. If communities in an area have a history in farming a certain commodity, they might advocate to receive land in that sector. For example, subsistence communities may demand farm or cropland suitable to ranching or growing staples, but may not demand land more suitable to growing cash or export-oriented crops, especially when they have limited experience growing such crops. Therefore, sectors with high demand for land reform may experience more land reform, while those with less may experience lower transfers.

In historical cases of land reform where tenants demanded ownership of the land they leased (Lipton, 2009), the questions of demand and land type largely overlapped. However, in contemporary land reform where states try to restore land to historically dispossessed people, the potential beneficiaries are often removed from the land. Demands for land suitable for staple crops could also be connected to commodity sectors. For exam-

ple, export oriented sectors may be more likely to value liberalization reforms to ensure fixed exchange rates to allow for stable exports and so have no interest in tariff protection, while food crop producers will desire tariff protection from imported food as well as flexible exchange rates to allow for predictable price policy (Jayne et al., 2002; Frieden, 1991; Kim, 2020).

The inference that institutional factors determine land reform would be undermined by a confounding variable at the sector level. For example, agricultural sectors tend to coalesce around specific locations, due to various agroclimatic needs of the crop (e.g. rainfall, soil quality, temperature). These agroclimatic conditions could be spatially correlated with a number of confounders.

The most important of these potential confounders is political patronage. The demands of certain crops lead to institutional configurations (Bates, 1983), but agricultural inputs and supplies are also often linked to political patronage (Kasara, 2007; Mason et al., 2017; Banful, 2011). Further, regionally located political and ethnic blocs are characteristic of African electoral politics (Boone and Wahman, 2017; Posner, 2005). On this logic, land reform may be higher in a certain sector because that sector is located where politically strategic groups could benefit from the program. In these cases, transferring land in a given agricultural sector is just a means by which local elites enrich or empower themselves.

However, the relationship between commodities and political support may be less about vote-buying than it is about an interest group's development around certain existing sectoral institutional infrastructure. For example, Mason et al. (2017) find that while states target agricultural credit in Africa, parties do not as a result win more votes. Dionne and Horowitz (2016) similarly argue that agricultural input distribution affects political preferences regardless of whether there was a previous relationship between the state and the recipient. Political interest groups rend to develop around agricultural commodities

and the policies that producers need to sustain themselves (Kim, 2020, 2017).

2.2.3 The Need for an Institutional Explanation

Table 2.1 below shows an outline of each of the cases in my dissertation and a quick comparison of the explanations outlined above. While there are reasons to believe that these theories might help to explain land reform in South Africa, Table 2.1 demonstrates that they are not correlated with variation in land transfers. The outcomes in the sectors of interest–sugar, fruit, ranching and grain–are not adequately captured by land quality, demand and organization as individual explanations or in combination with each other.

For example, based on the predictions supported by the above explanations, South Africa's sugar sector should have low redistribution outcomes. Sugar farming takes place on land that is requires high rainfall or irrigation. Therefore, the land is expensive and one should not expect the state to target it. The sector also has middling demand for land from some outgrower schemes, but sugar is not a staple crop of many Black South Africans. Therefore, one should not expect activism around land transfers to lead to higher proportions of land transfers in the sector. Finally, sugar is a highly organized sector. If organization leads market actors to resist land reform, the sugar sector's high land transfers demand explanation. It is curious that a sector that is in relatively low demand, where land is difficult to purchase given its high value and that has highly organized actors also has consistently high and comprehensive rates of redistribution.[2]

The three explanations also struggle to account for the outcomes in the ranching sector. Each of the predictions for this sector suggest that the sector might be a candidate for the most redistribution: land is affordable, many Black South Africans desire the land and the

[2]Questions of political patronage are more complicated because they could explain the surprisingly high rates of land transfer. I deal with these in Chapter 5.

Table 2.1: Case Studies, Predictions and Outcomes in South African Land Reform

Case	Land Quality	Demand for Land	Organization	Outcomes
Prediction	Inverse	Positive	Inverse	
Sugar	Med-High	Low-Med	High	High
Ranching	Low	High	Low	Med-High
Fruit	High	Low	High	Low
Grain	Low-Med	Med-High	Low	Low

sector is relatively spread out, weak and disorganized compared to others. While there has been a lot of redistribution in the sector, transfers have been patchwork rather than wholesale.

The grain sector presents a final puzzle. As a relatively disorganized sector with power spread out among multiple actors who farm large tracts of affordable land, one might expect the state to be able to make inroads purchasing land in this sector. Further, many Black South Africans farm grain staples in a subsistence manner and thus there is reasonably high demand for this land. However, the grain sector has redistributed minimal land.

These theories do seem to explain the slow rate of land transfer in the fruit sector. Fruit farming takes place on high value land, has low demand for that land and the sector is highly organized. The theories above predict that this would lead to low redistribution, and there are minimal land transfers across the fruit sector. But still, the fruit sector presents a challenge to these theories because actors within the fruit sector have dedicated vast resources to supporting new entrant farmers in their sector, which stands in contrast to the other case of low redistribution: the grain sector.

Below, I argue that the pieces that tie these puzzles together lie in the institutional variation between sectors. The dynamics of negotiation between market and state, resistance from private actors or demand for certain types of land from beneficiaries do affect

land reform. However, the main drivers of land reform outcomes are in the institutional make-up of sectors. Institutional configurations affect whether and to what extent the sector supplies land for transfers.

2.3 The Institutional Determinants of Land Redistribution

I argue that instead of relying on theories that focus on issues of cost of land, resistance to land reform or demand for land, one must turn to the study of agricultural institutions. These institutions determine a crucial precondition for the success or failure of market-based land redistribution: whether the sector *supplies* land to a land reform program in the first place. My argument therefore rests on showing that it is the institutional configuration of a commodity sector and not just the mere price of land or power of actors that leads to land reform. This is not to say that these factors fail to have any impact on land redistribution. Instead, following Pepinsky (2014), one must disaggregate the effects of the factors that create institutions from the effects of the institutions themselves.

To do this, I focus on tracing out the evolution of two types of institutional characteristics at the sector level: regulation and centralization. These institutional configurations determine whether a sector supplies land in land markets to land reform. Without this supply, voluntary, market-based redistribution does not occur. My argument rests on the logic that 1) actors within a sector must have an incentive to supply land and 2) they also must have the capacity to do so in a consistent manner across the sector. In a market-based land reform program where the state attempts to purchase or assist people in purchasing land, landholders have the choice whether they sell land or not. While questions of demand, mobilization, patronage and land price are important factors, they are secondary considerations if the sector simply does not offer land for land reform.

Both regulation and centralization are related to the various dynamics of a crop, including the cost of farming and the price of land. An approach focusing on the preferences of landholders and the state might suppose institutions to simply emerge from the incentives of their constituent actors. However, this approach misses how the historical development of institutions embeds actors in various positions of power and is itself the cause of new incentives that do not make sense on a strict logic of cost-benefit maximization (Thelen, 1999; Hall and Taylor, 1996; Pierson, 2011). Therefore, I employ a more historical institutionalist approach to account for how institutions form new incentives for actors beyond their resources to organize and the ability to maximize their gains through collective action. While institutions may be endogenous to the characteristics of the crop, they are a proximate causal variable to land redistribution because they determine the incentives of landholders and provide a critical means of organizing them. Using qualitative case studies and process tracing, I show how a sector's institutions have an independent effect on redistribution that goes beyond considerations of land cost and private sector resistance.

First, the decision to maintain regulation or to deregulate may stem from considerations of costs and benefits to producers, but these institutional characteristics also alter the behaviour of key sectoral actors to affect redistribution in unexpected ways. One might assume that individual preferences are merely related to the value of land or pressures on farmers. However, incentives created by the institutional environment are also important in determining decisions about land sales.

Specifically, regulation gives the state leverage over a sector that makes sectoral actors more likely to sell land. In deregulated sectors, the state has less ability to compel actors to redistribute land. Thus, state regulation ensures that sectoral actors are in a structurally weak position vis a vis the state, while liberalization means they are in a structurally strong position.

Second, the centralization of a sector is important not just because of farmers' ability to lobby against land redistribution, but also because it determines whether certain sectoral actors may have the capacity to organize in favour of redistribution. When a sector is set up so that processors control the sector, then they may be able to organize for redistribution if they have the incentive to do so. Centralized actors may be powerful, but they do not always use their power to resist the state's imposition of policies.

2.3.1 Structural Power and Regulatory Regimes

The first institutional factor that I examine is whether the sector is regulated or deregulated. I define state regulation as the presence of substantive state support of the private sector to maintain key sectoral initiatives. Regulated relationships involve a series of legally binding acts that govern the relationship between the state and the market. In these relationships, the state provides public goods to the markets and a regulatory regime outlines and enshrines a set of obligations between the state and market actors.

As such, regulated sectors concede some leverage to the state in exchange for services or coordination that ensures the viability of the sector. These relationships take on many forms, such as indirect subsidies (e.g. tariffs and price mechanisms), direct subsidies (e.g. loans and inputs to the industry) or through state facilitated means to provided research and extension services to producers to create or maintain markets.[3] In deregulated sectors, producers no longer rely on mechanisms of state support. While regulated sectors often rely on tariffs, state enforced prices and public transfers from the state to the sector, deregulated sectors are characterized by free trade regimes, pricing mechanisms that are pegged to international indexes and receive minimal public support–except in times of

[3]While Sheingate (2003, p.3) conceptualizes an 'agricultural welfare state' as protections of farm incomes through "production controls and price supports", I expand this definition to include other state-sector collaborations that go beyond price and production controls.

crisis–from the state.

Importantly, I do not claim that deregulated sectors are free from regulations or state-market interaction. States usually play a role even in liberalized economies or sectors to support the market or create the conditions for businesses to thrive (King and Lieberman, 2009) and deregulated sectors were often once heavily regulated. For example, states still need to negotiate trade deals, maintain basic infrastructure like roads and provide relief during times of crisis, such as a drought. Rather, my theory relies on an understanding of regulatory regimes that asks whether the sector consistently *relies* on regulation for its profits. Without state regulation, regulated sectors would not remain profitable. For example, without tariffs, some sectors would be vulnerable to imports from countries who can outproduce or set lower prices than domestic producers. While this is true of all sectors, there are some for whom the removal of a tariff would lead to a crisis from which the sector would not recover. Other sectors might rely on the state for key public goods that the sector itself would struggle to provide, such as disease monitoring.

Often, deregulated sectors compete with foreign imports without tariff protection and rely on domestic or foreign stock exchanges in which they have no ability to set the price of their product. Some even undertake a large portion of their own agricultural research. As deregulated sectors contain actors who have opted both out of state regulation and the potential benefits this regulation might bring, the state has less power to implement policy within these sectors. In regulated sectors, actors rely on the state to operate.

While the internal strength of a given set of financial actors is important as a form of "instrumental power", actors within the sector may also have high or low "structural power" over the state (Woll, 2016). This structural power affects whether the state can implement policy within a sector. When the state has higher structural power over a sector, it can make use of these regulations and this power as levers over sectoral actors. But when a sector has deregulated, the state struggles to compel actors within the sector

to implement policies like land reform.

Examples of this form of structural power abound in the study of the political economy of advanced industrial democracies and relatively urbanized industries. When the French government deregulated its pharmaceutical industry to make it more competitive in international markets, the state also gave up key levers it had over private pharmaceutical actors to control the price of drugs (Bourgeron and Geiger, 2022). In more rural sectors, this dynamic has a specific logic to it. Sheingate (2003) traces the evolution of an agricultural sector with a subsidy regime into one with a more liberalized relationship with the state by focusing on the key incentives for agricultural actors. With concentrated benefits and diffuse costs, one sees a classical corporatist agricultural sector held up by a regulatory regime because the state can work with powerful agricultural actors to enforce mutually beneficial policy and regulation. Retrenchment (i.e. liberalization), in contrast, occurs in the face of powerful agricultural interest groups, but the existence of a regulatory regime provides a hurdle to liberalization.

On this model, politicians drive retrenchment to take on a subsidy regime in the agricultural sector in order to cut spending (Sheingate, 2003). I argue that under certain conditions, agricultural interest groups seek out retrenchment and liberalization because it is in their interests to do so. My argument is based on a similar logic to Etchemendy (2011), who shows that more powerful industrial actors in Europe have campaigned for deregulation because they will fare better than less profitable actors. Other actors, however, maintained their relationship with the state. In agricultural sectors, powerful actors may chose to deregulate because subsidy regimes bring with them a degree of regulation that gives the state leverage over a sector that might work against the interests (and potential profits) of certain kinds of producers.

Focusing on agricultural commodity sectors, McMillan and Masters (2000) find that producers within a sector choose to deregulate their relationship with the state even if

that liberalization removes protections and benefits for the sector. Agricultural actors do this because deregulation allows them to mitigate increased predation by the state by removing regulations and state leverage that work against the interests of key producers. If the production of a given commodity involves high sunk costs–e.g. accrued debts or investments in long-term orchards–or potentially high (and therefore taxable profits), agricultural actors are more likely to fear a change in state policy that could imply increased taxation or a nationalization of assets (e.g. land redistribution) (McMillan and Masters, 2000).

Agricultural actors with high sunk costs will tolerate continued state leverage under one condition: they have representation in government (McMillan and Masters, 2000). This representation acts as a guarantee that the state will not extract excessive resources. However, if a high sunk cost sector does not have adequate representation in government, they may choose to deregulate and forego tariff protection and non-tariff support in order to to keep hold of their fixed assets in production.

Other sectors, however, have lower sunk costs. In these sectors, producers must invest less up front before they start making profits. The cause of these lower sunk costs could be shorter growth cycles (e.g. six months to one year), less debt or the producer's ability to quickly recoup costs through less strict harvest cycles. These sectors, because of the increased flexibility of producers, are more tolerant of continued regulation–especially if that regulation brings with it key sectoral benefits.

For example, a cattle rancher may choose to sell off cattle through a number of venues to get through a difficult financial patch. In contrast, a fruit farmer must wait for a very specific harvest time to gain money without taking out loans. Thus, the cattle farmer has fewer sunk costs over a long period of time. Likewise, a sugar farmer has fewer start up costs and loans than a wheat farmer, and therefore has more flexibility in terms of whether they stay in the sector because they are less indebted.

I argue that high sunk cost commodity sectors that choose deregulation are more difficult sites for state-driven, market-based land reform. Land redistribution is harder in these sectors because powerful actors in the sector have an incentive to protect their sunk investments from state expropriation by opting for retrenchment. In this calculation, costs are concentrated for agricultural actors and they are willing to sacrifice regulatory and subsidy regimes in order to preserve profits.

According to the economic incentives for key agricultural actors, certain commodity sectors may choose deregulation precisely to avoid redistribution.[4] Deregulation leads to more modernized farming techniques that strengthen institutions, gives agricultural actors a better bargaining position and sets them more outside the reach of the state (de Janvry and Sadoulet, 1989). Following McMillan and Masters (2000), I argue that these sorts of incentives vary according to commodity sectors. This argument allows me to build off a growing literature in political science that argues that agricultural commodity sectors have distinct economic (and therefore political) interests that can affect interest group activity (Bates, 1989) as well as the vote choice of producers within that commodity (Kim, 2017, 2020).

More low-cost sectors, however, will be more tolerant of the risk of state predation if they have key commodity functions that could not continue absent state support. Given that producers have a relatively consistent stream of revenue, they are more willing to tolerate state leverage to maintain tariff support or extension services. Instead, key actors

[4]In the land reform debate, Albertus (2015, 170) treats trade liberalization as an alternative explanation for his finding that democratization (or veto points) decreases the likelihood of expropriative land redistribution. He shows that trade openness does not affect his results nor does it assume any statistical significance as a control. However, this finding does not mean that that there is no relationship between liberalization and land redistribution for three reasons. First, Albertus only measures expropriative land redistribution rather than new wave land reform (which he calls land negotiation). Given that market land redistribution relies on land markets, one can expect market liberalization to have more of an effect on market-based land redistribution outcomes than it might on expropriation-based land redistribution. Second, Albertus uses a mechanism for trade openness that looks at total trade openness rather than agricultural liberalization. Third, Albertus does not distinguish between subnational variation in liberalization, where some sectors or commodities may be more or less deregulated than other competing sectors within the same country.

in the sector have profits that directly rely on state support. These more regulated enterprises remain firmly within a clientelistic relationship with the state whereby the state retains influence over key actors because it can threaten to withdraw the very basis for profitability in the sector (e.g. tariff protections or state subsidies). Without these levers, states have limited capacity to prompt deregulated sectors to engage in voluntary land redistribution.

2.3.2 Centralization: Organization and Collective Action

The idea that strong private actors will resist state regulation has been challenged in the field of political economy. Some argue that highly centralized business associations are more likely to provide or advocate for welfare policies for their employees (Martin and Swank, 2004) and are thus easier to regulate. While many attribute this provision to a country's predominately left leaning politics or union initiatives, centralized businesses or firms may in fact advocate for this increased welfare policy because of their own incentives (Swank and Martin, 2001). Overall, actors in such corporatist sectors might have strong incentives to accept state intervention in the economy because they have the capacity to make the most from high equilibrium outcomes (Martin and Swank, 2004) and because there is a need for high degrees of state regulation for key sectoral activities (Swank and Martin, 2001). Therefore, without close relationships and cooperation with the state, these sectors would be worse off.

Organized and powerful interest groups do not always resist government attempts at redistribution and intervention. For example, when the organized interest group itself is dependent on the state for its profitability, it will be more amenable to state redistribution policies and may participate in them at an even greater rate. This claim builds off of findings that centralized business institutions will only play a welfare enhancing role if

there is regulation of the private sphere by the state (Martin and Thelen, 2007).

Disorganization, in contrast, can lead to a weakened sector over which the state can exert policy. However, when that sector is itself distanced from the state through deregulation (i.e. a liberalized market economy system), it will be even harder to influence (Woll, 2016). For example, the American state has struggled to exert control over the very disorganized–and thus seemingly weak–financial sector because the state relies on the sector's productivity for its own growth (Woll, 2016). I argue that when the state does attempt to enact policy in a sector where there is a decentralized organizational structure, the sector's disorganization means that sectoral actors cannot come together to make an effective attempt to prompt redistribution.

Within agriculture, the features of a commodity shape the institutions that govern the sector, which in turn creates variation in collective action potential. I argue that this effect stems largely from the pressures on producers to sell their crops. Under certain conditions, producers hold the upper hand in a sector, leading to a decentralized power structure that prioritizes the voices of many producers and producer organizations. Under others, processors hold the power in a centralized manner.

Producers (i.e. those who directly farm the commodity) in certain commodities have the option to store their product or sell to multiple markets. With this ability to withhold the sale of their product, producers become price setters and commodity sector institutions tend to disperse power across these actors (Bates, 1983). For example, maize farmers are able to wait out a period of low prices by keeping their harvested grain stored in silos. They can also sell to different markets for a different purpose. Some maize farmers might be able to sell maize as inputs for bio-fuels or they can sell it to a neighbour as cattle feed. This flexibility has led the maize sector to have a historically decentralized governance structure, which invests power in a number of producer bodies, such as cooperatives, as well as up and downstream capacities. Likewise, ranchers have a decentralized gover-

nance structure because producers can withhold cattle and have many marketing options.

In contrast, some producers are incapable of withholding their crop given the biological nature of the crop and a paucity of available marketing options. These producers must sell their product to the product's processors quickly, which gives processors an upper hand in setting prices and producers become price-takers (Bates, 1983). In these cases, institutional power is concentrated over time in the hands of processor organizations rather than dispersed among producer organizations. For example, some crops spoil or degrade quickly after harvest and thus must be taken to the processor immediately. Sugar is an example of this kind of crop, as sugarcane quickly loses sucrose after it has been harvested. Fruit, likewise, spoils quickly. As a primarily export-driven sector, fruit must go through a significant and costly packing, cooling and export process that is best managed by the processors or packers of the crop (Birner and Resnick, 2010).

These institutional configurations matter for land redistribution outcomes because they affect the ability of a commodity sector to respond to pressures to redistribute land. This assumption is based on the logic of collective action and selective incentives (Olson, 1971). Centralized sectors have a small set of processor institutions that organize a sector. Because they have concentrated costs around processors rather than producers, they will be much better able to pursue their own interests and organize more diffuse actors–i.e. producers–to do the same.

Thus, when in a position of power within the sector, processors can more easily drive their sector to quickly respond to state leverage. However, even when the state has leverage over a decentralized sector, producers may struggle to act collectively given the sheer number of actors they must organize (Olson, 1971). Thus, the effect of state leverage on land redistribution is mediated by the ability of actors within a sector to come together and impose a solution. While some actors may have strong enough incentives at a local level to undertake redistribution, this will lead to redistribution only in those areas and

not in others.

Centralized institutions will not always lead to higher redistribution. At times, they do act as expected and prove powerful lobbying groups against reform. In this way, centralization increases collective action capacity and therefore exaggerates any existing incentive of a sector. In deregulated sectors, key agricultural actors will move away from the reach of the state to preserve substantial export profits. With high sunk costs and large profit margins at risk of greater taxation, these sectors might be especially resistant to land redistribution.

In addition to collective action through the concentration of power, the variation between centralized and decentralized institutions matters for reasons beyond collective action capacity. With limited options for exit (i.e. external markets), actors will often advocate for better conditions and be rewarded within their markets for loyalty (Hirschman, 1970). While producers may switch out of their sector or change their farming practices, processors are fundamentally less mobile (Bates, 1989, 89) often due to vast state and private investment in industrial-style infrastructure (Akiyama et al., 2003). Processor institutions provide support for producers because they are invested in the continued supply of a product. For example, cotton and sugar processors have monopsonistic control of the sector, but they have developed a mutually dependent relationship with the state due to large industrial investments in the sector that has made actors within the sector keen to maintain their regulatory regime with the state (Akiyama et al., 2003). In Mali, the cotton sector was itself powerful due to the organizational potential of producers and processors (Bingen, 1998). This incentive drives collaboration between state and market institutions beyond the leverage that a state has through tariffs and marketing support.

With perishable goods, processors have an incentive to support their producers to ensure that their industry survives. As monopsonistic or cartel-like buyers of a given product, processors must prevent producers from exiting the sector by providing them

with more intense industry-level support to create a self-contained support system. Thus, despite the fact that producers are price-takers in centralized systems, they may actually receive greater industry-level support than those systems in which producers have more power. In many contexts, this factor gives the state even more incentive to intervene in these sectors because they want to appeal to voters who work in them (Bates, 1989).

This feature is attractive for state bureaucracies involved in land redistribution. In centralized, regulated sectors, the state has leverage over key actors. In sectors where powerful actors have the ability to organize to provide land and the state can be guaranteed of industry-level support for new farmers, land redistribution farmers have a better chance at succeeding under market conditions. In contrast, deregulation weakens the ability of smallholders to survive because it decreases available state support (Birner and Resnick, 2010).

In the absence of both state-support and out-grower industry-support models, producers in a decentralized and deregulated sector will struggle to maintain profitable production. Therefore, even if there is an interest in selling land to the state for redistribution, producers will have additional financial pressures and incentives that could drive strategies of survival that frustrate land redistribution. For example, producers may chose to consolidate holdings, change farming activities or sell to neighbours or agribusinesses.

While these activities and pressures are not necessarily antithetical to market-led redistribution, they do interfere with the state-led process. First, deregulation causes disarticulation among producers that disorganizes them even further. With their institutions changing and retrenching, collective action is even more difficult and certain powerful producers may be able to set the agenda of the sector to serve their own interests. The state must compete with the pressures of deregulated farming and constantly play catch up by changing policies to correspond to rapidly-shifting market dynamics.

The effects of liberalization and deregulation are especially pronounced under market-based land redistribution reforms. Deregulation means that new farmers may need substantially more support. In contrast to market-based land reform, beneficiaries of past land reform programs who received land as tenants on that land required less training and support as they already had the skills to farm that land (Lipton, 2009). This phenomenon is often present when land inequality is entrenched along barriers beyond class (e.g. race or ethnicity) as deregulation requires farmers to rely on digging deep into existing savings, lines of credit and networks of support to which marginalized farmers will not have access (Johnson, 2011). Therefore, while centralization can increase the likelihood of redistribution that comes from corporatist sectors, decentralization creates obstacles for new entrant farmers. In deregulated sectors that have also opted out of state regulatory regimes and support programs, decentralization and deregulation can create compounding obstacles for new farmers.

2.3.3 A Typology of Agricultural Sectors

I follow Sheingate (2003) in thinking about the interaction between the state and interest groups as a function of the capabilities of each actor. But, rather than view state-agriculture interactions as merely a function of time-variant factors that create eras with their own dynamics (Sheingate, 2003, 26), I argue that spatial and commodity-sector variation also drives state-agriculture relations and outline this logic in Table 2.2. Thus, when one looks at a certain era–in this case, an era of retrenchment–there will be microcosms of different agricultural dynamics depending on commodity-specific variation. This variation determines how, when and why land redistribution occurs in a given sector.

	Centralized High Instrumental	Decentralized Low Instrumental
Regulated Low Structural	**Corporatist** High Redistribution Incentive, Capacity	*Low Cost* Patchwork Redistribution Incentive, No capacity
Deregulated High Structural	*Entrepreneurial* Low Redistribution, Support No incentive, Capacity	Free Market Low Redistribution, Minimal Support No incentive, No capacity

Table 2.2: Institutional Power and Redistribution

2.4 Case Studies

My dissertation employs four case studies to cover this analysis. In Table 2.3, I present the typology again with the case studies included. My case studies in chapters 5 and 7 cover the sugar and ranching sectors, which are both regulated sectors. Actors in the sugar and ranching sectors rely on the state for key sectoral initiatives. While the sugar sector is dependent on a tariff protection against imports for its profitability, the ranching sector needs the state's support to monitor disease outbreaks, which could be devastating for the sector. Due to the fact that both the ranching and sugar sectors are comparatively low sunk cost, key actors in the sectors have maintained their regulatory relationship with the state in order to preserve these crucial benefits.

Table 2.3: Agricultural Sector Institutions and the Proportion of Land Transferred by Land Reform

	Centralized	Decentralized
Regulated	23.6% Case: Sugar	4.9-29.0% Case: Ranching
Deregulated	10% Case: Fruit	2.2-13.9% Case: Grain

The proportion for sugar is nationwide, while the proportion for fruit is for citrus nationwide. The proportions for ranching and grain are for the Free State (low) and KwaZulu Natal (high).

These case studies represent cases of higher land transfer. In both sectors, farmers

felt the need to sell land to maintain the viability of their regulated sector. However, the centralized sugar sector was able to do so more consistently. In contrast, the decentralized cattle sector did not redistribute land in nearly as consistent a manner. While ranchers may have had an incentive to redistribute land, many did not follow through because of a lack of organization. In Low Cost sectors, local level factors determined whether ranchers would sell their land, leading to more patchwork transfers: some areas see high rates of transfers, while others see minimal transfers. In contrast, Corporatist sectors will transfer land consistently across regions.

I use the fruit and grain sectors to demonstrate how deregulated sectors respond–or don't respond–to land reform. As I show in Chapters 6 and 8, both the fruit and grain sectors opted for a liberalized and deregulated relationship with the state in order to protect their assets (storage facilities for grain and processing and packaging facilities for fruits) as well maximize future profits that were conditional on trade. In fruit production, farmers need to invest a large amount of capital up front for long-lasting vines or orchards that will bring profit in the future, while grain farmers undergo a cycle of drought and debt that creates similarly long time horizons.

These case studies exemplify the obstacles that market-based land redistribution might face, as neither sector redistributed large tracts of land. However, my chapters on these sectors show that the fruit and grain sectors represent different problems for land redistribution. In the fruit sector, centralization does present an opportunity for more comprehensive efforts to support new entrant farmers. However, the price of land is still a key issue here, keeping many prospective farmers out of the sector. Without regulation and state leverage, fruit processors and producers have no real incentive to change their farming model to allow redistribution beneficiaries to purchase land

Similarly, the deregulated and decentralized grain sectors have no incentive to sell land to the state. However, unlike in fruit, grain land is both plentiful and of variable

quality. In spite of this, there is minimal land reform in this sector because, as I will argue, change in the sector due to liberalization has altered the incentives of landholders. While they may sell their land, they often do so privately and to largescale farmers or neighbours. The consolidation of agriculture in this sector has come at the expense of land redistribution, which clashes with the incentive structure of grain producers.

2.5 Conclusion: Moving Forward with a Theory of Market-Based Land Reform

In this chapter I have argued that agricultural institutions are crucial determinants of market-based land reform. Under market based land reform, land transfers are dependent on the decisions of existing landholders to sell land. These decisions stem from 1) the incentives that landholders have to work with the state to maintain a regulatory regime and 2) the centralized capacity of those actors to act on these incentives. In the following chapters, I present four case studies that demonstrate that land transfers are intrinsically related to the regulation and centralization of agricultural institutions. Using qualitative interview data and descriptive statistics, I trace out how a sector's degree of centralization and regulation affected its ability to supply land to the land reform program. I argue that other factors, like land quality, lobbying power, patronage and the demand for a type of land are secondary to the conditions that lead a sector to supply land to the land reform program. While these factors matter for determining what and how much land is redistributed, they fail to explain land transfers across my case studies.

CHAPTER 3

METHODS, CASE SELECTION AND RESEARCH DESIGN

3.1 South Africa as a Case Study

Often, broad studies of the state and politics on the African continent leave out South Africa due to its history with extended white-minority rule that delayed independence, drastic inequality, relatively high modernization and urbanization. Other studies use South Africa in comparison with one other non-African country, like Brazil or the United States, where racial differences and high inequality allow one to ask questions about redistribution and the political economy of identity (Lieberman, 2003; Marx, 1998), while a few put it into conversation with a wider set of countries (see for example Handley (2005, 2008)). Still others use South Africa as a single case study (Ferree, 2010). My study falls in the final camp.

In my view, my case study of South Africa is comparable to a wide set of cases that share the following characteristics: they have historical rural land inequality, states have tried to address this issue through land reform and they have done this land reform through primarily market means. There are three comparable categories of states to which I believe my theory and findings can apply, each of which involves a more abstract comparison. The most immediately comparable cases are other minority settler colonies, which are found mostly in Africa and Latin America. The next are majority settler colonies, where contemporary governments have attempted to make amends for past land dispossession of an indigenous minority. These states exist in many of the majority settler states of England, Portugal and Spain in the "New World". Finally, my theory applies to contemporary instances of rural inequality, where states have tried to address past land dispossession that may be indirectly or unconnected to the settler colonial

project, but remain firmly within a form of market based redistribution. Examples of this include America's attempt to provide reparations or restorative justice to dispossessed or marginalized African American farmers, Scotland's attempt to address the highland clearances and India's attempt to address colonial land legacies.

Many of the comparison cases are former colonial possessions. During colonization, the metropole used settlement in their colonies to deal with an oversupply of labour as well as to pursue ideological and economic interests of creating a large colonial empire (Semmel, 1961). In these cases, colonial occupation and settler rule led to massive land dispossession of indigenous peoples for use by settlers from the colonial metropole.

Often, these settler colonies differed in their demographic composition and the timing of colonialism. For some colonies–especially those in the "New World"–European settlement was initially very high and involved the expulsion, killing and even genocide of indigenous peoples in addition to the systematic dispossession of most of their land. These cases, like Brazil, Canada, the United States, Argentina and Australia, have a much different dynamic when it comes to land redistribution to indigenous peoples. Because indigenous peoples make up such a small portion of the population, land redistribution for colonial dispossession an important issue for the dispossessed communities, but there is less pressure on states to do something to resolve it given their smaller share of the population.

In other states, the indigenous population survived colonialism at a higher rate or there was less European settlement. For example, in the Latin American context, Peru and Bolivia's indigenous peoples make up a larger proportion of the population. African colonial states, as I discuss in the conclusion, experienced settler colonial rule much less frequently. And even when they did experience it, they had much fewer settlers than their counterparts in the "New World".

Yet while Europeans in African settler states rarely made up more than 20% of the population and often only numbered in the tens of thousands, they often reserved a large amount of arable land for themselves. For example, the British only ever managed to coax a maximum of 60,000 European settlers to the Kenya Colony, but those settlers expropriated and settled on half of the country's most fertile land. Upon independence, the new leaders of these states often undertook largescale land redistribution projects to address colonial dispossession.

Still other cases of potential land reform do not draw the motivation from land reform directly from colonial dispossession, but instead from other forms of inequality and dispossession in the post-independence era. Often, governments attempted to break up large feudal holdings, as existed in many parts of Latin America (Albertus, 2015), Europe (Albertus, 2022) and India (Banerjee and Iyer, 2005; Herring, 1983). In Latin America, many of these issues of inequality were related to colonial policies and indigenous initiatives to reclaim land drove land redistribution programs (Yashar, 2005).

In many of these cases across states with majority settler populations, minority settler populations or general rural inequality, land redistribution was expropriative. Within Latin America and Africa, much of the land redistribution of the pre-1980s era involved the seizure of land from former landholders. Latin American land reform involved taking land from large haciendas or estates and redistributing it to peasants who lived near or on the land already (Albertus, 2015). But in Africa, land redistribution often involved the seizure of land from departing or expelled settler colonists who returned to the metropole following wars of independence or fearing reprisals from new independence governments (e.g. Algeria, Mozambique and Angola).

However, my theory applies best to situations where there was a negotiated transition away from settler colonial rule that allowed settlers to sell their land back to the state. This occurred across many former British and French colonies in Africa, like Kenya, Zim-

babwe, Tunisia, Namibia and Morocco. It is here that one would expect the institutions and financial incentives of these European rural farmers to affect land reform. Similarly, cases in Latin America that are related to colonial dispossession, but not related to decolonization, have also taken a market-based turn. Many contemporary Latin American land reforms use market mechanisms to organize the compensated and voluntary redistribution of land (Albertus, 2015).

Beyond these cases of more classical settler colonialism, countries from around the world have experienced settlement of peoples in the more contemporary era (Acharya et al., 2018). These acts of settlement involve some form of land dispossession that may–in the future–need to be addressed within the framework of a market-based land redistribution program. For example, China has a concentrated internal settlement policy (Wallace, 2014) and has made a project of settling ethnic Han people in its peripheral regions, while Israel's occupation of the West Bank involves continuous land dispossession and Russia's vast former empire left enclaves of ethnic Russian speakers throughout Central Asia and Eastern Europe. When or if these states come to terms with demands by the dispossessed for compensation, they will likely have to work through a market-based solution to their rural inequality.

As a case of this kind of land redistribution, South Africa may have specific social characteristics, like its history of white minority rule and strict racial hierarchies, that characterize its land politics. However, the key characteristics of interest are those that relate to its agricultural sphere. While South Africa's land redistribution programs have been beset by obstacles that are related to its relatively unique dynamics, the country's land reform program has moved at a pace that tracks with other willing buyer, willing seller programs.

Paraguay and Cuba may have redistributed a higher proportion of their arable land, but they did so over a significantly longer period and under autocratic rule, which makes

Table 3.1: Compensated, State-led Land Redistribution in Latin America and Africa

Country	Era (total years)	Pr(Arable Land Redistributed)	Pr/year
Cuba	1960-1990 (30)	28%	0.93%
Kenya	1964-1978 (14)	11%	0.75%
Paraguay	1960-1990 (30)	20%	0.67%
Zimbabwe	1980-1998 (18)	12%	0.67%
South Africa	1995-2016 (21)	10%	0.48%
Venezuela	1960-1985 (15)	10%	0.40%
Brazil	1990-2008 (18)	7%	0.38%

Data from Albertus (2015, p.132-133) on what he terms 'land negotiation' as well as author's own data on Kenya and Zimbabwe. Most likely, many of these country estimates are over-estimates as the redistributed land is assumed to be agriculturally suitable (here defined as both arable and potentially pastoral land as per the FAO), when it may not be. Additionally, many Latin American countries undertook expropriation-based land redistribution either before or alongside negotiated land redistribution.
The land redistributed for Zimbabwe is from the period before the infamous post-2000 'fast track' redistribution.

it easier for states to redistribute (Albertus, 2015). Other competitive regimes that used market redistribution include pre-2000 Zimbabwe and Brazil, which redistributed similar amounts of land in the same amount of time as South Africa. These are perhaps two of the most comparable cases to South Africa because they have developed agricultural commodity sectors with diverse institutions as well as histories of racialized land ownership.

3.2 Sub-National Sectoral Case Study Design

In this dissertation, I employ a series of qualitative methods, including process tracing, case study analysis, typological theorizing and interview analysis. Through semi-structured interviews and descriptive data, I construct four case studies of agricultural sectors: sugar, fruit, ranching and grain. These case studies correspond to the four types

of a typological theory and together compose a diverse case selection (Gerring, 2007) that allows me to better understand how regulation and centralization affect land reform. They are representative of the vast bulk of South Africa's agricultural sectors. The sectors that I leave out are the vegetable, dairy and forestry sectors.

Each case study accomplishes a slightly different task. My first case study of the sugar sector is largely exploratory (Seawright and Gerring, 2008; Gerring, 2007). The sugar sector in South Africa has been one of the most successful sectors in terms of land reform. While other sectors have redistributed minimal land, the sugar sector in KwaZulu Natal redistributed around 20% of its land voluntarily. However, theories of the drivers of land redistribution–e.g. those relating to the political utility of land reform for the state and the cost of land reform–do not explain the massive redistribution that one sees in the sugar sector. This makes sugar a deviant case that requires explanation.

A deviant case (Gerring, 2007), which has an unusually high or low value on the outcome of interest compared to other sectors, is especially useful for outlining heterogeneous causal pathways about which we know little (Seawright, 2016, 506). Through process tracing, I use the sugar case to rule out several explanations (George and Bennett, 2005) for the sector's higher levels of land redistribution. The alternative explanations mostly revolve around conventional theories of land reform that emphasize the political importance of land transfers for vote-buying and placating traditional elites. By comparing the theories that seek to explain land transfers through demand against those that focus on supply, I show that the most convincing explanation of the sugar sector's high land transfers lies in the political economy of agriculture.

After this exercise in process tracing, I move onto the three remaining case studies. My initial analysis of the sugar sector makes my case study of sugar a deviant case that maximizes variation on the outcome of interest. But throughout the dissertation, I employ it as a reference case in comparison to other cases.

I use the case study of South Africa's various fruit sectors as my second case study. The fruit sector is perhaps overdetermined. Land is inexpensive, in low demand from beneficiaries and actors are well organized. Thus, it is no surprise that land reform has made little progress within the fruit sector. However, I use the fruit sector as a most-similar contrast to the sugar sector. Both the sugar and the fruit sectors lie on high value, spatially delimited land and have strong centralized actors with limited demand for this type of farmland.

Using this comparison, I am able to isolate the role of one condition, regulation, in the determination of land transfers. Given that the fruit sector and the sugar sectors are similarly centralized, I look at the difference in land transfers (20%+ in sugar and 10% or less in fruit), I show how centralization is not the condition that drives the supply of land for land reform. Instead, the centralized fruit sectors have redistributed minimal land. Thus, I compare the fruit sectors with the sugar sector, which is also centralized, to show how the key variable that determines land transfers is the degree to which a sector is regulated.

The ranching sector acts as a 'crucial case' for past theories of land reform (Gerring, 2007). According to the theories outlined in Chapter 2, one might expect a sector with cheap land, in high demand from potential beneficiaries and with poorly organized actors to redistribute the most land. Yet while the ranching sector has redistributed large swathes of land in certain areas, it has not done so in others. Therefore, I delve into intra-sectoral variation as to why this sector has undertaken patchwork land reform. This case study therefore contrasts with the sugar case in a most similar comparison. While sugar is both regulated and centralized, ranching is regulated but decentralized. The variation on centralization allows me to develop an understanding of how centralization is necessary for *widespread* land reform, as decentralization means that actors have competing incentives and collective action problems that prevents a sector-wide solution.

In the last case study, I use an 'extreme case' to contrast with the sugar sector. The grain sector, which is on the opposite side of the the typology in Table 2.3, redistributed minimal land despite the fact that there was plenty of cheap land that was in relatively high demand by potential beneficiaries. The grain sector maximizes variation on both conditions of interest (e.g. decentralized and deregulated). When measured against the sugar case, I am able to further trace out the causal path (Seawright, 2016, 509) between centralization, regulation and redistribution. By using the grain and sugar sectors as case studies, I am able to develop a theory of how the two conditions of interest interact to reinforce redistribution or to thwart it.

3.3 Methods

3.3.1 Interviews

In addition to selecting interviews that represent a multitude of viewpoints, I also chose interviews that were the most relevant to the study itself. Of the 100 interviews I conducted, I left out many informational interviews with academics and practitioners, interviews with land claimants about specific accounts related to the processing of their claim and interviews with people affiliated with sectors outside the area of study who did not comment on the sugar or grain sectors.

In terms of selecting interviewees from the broader pool of the South African population, I used a conventional snowball approach. I relied on a number of sources, including local research affiliates and contacts within the judiciary and development sectors, to start off in various agricultural sectors, farming communities, government agencies and activist circles. At the end of each interview I would seek out recommendations for

future interviews and deliberately asked interviewees if they could recommend people with different viewpoints. Further, I used a method of cold calling employees of various organizations by email or phone when I could not access them via existing networks.

These informants have intricate knowledge of the sectors under study. For example, they include white farmers faced with agricultural change and the prospect of selling their land, Black farmers hoping to gain land, sector-level agricultural workers within the organizations of interest (e.g. cooperatives, processor institutions, agricultural development), lawyers involved in land reform cases and finally government officials tasked with managing the process. I draw on their experiences facing the difficulties of land reform and the limited successes they have had to understand how, why and where land redistribution can work. Given the sensitive nature of land redistribution in South Africa, I have kept my interviewees anonymous given the sensitivity of the subject matter.

To demonstrate the relevance of regulation and centralization to land redistribution, I rely on a targeted sample (Mosley, 2013) of 67 qualitative interviews from a broader sample of 100 conducted between October 2019 and April 2022. After March 2020, many of these interviews were done remotely due to the SARS-CoV-2 pandemic. I conducted 17 remote interviews by Skype, Zoom, Microsoft Teams, WhatsApp and phone calls from North America during the initial lockdown period in South Africa (March-June 2020). However, many interviews were remote when I was in-country. These include two interviews that I did over the phone before the SARS-CoV-2 pandemic due to issues with travel. Upon my return to my research site in February of 2022 after vaccinations had been made readily available in South Africa and the country was recording very low case numbers, I found that many people had adjusted to remote work and even preferred to do virtual interviews.

I note each remote interview, either before or after, in the relevant footnote. I selected these interviews from a broader pool of 70 interviews based on the following criteria.

First, I selected interviews which allow me to draw upon a diverse pool of voices that represent various interest groups, including new Black farmers, government officials, politicians from most major political parties, members of old predominately white agricultural organizations, members of newer and more pro-reform agricultural organizations led by people of colour and lawyers and activists who advocate for landless people. I cover this breakdown and the selection of interviewees in more detail in the appendix, where I also include longer versions of quotations that I shortened to allow for space and readability concerns. By using multiple entry points for my interview sample, I am able to corroborate evidence across important political, racial and occupational divides in addition to triangulating evidence with secondary sources and examining saturation of certain pieces of evidence within a given group (Bleich and Pekkanen, 2013). Second, I chose interviews from those who knew these sectors, agriculture or the redistribution program, through firsthand and practical experience. Thus, the quotations I use provide evidence for the relevance of the conditions for the presence or absence of land redistribution within the four sectors under study.

3.3.2 Descriptive Data

Additionally, to determine the values on the dependent variable I rely on descriptive data on land redistribution from two of South Africa's provinces (the Free State and KwaZulu Natal) obtained from several government sources. I discuss the interview data and my descriptive quantitative data further in the Appendix.

CHAPTER 4

CHANGE, CONTINUITY AND DUALISM IN SOUTH AFRICAN AGRICULTURE

4.1 Introduction

4.2 The Roots of Inequality in South Africa's Agriculture

Land ownership and agricultural institutions in South Africa are racially exclusive for a number of reasons. First, the colonial and apartheid administrations set up a series of laws that precluded Black South Africans from owning or purchasing land. These moves stifled the growth of a nascent Black African farming class and limited their land ownership to be outside the main productive areas of the country. Second, the colonial and apartheid administrations created policies that provided white farmers with a series of generous direct and indirect subsidies. These policies led to a bifurcated (Mamdani, 1996) or dualistic (Binswanger and Deininger, 1993) rural sphere in the country, where Black farmers farmed mainly smallholder plots in communal areas and white farmers received the capital and support necessary to develop their farms into productive and commercial ventures.

4.2.1 Dispossession and Racially Restrictive Land Ownership Policies

Founded as a refuelling post in the 17th century, the Dutch-founded South African Cape (the present-day Western Cape province) quickly became a settler colony premised upon the dispossession of the land of Black indigenous peoples for the purposes of white settlement. Under the initial settler apparatus, the Dutch and English (who came in the 19th century) settlers began colonizing the land of coastal peoples in the Western and Eastern

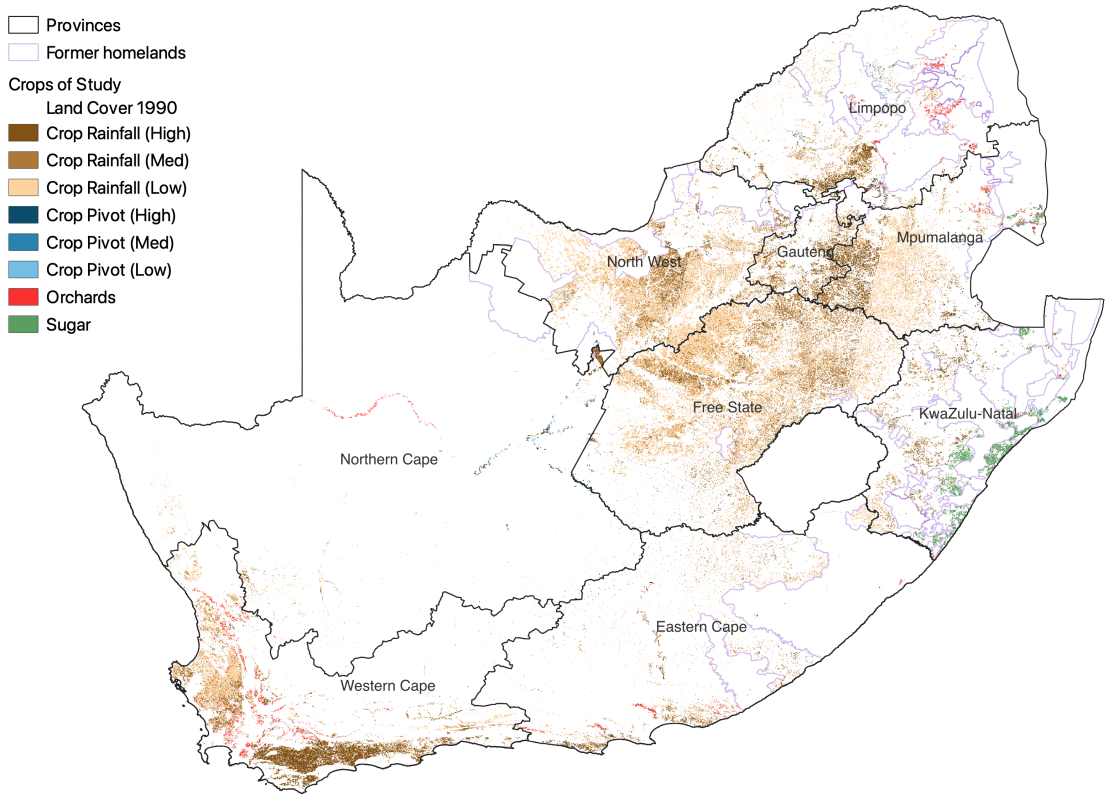

Figure 4.1: South Africa Land Types, 1990

Cape areas, which included the Khoi San and the Xhosa. Internal disputes between the English and Dutch white populations in the Cape led the Dutch 'Afrikaners' to venture further north into territories that were then known as the Orange Free State (today's Free State Province), Natal (today's KwaZulu Natal Province) and Transvaal Republic (today's Gauteng, North West, Limpopo and Mpumalanga Provinces), which led to land dispossession in those regions as well.

Figure 4.1 depicts South Africa in 1990, with the modern day provinces and homelands overlaid over three types of agriculture: cropland, sugar and fruit. Most of the area that is shaded white is suitable for ranching.

Despite mass land dispossession and a number of racially restrictive policies on land

ownership, a small and productive Black farming class emerged throughout parts of the country in the 19th century (Bundy, 1972; Plaatje, 1916). But the ability of this new set of productive Black farmers to grow into a competitive agricultural class was cut short when the British formally took control of the entirety of South Africa in the early 20th century after the Second Boer War. The South African colonial government enacted the 1913 Land Act to forbid Black purchase and ownership of farmland (Bundy, 1972) for a multitude of reasons. The land act ensured that Black South Africans would work either in white-owned mines (Wickins, 1981) or as farm labourers on white-owned farms (Hebinck, 2013) rather than be farmers on their own land. While English-dominated mining interests drove this process, the English-led government also used the legislation to appease Afrikaner farmers and nationalists, who were worried about competition from successful Black farmers (Hebinck, 2013) and were in favour of a racially segregated South Africa (Feinberg, 1993). This expropriation and limitation on ownership had drastic effects on Black South Africans who owned land and who lived as tenants on white-owned farms as the area in which they were legally allowed to settle and farm was confined to around 6% of the territory (Plaatje, 1916).[1]

The process of colonial dispensations changed under apartheid in 1948. The colonial state made little effort to enforce the Land Act's ban on existing Black ownership of land and unevenly enforced the colour line in terms of areas settled and in some cases the amount of Black-owned land could have even grown after the Land Act (Feinberg and Horn, 2009). Some white farmers found sharecropper or tenancy relationships profitable and so did not evict their tenants despite the fact that the law allowed them to (Feinstein, 2005). However, these sharecroppers and tenant farmers made little money given their arrangements with the white landholder, were vulnerable to eviction on the landholder's whim from year to year and struggled to enter the commercial market (Feinstein, 2005).

[1] Later laws expanded this land set aside for Black settlement to 13% of the country.

After the transition to formal apartheid, the state's enforcement of racially exclusive land ownership laws became more comprehensive. The Group Areas Acts of the 1950s formally designated certain areas for white South Africans and a slightly enlarged system of 'homelands' (or 'Bantustans'), reserves and townships for Black settlement. Over the course of the next 35 years the apartheid state forcibly removed 3.5 million South Africans[2] from their homes in 'white areas' to the areas the state deemed to be for their own group (Platzky and Walker, 1985).

Thus on the eve of majority rule in South Africa, Black South Africans, who made up 80% of the country's population, could only formally lay claim to 13% of the country's land in the form of ethnic homelands or reserves. This land was often made up of hilly terrain or rocky soil and sometimes it was also less irrigated or in lower rainfall areas than nearby white farmland. The various acts of dispossession intentionally reserved the best rural land for white farmers,.

In addition to being suboptimal farming land, much of the 13% of Black-controlled land was under the rule of traditional authorities. While many of these figures had roots in pre-colonial customary structures, the apartheid government had selected loyal leaders to rule and empowered them to do so in a way that was often conservative, unaccountable, violent and patriarchal (Ntsebeza, 2005; Mamdani, 1996; Claassens, 2014). Vast dispossession and relocation under apartheid had led to overcrowding in many of the homelands (Hebinck, 2013), which were often already on marginal land that could not support large populations (Platzky and Walker, 1985). With too many people and not enough land, plots were small and largely subsistence-oriented. Thus, rural Black South Africans emerged from apartheid less agriculturally productive than they had been in 1913 when racist colonial and apartheid laws began the process of stopping the emergence of a growing productive Black farming class.

[2]This number included Black, Coloured (a formal and widely used term for mixed-race South Africans especially those in the Cape Coloured Afrikaans speaking community) and Indian South Africans.

4.2.2 Supporting White Agriculture

Apartheid and colonial South Africa's agricultural system did not just discriminate against Black South Africans. Instead, it also discriminated in favour of white farmers. Beyond providing white farmers with access to the best and most productive land, the apartheid and colonial state relied on policies that granted white farmers one of the most subsidized and generous agricultural support structures in the world. However, this system was entirely dualistic in nature and Black farmers were left with minimal, top-down agricultural support.

The white agricultural support network began in the colonial era. The colonial administration set up a Land Bank in 1912 and quickly followed it with state-supported cooperatives (Jeeves and Crush, 1997). In 25 years between 1910 and 1935, the colonial and union state passed at least 87 laws that provided support or subsidies to white farmers (Mbongwa et al., 1996). In the same period, the state settled 700 heavily subsidized white farmers a year on leasehold land with generous options to renew or even buy the land after five years (Mbongwa et al., 2000). Eventually, the state took over agricultural marketing, set minimum and guaranteed prices for commodities, instituted tariff protections against foreign imports, created a lender of last resort, provided disaster insurance, established research centres and made vast subsidy schemes for farmers (Vink and Kirsten, 2000). These subsidies were perhaps the most expansive in the grain sector (Bernstein, 1996a). Each grain product had a marketing board of its own that purchased outputs from farmers at a price set above the cost of farming that grain, while other commodities benefited mostly from the cooperative pooling of their resources within marketing boards (Williams et al., 1998).

With so many supports, small and medium scale white farmers were able to capitalize and commercialize their farms (Hebinck, 2013). These policies led to oversized farms to

the point where agricultural economists argued that they had become inefficient (van Zyl, 1995). Early policies to guarantee the success of farmers changed South African farms into technologically advanced, large scale and commercial but inefficient endeavors. Market inefficiencies led to high food prices and oversized subsidies to farmers within South Africa. These reforms were politically feasible only because the government could place the majority of the costs of agricultural support on the poor but largely disenfranchised majority Black population, who consumed the vast majority of state-subsidized staple crops like maize, milk, wheat and sugar (Feinstein, 2005). The presence of producer interests on the part of the commodity boards that set prices also led to inflated prices in the country (Bernstein, 1996a).

Additionally, the vast network of subsidies and supports under apartheid created a symbiotic relationship between the ruling National party and farmers. White farmers formed the core of the ruling National Party's political base and the National Party ensured that rural districts were overrepresented in parliament (Trapido, 1971; Jeeves and Crush, 1997). Rural bias in this way served to further entrench subsidies in a network of state bureaucrats, politicians and white farming interests.

The political power of white farmers was also related to the deprivation of power of Black farmers. Part of the motivation for the massive land dispossession under apartheid Group Areas Act came from urban and mining industries' need for Black labour, but some of it also came from changing agricultural practices in the 1940s and 1950s. With mechanization, white farmers did not require as much labour on their farms and became more in favour of rural segregation to remove Black tenant farmers and labourers from their land (Feinstein, 2005). These changes allowed white farmers to move from low-profit, inefficient farming practices that depended on cheap Black labour and subsidies to a more profitable model (Feinstein, 2005). Thus, economic change within the white agricultural sector encouraged the dispossession of Black farmers, the growth of white

farms and resulted in a widening of the gap between races in the country's increasingly dualistic agricultural sector.

In addition to racially based land ownership laws, white farmers profited from explicitly racialized South African agricultural policy. With generous state-backed loans, inputs and protections, they were able to thrive as medium sized and large scale commercial farmers while their smallholder Black counterparts struggled. As Mbongwa et al. (2000, p18) argue, "by the end of the 1980s, the African family farming sector had all but been eliminated" by policies supporting white agriculture and forcing Black labour in the mining and industrial sectors. While the state attempted to fund some development projects in the homelands, these projects were constrained by local level corruption and competition from white agriculture (Bernstein, 1996b).

4.3 Land Reform in the Post-Apartheid Era

4.3.1 Setting the Scene: Liberalization and Change

While South Africa's agricultural system was marked by vast inequalities between Black farmers in the reserves and white commercial farmers, the 1980s heralded a new type of inequality. The liberalization of the agricultural sphere created vast changes between South Africa's white farmers. Some thrived in a more exposed market, while others struggled.

South Africa's agricultural sector had experienced growth up until the 1980s, when cycles of massive surpluses and devastating droughts created uncertainty in agriculture (Vink et al., 2000). In the midst of the country's balance of payments crisis, growing unrest among South Africa's Black population and general liberalization in the country, the

state decided to address the sector's inefficiencies in direct agricultural support and price support. Pressed by economists, the government began to pull back from supporting white farmers in an effort to make the South African agricultural sector more efficient, export oriented and competitive. Among other policies, the state halved the money it gave to white farmers between 1987 and 1994, reduced direct input support and loans to farm and commodity boards and made commodity boards fix their prices for grains at the global market rate rather than at input prices (Vink and Kirsten, 2000; Kirsten, van Zyl, and Vink, Kirsten et al.; Vink, 1993). Each of these moves was a massive change for the white farmers who had relied on the apartheid welfare state for input support, grants and guaranteed prices. As a result, white farmers deserted the National Party and flocked to even more conservative parties in Apartheid's final limited suffrage (e.g. white-only) elections in the 1980s.

These changes allowed some sectors to experience rapid growth and large profits. Field crops like maize, sugar, sunflower and beans had unprecedented surpluses as competition led to intensified production and better prices (Vink and Kirsten, 2000), while fruit farms entered into export markets where they had a significant comparative advantage from the fact that South Africa's fruit growing season was during Europe's winter months (Vink and Kirsten, 2003). Traub and Jayne (2008) show that maize farmers in South Africa earned an additional 179 million USD per year in domestic sales alone after liberalization. Generally, agricultural exports boomed in the post apartheid era, in part due to the lifting of trade blockades but also due to agricultural liberalization (OECD, 2006).

While some farmers thrived, many more struggled. The profits of many marginal grain farmers were dependent on generous price mechanisms and direct loan and input support. Since the 1970s, South Africa's farmers had begun taking on more long-term debt due to their profitability and the droughts of the 1980s exacerbated this trend, which

meant that many farmers at the moment of deregulation were at their most dependent on generous state support structure (Vink et al., 2000). Without these protections, more marginal farms began to sell their land or convert it to different uses. It is estimated that white farmers converted their maize farms into grazing fields on 1,000,000ha of land by the mid-1990s (Vink, 1993).

As it became clear after 1990 that Apartheid's days were numbered and majority rule was imminent, the initial push from the state to white agriculture to liberalize became a race. One interviewee described to me that, in addition to the state's desire for a more competitive agricultural sector, there were three other impetuses for deregulation.[3] First, influential international organizations like the World Bank and the International Monetary Fund keenly advocated for the same deregulation. Second, the new ANC leadership was eager to dismantle racially exclusive agricultural policies to allow for more equitable farming in the country.[4] Finally, conservative white farmers did not trust a new Black-led government to control their enterprises through subsidies and inputs. One agricultural economist claimed that "white farmers wanted [deregulation] to happen [because] they didn't trust the black government to have full control of their products".[5]

Liberalization reforms led state-backed marketing schemes to become privatized corporations and in 1994 the state got rid of many of the tariff schemes from the apartheid era. One agricultural economist described that in addition to getting rid of the export subsidy, "the tariff structure came down from something like 12,000 tariff lines to 4,000 and the average level of tariffs came down by 75%" before the new ANC government decreased tariff protections even further after the election.[6] With these changes, farmers were newly exposed to massive competition from imported agricultural goods from

[3]Interview: Consultant E, October 2019. Western Cape. (Remote)

[4]Still others argue that the ANC's plan was to preserve agriculture as it was, but ensure that there were higher wages and fairer employment practices alongside racial transformation in the sector(Cousins, 2013).

[5]Interview: Agricultural Economist D, November 2019. Gauteng.

[6]Interview: Agricultural Economist A, November 2019. Western Cape.

Europe, the Americas and the rest of the continent.

South Africa became one of the most agriculturally liberalized economies in the world. As Figure 4.2 shows, even after the initial liberalization of direct subsidies, South Africa was supporting producers at about 10-15% of their receipts per year in the early 1990s. But by the early 2000s, the deregulation of marketing support meant that farmers were only receiving 4-10% of their receipts from governmental support, which represents a total equivalent to similar countries like Brazil, but a disproportionately low portion of its GDP (OECD, 2006). But by the 2010s, support had consistently dropped below 5% of total farm receipts. Much of this support was directed at land reform farmers and farmers in the sugar sector (OECD, 2006), which meant that many white commercial farmers had a dwindling relationship with the state.

Liberalization defined the 1990s through the deregulation of marketing mechanisms as the state scrapped or privatized the various marketing boards and state-backed co-operatives. Overextended farmers had struggled to be profitable on marginal lands, but through the withdrawal of direct subsidies and price support in the 1980s and the liberalization of agricultural marketing in the early 1990s, such farmers could not make a profit. As Figure 4.3 shows, between the years of 1993 and 2002, many provinces experienced a massive drop-off in the number of productive commercial farms (defined as those farms that brought in more than 100,000ZAR per year). Some of these provinces, like the Eastern Cape, Free State, Kwa Zulu Natal, North West and Limpopo are the grain farming centres of South Africa. With the removal of the marketing boards, marginal farmers often dropped out of farming because they without additional training to teach them how to be profitable in international markets, they struggled to grasp the new skills that required them to market their own product.[7]

These patterns show a great deal of change in the white commercial farming areas

[7]Interview: Cattle Farmer A, February 2020. Gauteng.

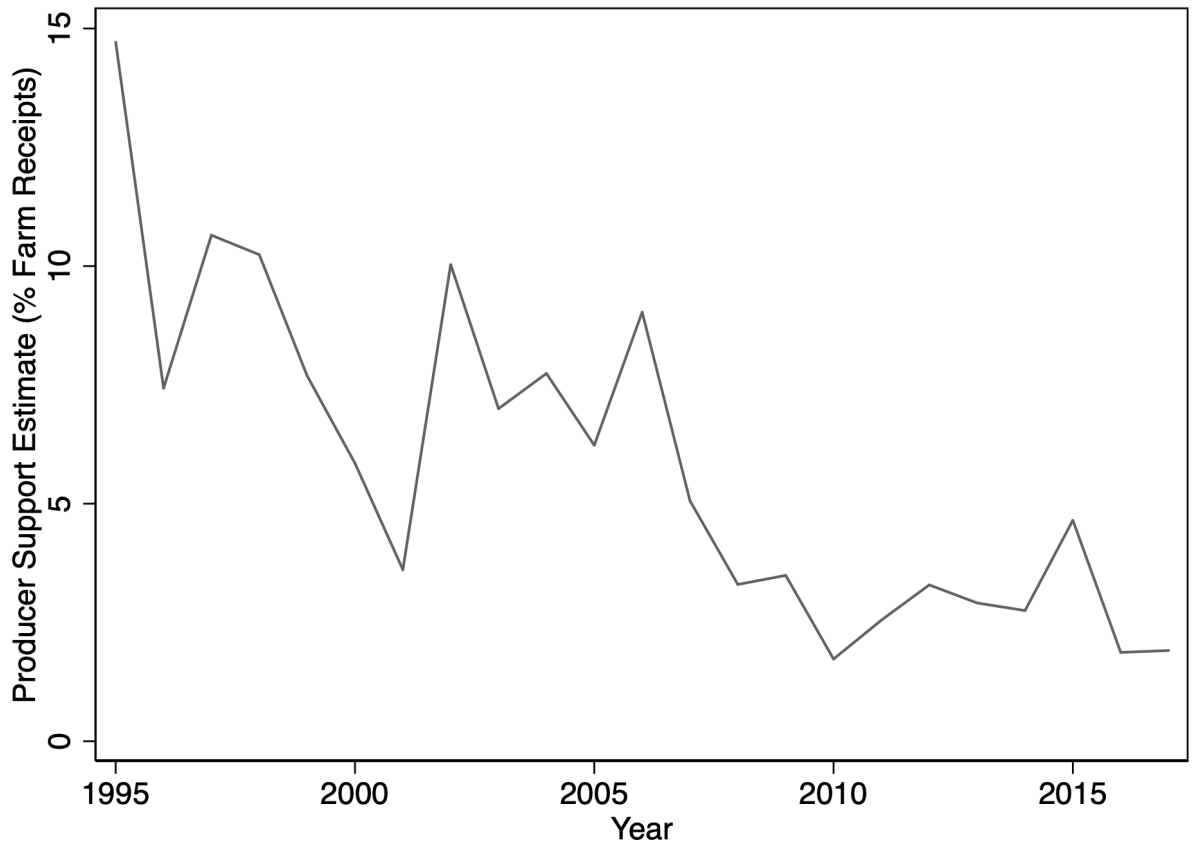

Figure 4.2: Change Farmer Support as a Portion of Total Farm Receipts between 1995 and 2016. Data from OECD PSE measurement.

in South Africa in the early 1990s. While many provinces experienced relatively steady maintenance of commercial farms up until 1996 and even some growth (see the Free State and Limpopo), those same provinces then had a massive drop in the total number of productive farmers by the early 2000s. These changes encapsulate the issues that the liberalized agricultural sphere faced. While agriculture had become more efficient and productive for some, it had also become less supportive of emerging or struggling farmers. These changes led to flux in agricultural sectors, but growth in certain regions in the country.

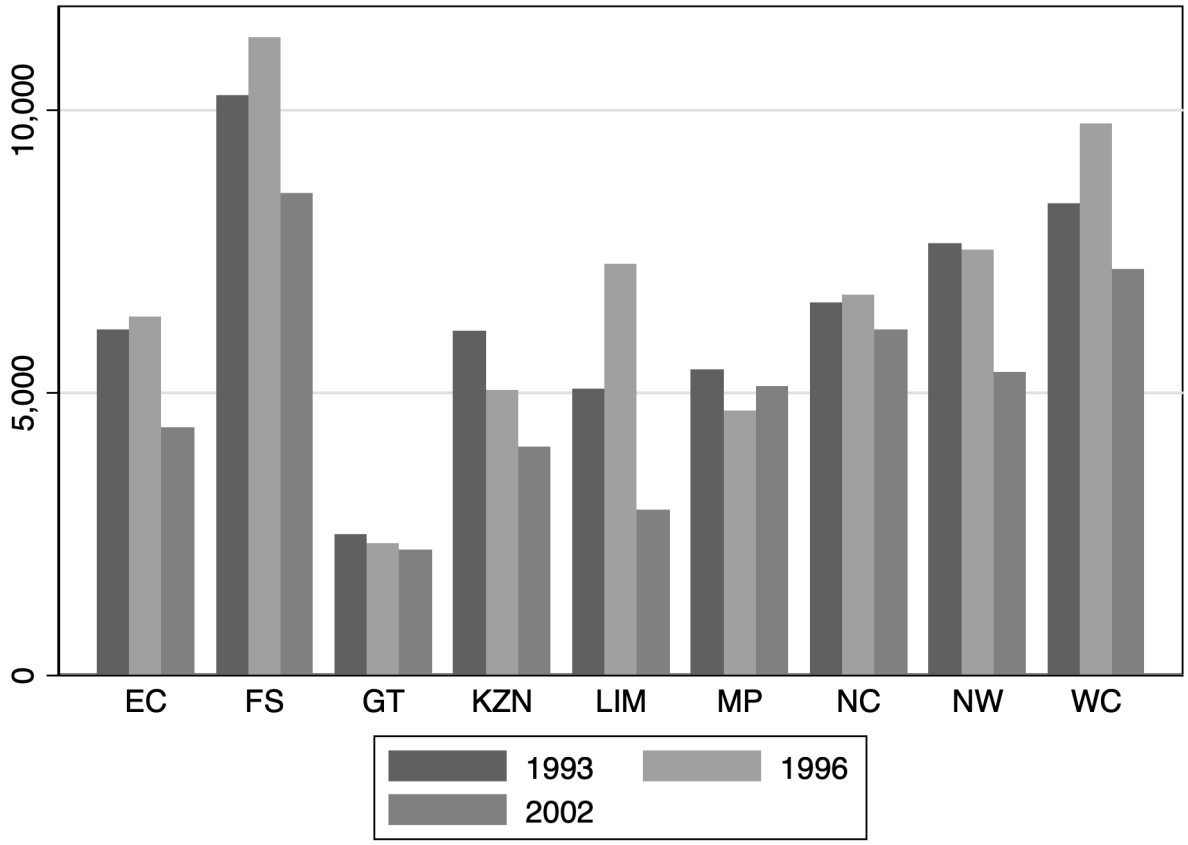

Figure 4.3: Change in Number of Commercial Farms by Province from 1993 to 2002

4.3.2 Addressing Land Inequality

The ANC won power in 1994. Thus, the newly democratically elected majority-led government took charge of the state while this liberalization was taking place and wholeheartedly engaged in the process of reshaping agricultural policy. At the same time, the ruling party tried to address the historical exclusion of Black South Africans from the best agricultural land by changing land ownership patterns in the country. To accomplish this goal, the ANC ended racially exclusive land ownership laws and began a land reform program with two means of transferring white-owned land to Black farmers: land restitution and land redistribution. Land restitution is a generous program that attempts to buy back land in full for communities who were dispossessed after the 1913 Land Act,

while the redistribution program assists any Black farmer to purchase land regardless of when or how their ancestors or family were dispossessed. A third pillar, tenure reform, is concerned mainly with reorganizing tenure relations in the communal areas or former homelands and does not deal with the transfer of land from white ownership to Black ownership.

Importantly, the land reform program has been consistently market-based and has operated on a willing buyer, willing seller basis. In other words, redistribution involves payment to a landholder who is willing to sell their land at the offered price. This model stems from policy processes in the 1990s in which the World Bank convinced the ANC to adopt "new age" land redistribution (Hall and Ntsebeza, 2007) that would maintain property rights protections (Hall, 2004). By market based, I mean throughout all of its formulations (outlined in Table 4.1), the land reform program has had three characteristics. First, it has compensated the existing owners. Second, the existing owners' decision to sell was voluntary. Third, the state provided some assistance–either in part through grants or loans or in full through purchase–to the beneficiaries of the project.

The South Africa Constitution contains a provision for expropriation for public interest which includes as reasonable grounds for public interest "the nation's commitment to land reform, and to reforms to bring about equitable access to all South Africa's natural resources" (Republic of South Africa, 1996, s.25.4.a). This expropriation could occur at below market level as long as there is "just and equitable" compensation decided by a court where the market value of the land would be weighed up against the manner in which the owner had acquired the land (e.g. through apartheid-era expropriation), the current use of the land and the amount of money the owner had received from the state in the past (Republic of South Africa, 1996, s.25.3). Despite this clause's seeming endorsement of below market compensation, the state has yet to move past a market model that takes the market price as a starting point. While many civil society groups have advo-

Program	Years	Grant	Title
SLAG	1995-2000	16,000 ZAR	Yes
Commonage	1997-Present	State Purchase	Municipality-held
LRAD	2000-2009	20,000-100,000ZAR	Yes
PLAS	2006-Present	State Purchase	Leasehold
Restitution	1998-Present	State Purchase	No (Communal Property Association)

Table 4.1: Land Reform Programs

cated that the ANC abandon the commitment to market-based land reform and move to expropriation, the white farming lobby has been a vocal and effective lobby group in preventing this change by arguing that such a move would be economically disastrous for food production as it was in Zimbabwe (Ntsebeza, 2007).

In this study, I focus mainly on the redistribution program, which has undergone three distinct phases that have slowly shifted the focus of land reform from small scale farmers to larger scale commercial farmers. From 1995-2001, the redistribution program aimed to transfer land to smallholder farmers through a means tested small grants program. From 2002-2009, the redistribution program provided larger grants that matched beneficiaries' own input in the hopes that this increase would create more opportunities to purchase large scale farms to emerge from the redistribution process. After 2009, the government once again altered the program to allow for the purchase of large-scale farms by the state to lease out to small-scale farmers. Below, I outline the key assumptions regarding these programs, the reasons for the changes and some of the consequences from them.

4.3.3 Stage 1: Smallholder Oriented Reform Amidst Liberalization

Many of the issues that drove the failures of land reform came from the initial assumptions in the willing buyer, willing seller land reform program. These assumptions were threefold. First, the government assumed that the state land reform program would be an

attractive sale option for white farmers. Second, the government assumed that they were dealing with farmers who lived in a world that resembled the pre-liberalization period. However, the politics of liberalization had shaped the white agricultural system into a new beast for which the state was not prepared.

The World Bank driven 30% target was based on an ambitious prediction of how much land the state could transfer. In the 1990s, around 6% of South African rural land was transacted each year on the market. To reach that 30% target, the land reform program would have to purchase every single parcel of land put up for sale to reach 30% within five years (Hall, 2004). Unsurprisingly, this benchmark proved impossible to reach and by 2002 land reform transactions could only account for *2.3% of all market-based land transactions* in the country from 1995 to 2002 (Aliber and Mokoena, 2002).

Multiple barriers to the sale of land existed. In many areas, the country's conservative and pro-segregation white farmers were reluctant to sell to Black farmers out of racist beliefs, misgivings, worries and fears around having Black neighbours (Aliber and Mokoena, 2002). And while the state did not devote nearly enough money to purchase the 6% of total land that was transacted on each year, the price of land was low enough that it should have been able to make a stronger intervention in the market given the allocation of budgetary resources for land (Aliber and Mokoena, 2002). Further, because land reform beneficiaries (either restitution or redistribution) have specific interests in land, landowners could hold out for higher prices (Aliber and Mokoena, 2002).

Others have emphasized the procedural reasons, including the fact that the land reform process was itself slow and bureaucratic. Land sales often go through public auctions and private contracts that take only a few months, but the land reform program would take a minimum of three months and could take up to two years (Lahiff, 2007b). Therefore, even if the state could meet land prices, the land redistribution program was not the most attractive buyer for many white farmers who wanted or needed to sell their

land.

These obstacles in themselves cannot explain why over 97% of land transactions fell outside of the state's reach. I argue that further obstacles arose due to the liberalization of the agricultural sector, which created drastic changes for farmers. One might expect the liberalization of the agricultural sector to create conditions that were ripe for the state to engage in land redistribution. In fact, the World Bank and the state assumed that liberalization would create incentives for more marginal white farmers to sell their land, while it would leave productive and efficient white commercial farms even more productive and efficient (Bernstein, 1998, 13).

Liberalization did drastically increase inequality within the white commercial agricultural sector. With the reduction of direct support and the removal of indirect protections, white farmers struggled. However, the changes also affected Black smallholders entrants in the SLAG scheme that brought them into the agricultural sphere. Such farmers would have benefited from supports as the direct and indirect supports were intended to make life easier for small scale farmers (Hall, 2004).

In fact, in addition to adversely affecting existing marginal white farmers and the prospects for new entrant smallholder Black farmers, liberalization changed the practice of farming for more profitable white farmers. The removal of protections, marketing boards and price mechanisms allowed a select few profitable staple farmers to thrive, especially if they had more productive land. In more export oriented sectors, like fruits, established farmers were able to begin to compete in areas in which South African conditions allowed for high yields (e.g. citrus). These changes meant that high productivity land shot up in price as productive farmers increased the size of their farms to take advantage of economies of scale.

It was in this world of vastly retrenched state support for smallholders and an increas-

ingly productive commercial class of farmers that the state introduced a smallholder focused redistribution program. In 1995, the state created the Settlement Land Acquisition Grant (SLAG), which provided South Africans with 16,000 South African Rand (ZAR) per person to purchase plots of land. Adjusted for inflation, this is about 64,000ZAR in 2021 or 4,000USD. The SLAG program was also means tested and to be eligible a beneficiary had to make less than 1,500ZAR a month, which is the equivalent to 400USD. Through this program, the state hoped to transfer land to 600,000 smallholder farmers in a massive, pro-poor strategy (The World Bank, 1993).

The SLAG program ran into several challenges when it came to identifying and purchasing land. Because deregulation had vastly increased profits in certain sectors, potential SLAG beneficiaries could not find affordable farms in many profitable sectors. As a result, beneficiaries pooled their SLAG grants together to purchase farms in what many describe as 'rent a crowd' land reform (Hall, 2007, 90). For example, the average price per hectare of a 21-100ha farm in 1995 was 8,578ZAR (Aliber and Mokoena, 2002). To buy a 21ha farm, 10 different beneficiaries would be needed to pool their grants under the settlement program. Because of the small grant sizes, many land reform farmers targeted sub-par land (e.g. cattle farms) or pooled their resources together to target larger commercial farms. But in purchasing land that commercially could only sustain one family rather than the multiple families who had pooled their resources, farmers were bound to meet difficulties post-transfer. Those who did pool their resources were also prone to enter into patronage-based deals with brokers who arranged the deals took functional control over the farms themselves (James, 2011, 325).

Thus the first seven years of slow land redistribution was in part due to the misalignment of agricultural policy and land reform policy. The inequalities that emerged amid a liberalizing white agricultural sector meant that there were two types of farms that Black farmers could buy. First, they could attempt to buy profitable and high value farms.

But this strategy was unworkable because the grants were too small. Second, they could try and buy cheaper farms. However, due to deregulation these marginal and low yield farms were risky ventures. Their former white owners were a single-household who had made their living from the land and often chose to sell their farm because it was not profitable without state assistance. Black farmers would run into the same problems as the white farmers who sold them the land, but with more households between which they needed to divide the small profits.

Demand for Land

Yet while the policy may have been misaligned with the state of white agriculture, it was crafted in response to demands of potential Black beneficiaries. In a survey done in 1995, Marcus et al. (1996) found that while 67% of sampled rural Black South Africans desired farmland, 65% of those who wanted land desired fewer than 2 hectares.[8] These proportions show that the vast majority of Black South Africans were interested in smaller subsistence or home garden plots, especially because many respondents did not own land in the first place.

If the sample is assumed to be representative[9], upwards of 6,500,000 rural Black South Africans desired at least some small plot of land. Marcus et al. (1996) find that the average plot of land that people want from their survey is 13 hectares.[10] Thus, as a ceiling, one might estimate that the demand for redistribution is for around 86,000,000 hectares of land for farming purposes, which is a number that I arrive at by assuming the survey is nationally representative, calculating the number of Black South Africans who may want

[8] 25% wanted under 0.5 hectares, 23% between 0.5 and 1 hectare and 17% between 1 hectare and 2 hectares.

[9] While it is questionable as to whether this survey is nationally representative, the numbers calculated below are high enough that one should take them as indicating widespread land demand.

[10] This higher number is driven by respondents who wanted much larger plots.

land[11] and multiplying it by the average of 13 hectares.

While the survey may not be representative of the population, even with substantive survey error the number of 86,000,000 hectares of Black land hunger is a significant proportion of all arable land. South Africa's agricultural land is only around 90,000,000 hectares in total, and thus the survey shows that among rural black South Africans, land hunger easily eclipsed the 30% of target of white-owned land target set by the government. Many people desired extra land - especially for residence - due to overcrowding in communal or existing settled areas.[12]

In the Free State, around 250,000 Black South Africans left or were evicted from commercial farms in the decade before the end of apartheid. Surveys of land demand among these evicted farmworkers like the Free State by an independent, but government affiliated research body found similar demands (Potgieter and Heunis, 1995). Among the farmworkers surveyed, there were a vast array of demands for land, with 10% respondents in one area surveyed expressing a need for land, 79% in another and 43% and 48% in the final two. Likewise, there were different demands about the size of land. While respondents who wanted land in one area only wanted 1ha per person on average, respondents in other areas wanted 32-99ha per person on average. Once again, the authors of this study cautioned about their sampling method. However, their study still demonstrates a massive demand for small to medium sized, mixed crop and ranching farms.

[11] With the assumption that the population was 80% Black, 30% rural in 1995 and 67% want land

[12] Other areas of demand are those with many farmworkers, like the Northern Cape, Western Cape, Eastern Cape, Nortwest, Mpumalanga and KwaZulu Natal provinces (Marcus et al., 1996).

4.3.4 Policy Change in Response to Market Dynamics in the Land Redistribution Program

Due to these obstacles, SLAG was too slow for the government's liking and post-transfer results in the little land the program had redistributed were not promising. By the year 2002, SLAG redistribution programs had only managed to transfer 0.73% of all white-owned agricultural land (Cousins, 2013, 51), which fell well short of the hopes of policy makers. To address this shortfall, the state removed the means-tested qualification and created a sliding scale of land grants that accorded to the contribution of the beneficiary under the Land Reform for Agricultural Development (LRAD) system. If the beneficiary contributed very little, LRAD would contribute a similar grant to SLAG (20,000ZAR in 2002, or 3,400USD today). But if the beneficiary contributed more, LRAD could give them up to 100,000ZAR (or 17,200USD today). Given the types of land demanded by poor, Black South Africans, many of the grantees, clustered on the lower end of this scale, so the LRAD program continued many of the trends in the SLAG program (Cousins, 2013).

Through increasing the grant size and adjusting it to beneficiary contributions, the state hoped that new, middle class Black redistribution beneficiaries could enter into the quickly liberalizing and profitable agricultural sphere as medium or large scale commercial farmers (Ntsebeza and Hendricks, 2010; Hall and Ntsebeza, 2007). LRAD initially introduced a requirement that beneficiaries must invest capital of their own, but the state eventually dropped capital investment as a requirement in favour of a repayment scheme for those who could not raise the 5,000ZAR minimum. This requirement was meant to ensure that beneficiaries would enter into the competitive agricultural sector as profitable commercial rather than subsistence smallholder farmers. While civil society criticized the state's abandonment of the means-tested requirement as a move away from the demands

of poor and landless South Africans, it was clear from some areas of the country that poorer beneficiaries were still able to engage in the program (Hall, 2004).[13]

In 2006, the state tentatively introduced a third change to respond to the continued slow pace of land reform program by creating the Proactive Land Acquisition Strategy (PLAS). PLAS ran alongside LRAD until LRAD phased out in 2011 and PLAS became the sole mode of land allocation. Under this model, the state further encouraged beneficiaries to enter the increasingly commercialized and liberalized agricultural sector, choosing to purchase farms in full and lease them out to land reform beneficiaries. The state would identify struggling farms, buy them and hand them over to the beneficiary who would take on a short term lease with a 'mentor' or 'strategic partner' (who was often the former white farmer) to help them adjust to commercial farming before taking on a long term lease (Hall and Kepe, 2017; Kepe and Hall, 2016). This program gave the government a large degree of discretion in land identification and purchase, rather than leaving it up to individual beneficiaries and many allege that PLAS has led to an increase in corrupt land allocation (Hall and Kepe, 2017; Mtero et al., 2019).

Further, the government's emphasis on purchasing commercial farms in full and mentorship by an established white farmer indicated that the state had bought into the idea of commercial farming as a core of its land redistribution programming (Cousins, 2013). In addition to market pressures for this type of land redistribution, Bernstein (2013) has argued that many involved in the land reform program believed that large scale commercial farming was the most efficient.

[13]In addition to LRAD, the state also introduced the Commonage program. Through the Commonage program, the state bought white-owned cattle farms and transferred them to municipalities for communal grazing. The Commonage program accounts for much of the redistribution in the country, especially in the Northern Cape and Free State (Hall, 2007), and was by far far the most successful redistribution branch in terms of hectares transferred in the early years of land redistribution. I do not include these numbers in Figure 4.4 because the large size of many commonage ranches in semi-arid regions would make it difficult to ascertain differences between the programs aimed at more productive land, which transferred many fewer hectares.

4.4 Explaining Changes in Land Redistribution

Agricultural policy and land redistribution clearly clashed. The initial designers of land redistribution policy favoured smallholders, but the designers of agricultural policy reformed the agricultural sector with policies that favoured large-scale farmers (Cousins, 2013; Hall, 2010). This tension is in part explained by the variety of interest groups involved in land redistribution, which Lahiff (2007b, p1583) calls a "messy compromise". While the World Bank and bureaucrats pursued a market-based, smallholder model (Hall, 2010), other interest groups within white agriculture had a large say in the matter (Cousins, 2013; Lahiff, 2007b). Powerful corporate lobby groups representing white farmers had distinct interests in maintaining the existing agricultural dispensation and increasing the chances for profitable, large scale agriculture in a liberalized context. In contrast, larger groups of poor land-hungry potential smallholders had less access to the policy making process (Cousins, 2013; Lahiff, 2007b).

My argument builds on these past studies to fully chart what the interests of agricultural actors were, why they developed those interests and how those interests then altered the policy-making process of the land reform program. In the my case studies, I use institutional variation between agricultural sectors to show how liberalization had limited the state's ability to redistribute land in some sectors. South Africa provides an interesting country case study because of the state's overconfidence in it's assumptions about how much land it could transfer and how willing the willing sellers would be. Under a market-based system and with minimal policy direction, South Africa's land reform program reflects the effects of agricultural market incentives on rural redistribution.

As Figure 4.4 shows, each reform to the land redistribution program program did increase the rate of land redistribution in terms of hectares transferred. The LRAD program more than doubled the rate of transfer of the SLAG program and the PLAS program was

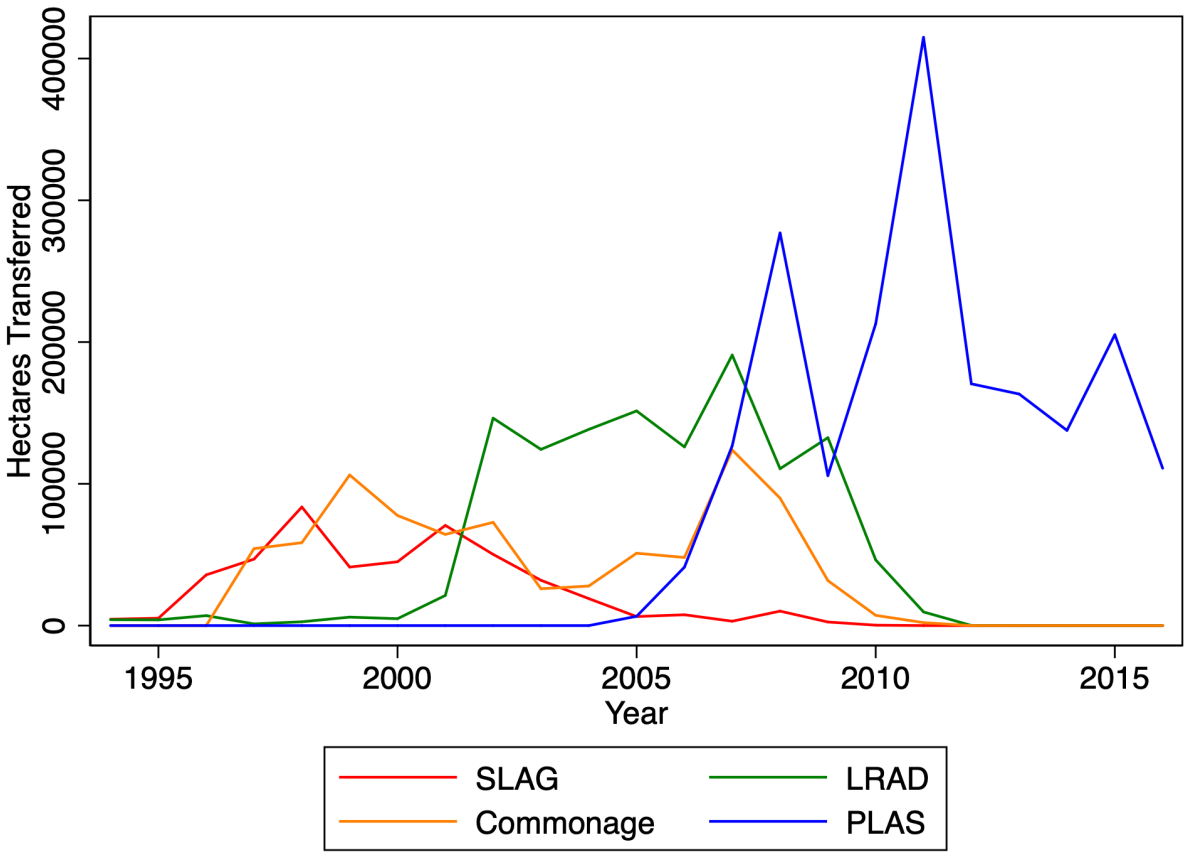

Figure 4.4: Land Redistribution By Program and Year

a further improvements on LRAD. But these reforms have also led some to criticize the land redistribution program both for moving away from a pro-poor policy to a more commercially oriented one as well as for an increase in the opportunities for patronage and corruption, as I discuss above.

In this dissertation, I argue that patterns of redistribution under both SLAG and LRAD can be in part explained by the dynamics within the agricultural sector. One set of potential causes are the massive changes that were taking place in the agricultural sector in the 1990s. Figure 4.5 plots the average change in hectarage of commercial farms between 1993 and 1996, which takes into account the change in the amount of commercially viable land as well as the change in the average commercial farm size rather than the number of commercial farms.

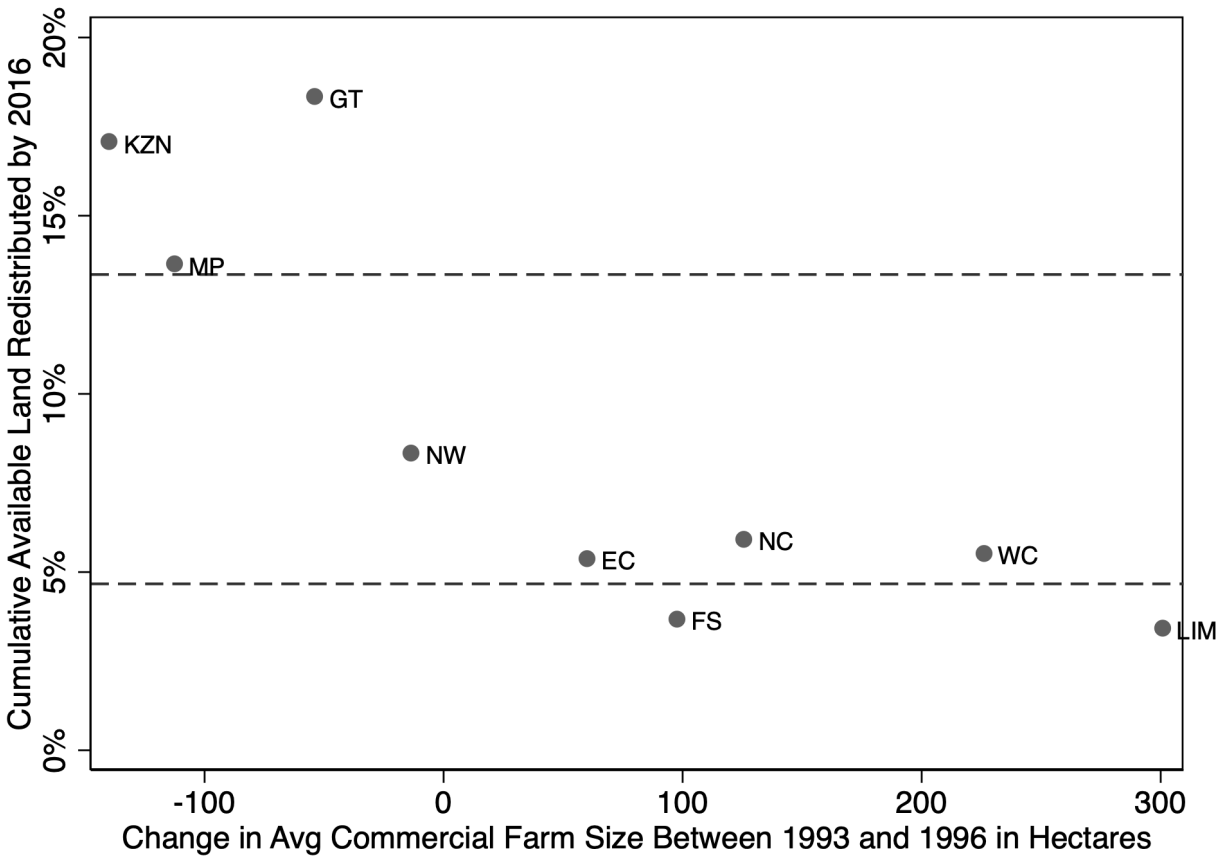

Figure 4.5: Total Proportion of Land Transferred by 2016 by Change in Farm size between 1993 and 1996

Figure 4.5 shows that in many grain farming areas, the average size of the commercial farms increased by anywhere between 50 hectares and 300 hectares between 1993 and 1996. This change could have either stemmed from smaller farms dropping out of the category of commercial farms as they became less commercially viable (and therefore not recorded as commercial farms) or from commercial farmers buying up smaller farms to grow the size of their own farm. While it is impossible to ascertain from this graph whether one of or both of these patterns are driving these trends, the figure shows that areas with drastic change are distinctly related in a correlational way to the eventual proportion of provincial arable land redistributed by 2016.[14] Areas where commercial

[14]I use the proportion of farmland redistributed because provinces tend to occupy distinct agroclimactic zones. While the Northern Cape Province experienced the most redistribution in total, it is also the largest

farms on average became smaller, like KwaZulu Natal, Gauteng and Mpumalanga, had higher land transfers. In contrast, areas where commercial farms grew in size had much lower rates of land transfer. While the fact that the total area of commercial farms was not reported in the 2002 agricultural census prevents me from directly comparing these changes from 1993-2002, places that had increases in total number of farmers also experienced large dips after according to Figure 4.5.

This descriptive data is not enough evidence to say that liberalization is causally linked to redistribution, but it does show that processes of liberalization are correlationally associated with land reform outcomes nearly 30 years later. My interview evidence also supports the idea that agricultural liberalization was distinctly related to land redistribution outcomes. One agricultural economist who has been involved in making government policy around land and agriculture elaborated on the causes of liberalization and its effects on land reform farmers. They argued that in removing the apartheid-era subsidy regime, "[the ANC] destroyed the system that could have been to the benefit of new farmers on land reform land".[15] The economist listed the obstacles that the newly liberalized system presented to new farmers, which included competition with both with foreign farmers and established white South African farmers and argued that these led to an informal continuation of the "dualistic system and your race based system which is all still maintained through the big cooperative or agbiz [agribusiness] structures".

In effect, the removal of state subsidies and the privatization of the agricultural sector entrenched existing racial inequalities through more informal means than racially exclusive subsidies and land ownership. Rather than dismantling powerful white agricultural interests, liberalization hardened them against state intervention and made it more difficult for Black new entrant farmers. Thus, the deracialized system still contained within it

province and is primarily arid. Therefore, most land reform stemmed from large scale cattle ranches and using proportions gets around some issues of measurement.

[15]Interview: Agricultural Economist B, November 2019. Western Cape.

high institutional barriers to entry.

For example, the privatized cooperatives stayed majority white due to the inability of Black farmers to qualify for their membership. Given the existing inequalities in agriculture due to apartheid-era policies, cooperative policies on membership qualifications easily excluded Black entrant farmers even if they were redistribution beneficiaries. As one Black farmer described, their access to the privatized agricultural sector was curtailed by their inability to gain entry into "established white cooperatives" due to a requirement that new members present "a reference letter from a farmer organization", which "automatically [eliminates] most Black farmers".[16]

Without established networks to the previously race-based agricultural structure, Black farmers could not even produce this reference, while white farmers could. One agricultural extension officer pointed out that for white farmers, "their networks are established" and "if a Black person walks into a cooperative, he is recognized [because of his difference]".[17] This factor prevented many Black farmers from participating in the value chain.

4.5 Conclusion

In this chapter, I have outlined how land redistribution in South Africa was structured by a historically racialized agricultural sphere, new state imperatives and the changing rural economy. But while the state desired an effective and rapid market-based land reform program, other branches of the state attempted to make the rural sphere more efficient, productive and export oriented through liberalization. These agricultural reforms were beneficial in a number of ways. They made certain sectors stronger and more productive

[16]Interview: Grain Farmer A, April 2020. Eastern Cape. (Remote)
[17]Interview: Bureaucrat E, November 2019. Gauteng.

and increased the country's revenue from profitable trade. Between 1992 and 2004, the total value of exported agricultural goods more than doubled, the country underwent a surge in imported agricultural goods and the agricultural trade balance led to massive growth (OECD, 2006).

One could imagine how the state might redirect these gains to a priority area, like land reform, to speed up the process. However, as my analysis has shown, the state almost assumed that land reform would transfer vast tracts of land without much extra policy intervention to prompt white farmers to sell their land. Yet this assumption was flawed. Three factors prevented the from entering into the market to purchase land as an equal player. The first was that markets became more powerful in determining land redistribution in the very choice of a market-drive process, which left the state's attempt to redistribute land dependent on landholders' incentives to sell land. While the constitution required that the state follow a market-based program, the state did not play a more proactive role to temper high market prices for land. The state avoided options to expropriate and stuck with an approach that took the market valuation of the land as a starting point despite slow land reform.

The second way that market forces gained power were due to agricultural reforms that changed the relationship between the state and agriculture. These policy reforms meant that landholders no longer relied on state inputs or support mechanisms. When the state liberalized it also gave up levers of control over agricultural sectors because landholders moved outside the reach of the state. Producers no longer relied on the state for their profits and thus the state could not force them to sell their land and in many sectors. In a way, liberalization led the state to be even more subservient to the interests of market actors. Various liberalized sectors were free to pursue their own agricultural models based on exports and large farming, even if these models clashed with the models preferred by land redistribution beneficiaries.

The third way that the state took a back seat to the market was again due to liberalization reforms, which changed the incentives of landholders. Agricultural policy reforms exposed entire sectors to foreign competition and removed supports for struggling farmers, which in turn led to a growing inequality within white agriculture. Well-positioned farmers consolidated profitable commercial enterprises while smaller scale or more marginal farmers dropped out of sectors or sold their land. Thus, while the state lost control of the ability to compel landholders to redistribute, those incentives of those landholders were changing as well.

While the ANC had set up land reform in the apartheid era as a key policy goal, in a position of rule it largely neglected the issue. There was clearly demand for land reform both in terms of poor rural smallholders (Marcus et al., 1996) and people who believed it was just and right to redistribute land (Gibson, 2010), but the state consistently allocated small budgets to transfer land given land prices and the number of people who desired land (Hall, 2004). The state has never allocated more than 1% of the annual budget to land reform, even in priority years (Kepe and Hall, 2018).

In this context of an underfunded land reform program and state concessions of power to the market, the state still came close to redistributing its 30% target in the sugar and ranching sectors. How did it redistribute so much? What factors led to these success stories? In the case studies in the following chapters, I investigate how and why land redistribution might occur within a market framework.

CHAPTER 5

SWEETENING THE DEAL: MARKETS INSTITUTIONS AND LAND REDISTRIBUTION IN SOUTH AFRICA'S SUGAR SECTOR

5.1 Introduction

South Africa's land reform programs have struggled to transfer enough land to meet the ANC's target of transferring 30% of all agricultural land. In Chapter 4, I show that given the state's assumptions about land markets, the state's target of transferring 30% of all commercial farmland to Black ownership was unrealistic. In spite of this, there are some sectors that have managed to approach that target. The most prominent sector that has managed to do this is sugar, where by 2017, the sector had transferred 23.6% of all sugar land in the country. The sugar sector is thus a rare success story in terms of land transfer within the land reform program in South Africa. But how did the sector do this? What drove the success of the sector in terms of transfers?

The case of the sugar sector is especially important because sugar farming in South Africa is done largely on high quality land and is managed by powerful, centralized actors. Sugar land either requires high rainfall or irrigation and thus the land itself is expensive. And while there was some demand for sugar land in the form of historical claims by traditional elites that drove the state to redistribute sugar land, I argue that these conditions cannot explain the full extent of sugar land transfers in South Africa. Instead, there were high transfers of land from white to Black ownership across the sugar sector in spite of the cost and in spite of low overall demand for that land.

I thus use the sugar sector as a deviant case to discuss the conditions under which land transfer can occur in market based redistribution. Using interview data with key actors within the sugar sector, I employ process tracing to show that both the centralization

of the sector and the regulation of the sector led to higher than expected land transfers. While explanations relating to political patronage and traditional authority may explain some transfers in the sector, the fact that sugar mills approached the state early to offer to sell land shows that the institutions within the sector were responding to their own needs rather than to demand for sugar land or political pressure from traditional or ANC elites.

Within the white-dominated, commercial sugar sector, actors mobilized to redistribute their land in the 2000s because they saw an incentive to do so. First, they wanted to preserve the sugar tariff upon which their profits relied. Second, they wanted to maintain sugarcane production to keep their mills open. The sugar sector is centralized and mills (e.g. the processors) had come to control the value chain in sugar. The processors therefore had a vested interest in ensuring that enough farmers produced sugar to keep the mills financially sustainable. This second factor emphasizes the importance of the capacity that the sugar sector's powerful actors had. Sugar is a centralized sector where processors control the mills and the value chain. With powerful processors, a few actors were able to identify and act on the needs of the sector to redistribute land.

Thus, the conditions under which a sector will supply land for market based land redistribution are as follow. First, they must have an incentive based on state levereage over the sector through a regulatory regime. While the sugar sector is very profitable and sits on high quality land, their profits depend on the state's subsidy of their sector. Leverage, on my theory, does not need to take the form of explicit threats from the state. In fact, explicit threats are difficult to discover. Instead, I look at the potential leverage that sectors might have over the state and vice versa. Second, a sector must have the capacity to redistribute land. Centralized sectors have top-down organizational structures that allow them to organize land transfers throughout the sector.

I compare this explanation against other theoretical predictions about land redistribution from the broader literature discussed in previous chapters. I show that explanations

about electoral incentives, patronage and the strength of traditional authorities cannot explain why the sugar sector redistributed land at this high rate. Instead, the institutional conditions surrounding the political economy of agriculture drove land redistribution in the sugar sector. Thus, the sugar sector's land redistribution demonstrates that under the parameters of market-based land redistribution, one must consider under what conditions landholders will transfer land to new beneficiaries.

5.2 Sugar: South Africa's Last True Corporatist Sector

South Africa's sugar growing areas are largely in coastal KwaZulu Natal, KwaZulu Natal's Midlands area and in a small part of Mpumalanga Province near Eswatini.[1] Figure 5.1 shows the extent of sugar farming in 1990 in these two provinces. These areas are largely high rainfall or irrigated land. In addition to stringent temperature constraints, rainfed sugar land requires either 1000mm or more of annual rainfall, while farmers who use irrigation to farm sugarcane need to be able to supply 800mm of water per ha/year (Lewis, 1990). This type of land is relatively expensive, especially given the generally arid characteristics of most farmland in the country. Therefore, it is unlikely that the cost of sugar land drove land reform, as the water required makes sugar land relatively expensive land to purchase.

South Africa's sugar sector has its roots in the colonial period, where large English companies established plantations in KwaZulu Natal, then the Natal Colony. Since the 1930s, the state regulated its interaction with the sugar sector through legislation, namely the various Sugar Acts. Additionally, sugar mills have used outgrower schemes through leasehold in the former homelands in KwaZulu Natal and Mpumalanga since the 1970s

[1]While in this chapter, I focus on the KwaZulu Natal sugar areas due to data constraints, I also rely on the secondary and primary accounts of land reform in South Africa's second sugar-growing province of Mpumalanga.

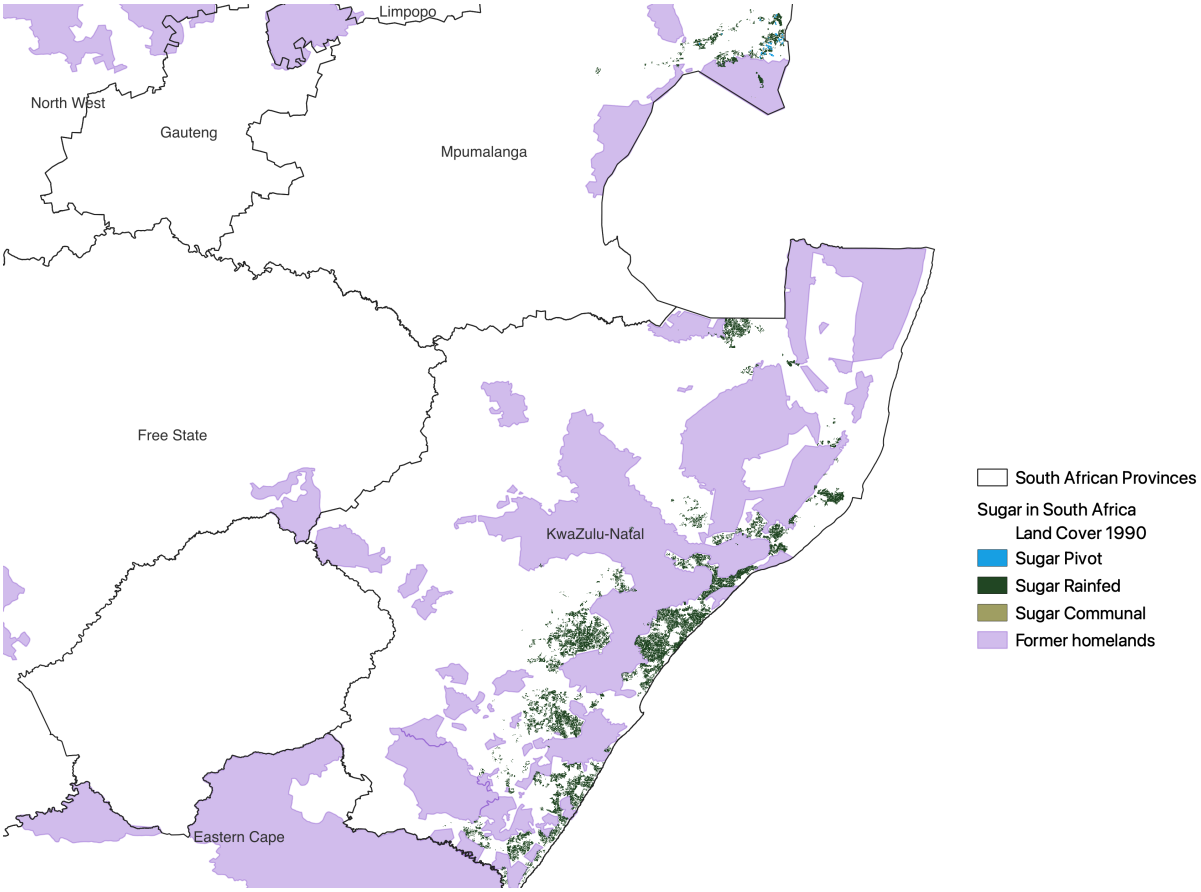

Figure 5.1: Sugar Farming Areas in South Africa, 1990 Land Cover

to ensure cane supply (Dubb, 2016; Mbowa, 1996).

In the section below, I show that the state had more leverage over the sugar sector due to its regulation, but also that the sugar sector actively participated in the redistribution program due to its centralization. While farmers in the grain and fruit sectors flocked towards a liberalized model of production through aggressively pursuing deregulation, the sugar sector stayed firmly wedded to institutions that prioritized coordination between processors, producers, markets and the state. In many contexts around the world, sugar requires a vast network of support for producers (Dell and Olken, 2020) and South Africa is no different. The general transition and liberalization of the South African economy did affect sugar through food price controls and consolidation of farmland, but the sector responded to this change by reinforcing its existing institutions and relying on land

redistribution farmers (Dubb, 2016).

The sugar sector maintained a highly regulated system of state support through tariffs. Figure 5.2 shows the proportion of farm gate receipts that were covered by various state transfers within the sugar sector and contrasts that with the total for all agricultural commodities. This number makes it clear that while total state support for commodities fell from above 10% of costs to well below 5% of costs, within the sugar sector support continued to consistently ranged between 10-40% of total producer costs. Therefore, the post-apartheid sugar sector differs substantively from other sectors on the degree to which it is regulated. Farmers in other sectors found themselves thrust into a new world of competition and independence absent their old support structures, but sugar processors made sure that their marketing and support structures persisted for producers even after the apartheid agricultural support system ended.

In addition to maintaining its tariff, the sugar sector is highly centralized around the sugar mills. The mills control the value chain from the top down and sector-wide institutions provide comprehensive support structures for producers including extension services, credit, transport and research. These initiatives ensure that millers receive enough tons of sugar to their mills in a timely manner. In South Africa, sugar is a historically centralized sector where processors dominate the supply chain (Dubb et al., 2017) in a corporatist manner (Dubb, 2016). While producers of other crops can withhold their product from processors, sugar is a crop that requires processing within around 24 hours of harvest (Mbowa, 1996). A prominent sugar farmer described two reasons for top down control of the sector. First and most importantly, cane decomposes after harvesting. The farmer related to me that "the sooner [you get your cane to the mill], the better because of the moment you start harvesting, it starts decomposing...[A]fter a week out in the sun, there's hardly any sugar left in the cane".[2] Delays in processing lead to rapidly decreasing

[2]Interview: Sugar Farmer A, March 2022. KwaZulu Natal.

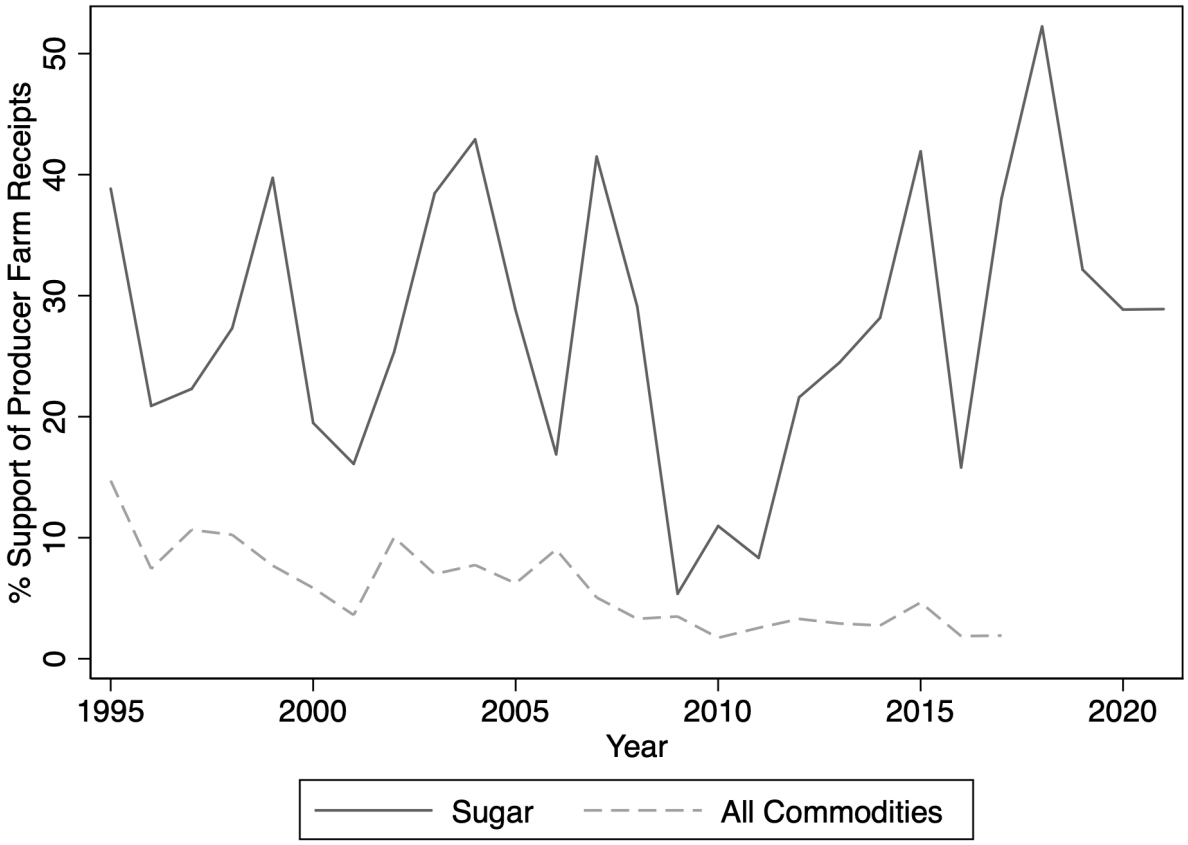

Figure 5.2: State Producer Support for Sugar as a % of Farm Receipts, 1995-2016. Data from OECD.

sucrose contents in harvested sugar cane, so it is an imperative for both the producer and the processor to have a rapid and efficient delivery mechanism to maximize their profits.

The second reason for the sector's centralization is that mills need high quality cane because lower quality cane can cause delays in the crushing process. The same farmer–who is in part an owner of an independent mill–described how this technical issue with sugar process precluded them from "[sending] dirty cane to a sugar mill because it will block all the veins and stuff inside the milling processes...I don't want to send them a second rate product and hamper their production process [because] I want that mill to run as fast as it can to get my crop in".[3] Thus, the mills strictly monitor the producers in

[3]Interview: Sugar Farmer A, March 2022. KwaZulu Natal.

their value chain to ensure their own viability.

As one sugar mill employee told me: "there is a strong incentive to maintain secure cane supply" on the part of the mills, so they invest heavily to ensure that producers are producing at the required rate and quality.[4] As a result, sugar mills establish an infrastructure to create a means by which farmers can purchase inputs from and transfer high quality outputs directly to the mill for a fixed price. One farmer offered a historical explanation for the continued centralization of the sector, arguing that "I think we grew up in that environment of cooperation" in order to maintain the sector.[5]

One sugar sector worker explained that, due to the fact that one cannot store sugar, the relationship between the producers and processors "is like a marriage".[6] A sugar mill employee claimed that sugar is unique in South Africa in surviving liberalization because sugar farmers "cannot sell [their product] to anyone other than your local sugar miller," while "[maize farmers]...have a number of marketing outlets and opportunities...[such as]...animal feed, fresh maize, to cooperatives, etc".[7] Still another argued that "sugar is an industrial crop; you can't have the growers without the mill and vice versa".[8]

In addition, there are many fewer players within the sugar sector than in other sectors, with three processing companies–Illovo, Tongaat Hulett and RCL Foods[9]–dominating the sector and operating most of South Africa's 14 sugar mills. Illovo has four mills on the South Coast and in the Midlands of KwaZulu Natal, Tongaat Hulett has four on the North Coast in KwaZulu Natal[10] and RCL foods has one mill in Northern KwaZulu Natal and two in Mpumalanga's irrigated sugar land. There are only three independently operated mills in South Africa, again in the North Coast and Midlands.

[4]Interview: Mill Employee A, April 2020., KwaZulu Natal. (Remote)
[5]Interview: Sugar Farmer A, March 2022. KwaZulu Natal.
[6]Interview: Cane Growers Representative D, July 2020. Mpumalanga. (Remote)
[7]Interview: Mill Employee A, April 2020. KwaZulu Natal. (Remote)
[8]Interview: Cane Growers Representative A, March 2020. KwaZulu Natal.
[9]RCL Foods purchased the old Transvaal Suiker Beperk (TSB) Limited.
[10]One of which was shuttered in 2020.

Like the regulation of the sugar sector, the sector's centralized structure is unique. A sugar farmer described the South African Sugar Association as follows:

> "They tell us when to start harvesting, when to stop harvesting, it's quite a powerful organization doing a very good work for both the millers and the growers...I don't want to use the term 'a cut above the rest', but yeah it's almost something like that. Sugar is unbelievably well organized. You can go to the sugar association with every possible problem, and they'll give you the right people to help you solve your problem...They are there the moment you press the button. I have a helluva good extension service and a world leading experiment station."[11]

The need for rapid transport and processing of harvested sugar led the sector to create an integrated, top-down value chain, which ensured that quality sugar cane got to the mills in a timely manner. The sector has a sizeable levy that farmers pay, while many sectors have dropped their levy's rate or stopped collecting it entirely. This levy creates a research and "extensive extension" system that is privately provided by the industry itself.[12] A former employee of South Africa Canegrowers, the growers' advocacy organization, argued that the sector would refuse government support for extension and research because "the sugar industry is supported through a trade tariff and in terms of protection against imports [and] when you add up how much that protection amounts to you paying for those things, [extension services] are insignificant"[13]

Unlike other sectors, like grain and fruit, the support structure that existed for sugar was rooted in economic necessity rather than political opportunity. Thus, when the political situation changed and the transition to majority rule occurred, centralized processors

[11]Interview: Sugar Farmer A, March 2022. KwaZulu Natal.
[12]Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.
[13]Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.

viewed their connection with the state in a very different way than decentralized producers did within grain. They therefore preserved the tariff structure that protected sugar from import competition.

For example, in grains, producers gamble that a harvest will come through, which involves taking out substantial loans with input companies and banks to ensure that one's eventual good harvests cancel out the bad ones. In contrast, sugar farmers can spread their risk out due to the nature of their harvests. Grain farming is a multiyear and risky investment, but sugarcane is at most 18 months of commitment[14]. Once planted, a sugar farmer can begin to harvest after a month and continue to harvest as the cane ages, which generates a steady cashflow almost immediately.[15] After an initial sunk cost to establish the farm, the processor bears many of the costs. Producers are not wedded to the sector beyond their contracts with processors, while processors are deeply entrenched within the state.

5.2.1 Alternative Explanations for High Land Transfers

In this chapter, I argue that regulation and centralization led to high land redistribution in the sugar sector. Continued state regulation combined with processor power meant that actors within the sugar sector responded promptly and substantially to the state's land reform program. These two conditions produce this outcome by affecting the leverage that the state had over the sector and the ability of actors within the sector to come together and transfer land through collective action. However, I must also contend with two alternative explanations for the high land reform in the sugar sector that revolve around demand for land from beneficiaries rather than the supply of land by the sector.

[14]Interview: MP A, February 2020. Western Cape.

[15]This is the same for ranching, as a herd–once purchased–can quite literally reproduce itself and one can draw on it for steady income.

The first contends that the characteristics of sugar land do not matter to its transfer, but rather that sugar areas overlap with key political constituencies. Thus, these explanations might argue that the politics of patronage, elections and traditional authorities drive sugar land transfers. The second involves the politics of the demand for land from existing Black sugar farmers, which may mean that sugar land was more suited to land redistribution because of pressures to redistribute sugar land. In my analysis below, I use qualitative interview evidence, descriptive data and evidence from the secondary literature to argue that liberalization and centralization drive the differences between the commodity sectors.

On this explanation, the politics of ethnic patronage changed the calculus of elite actors to redistribute land to ethnic Zulu recipients in KwaZulu Natal and not to other groups across the country. Many have argued that land redistribution or agricultural policies reward presidential co-ethnics or important ethnic electoral constituencies (Boone, 2014; Hassan and Klaus, 2020; Klopp, 2001; Kanyinga, 2000). There is also a clearly established link between ethnic patronage politics and sectoral agricultural policies in Africa (Kasara, 2007; Kim, 2020, 2017). Thus, any overlap between sugar transfers and politically important constituencies provides a challenge to my explanation that the political economy of sugar drove land transfers.

In KwaZulu Natal, this overlap exists. The ruling ANC was concerned with the immediate post-apartheid electoral threat of the power of the Zulu traditional authorities and the Zulu nationalist Inkhata Freedom Party (IFP) that captured a significant portion of KwaZulu Natal's votes in the first elections in 1994 (Ferree, 2010). This fact lends power to the explanation that patronage drives land reform. Studies have shown that the ANC actively tried to appease the IFP with control of land in communal areas (de Kadt and Larreguy, 2018; Lynd, 2021). In contrast, the ANC had a strong grip on the Black vote in other areas–like the grain growing Free State–and therefore may not have needed to use

land redistribution as patronage to win votes there.

In addition to electoral patronage, one might imagine that demand for land follows a logic of traditional authority control over land. There is no doubt in the study of African politics that traditional authorities affect land distribution and actively seek to control more land (Baldwin, 2014; Honig, 2017), especially when it comes to South Africa (de Kadt and Larreguy, 2018; Ntsebeza, 2005). Traditional authorities had more power over land within the former homelands in KwaZulu Natal than they had in other parts of the country due to a pact made with the incoming ANC government (Lynd, 2021) and many traditional authorities have made land restitution claims for their constituents in the province (McIntosh et al., 1996; Mathis, 2007). Some of my interviewees even emphasized how in KwaZulu Natal, some early land reform initiatives in the 1990s went to "landless chiefs" who had not received land under the apartheid administration.[16]

Thus, areas claimed under land restitution are more prone to land transfer. As I outline in Chapter 4, land restitution in South Africa pays in full for land that had been taken from a community after 1913, while land redistribution mostly provides grants to Black South Africans to assist them in buying land. In Chapter 7, I show that land restitution makes it easier for the state to purchase expensive land because beneficiaries do not have to rely on their own funds to buy land. Both sugar growing areas in South Africa are in provinces with high rates of land restitution claims. In KwaZulu Natal, 14.84% of all non-homeland land was claimed by land restitution, while 6.74% of Mpumalanga's land was claimed through restitution (Ramutsindela et al., 2016).[17] Both provinces also have substantial former homelands, with communal areas covering 45.4% of KwaZulu Natal's total area and 10.2% of Mpumalanga's.

The second alternative explanation of the land transferred within the sugar sector re-

[16]Interview: Bureaucrat A, October 2019. KwaZulu Natal. (Remote)
[17]Importantly, a restitution claim does not entail that the claim will be successful.

lates to people's desire to farm sugar land. If there was high demand for land from people who wanted to farm sugar farms, then land transfers in the sugar sector might be driven by pressure for sugar land rather than the available supply of sugar land. Sugar is, after all, an outgrower crop and South African mills have used smallholder outgrower schemes through leasehold in the former homelands in KwaZulu Natal and Mpumalanga since the 1970s to ensure cane supply (Dubb, 2016; Mbowa, 1996).

This history is also important because land reform is easier in situations where owners can transfer their land to qualified farmworkers or existing tenants (Lipton, 2009). In addition to facilitating the technical aspects of identifying beneficiaries, outgrower models make the act of land redistribution more straightforward because there is less training required. Thus, the agricultural model of sugar may have been better suited to land redistribution. The corporate style of farming and the relative ease of transferring land to farm managers was less apparent in other sectors, where farmworkers have smaller management roles and farms are less easily subdivided. Further, given the corporate nature of sugar farming, corporations were themselves landholders. It is much easier to sell one's land as an owner or shareholder who is removed from both the emotions of farming and the pressures that farmers face. Farmers may have greater emotive attachments to the land as they may see their family history and identity as inseparable from owning and working their farm.

Below, I use process tracing to analyze why land transfers were so high in the sugar sector. I compare the reasons for land transfers across program type (e.g. redistribution and restitution) and regions (KwaZulu Natal and Mpumalanga) to evaluate whether land transfers were driven by the supply side (i.e. the political economy of agriculture) or the demand side (i.e. patronage, traditional authority or land hunger). I argue that while patronage and land demand probably drove some transfers of land, one cannot explain the high rates of transfer without also taking into consideration the eagerness of actors

within the sector to supply land.

5.3 Searching for 'Sugarland': High Redistribution in the Sugar Sector

As outlined above, land transfers in the sugar sector were substantial within both KwaZulu Natal and Mpumalanga provinces. In KwaZulu Natal, data from SPLUM from 1995-2017 shows that landholders transferred 55,838ha of the province's 276,869ha of commercial sugarcane land. In total, the government transferred 20.17% of all commercial sugarcane land in KwaZulu Natal through both the redistribution and restitution programs. In Mpumalanga, where there is less sugarcane land, the government used the restitution program to purchase 19,987ha of sugarcane land, or 54% of the 43,370ha of existing white-owned and commercial sugar land.[18] In total, around 23.67% of all commercial sugarcane land in South Africa has been transferred to Black ownership through the land reform programs alone (i.e. not counting private transactions or leases on sugar land).

To explain the land transfers in one region, one bureaucrat outlined that a sugar miller "set up a fund, Nkwezi, that sold off a lot of their land to small farmers [and] had 45,000 small farmers producing sugar".[19] Traditionally, milling companies held large tracts of 'quota' or 'miller-cum-planter' land beside their sugar mills to ensure that they had constant cane supply. One estimate from the mid 1980s placed miller-cum-planter land in KwaZulu Natal at 53,254ha (Lewis, 1990). But in the 1990s and 2000s, these mills and their sugar companies sold off the quota land to the land reform program en masse. Fig-

[18]RCL, the main milling company, claims 62% of the land supplying its Mpumalanga mills is Black-owned (James and Woodhouse, 2017). As around 14% of that land is existing outgrower sugar land in Black homelands one can determine that 54% of the Mpumalanga white-owned sugar land made its way into Black ownership through a mix of land transfers to Black farmers and profit sharing agreements in which the land was leased back to TSB/RCL.

[19]Interview: Bureaucrat B, February 2020. Gauteng.

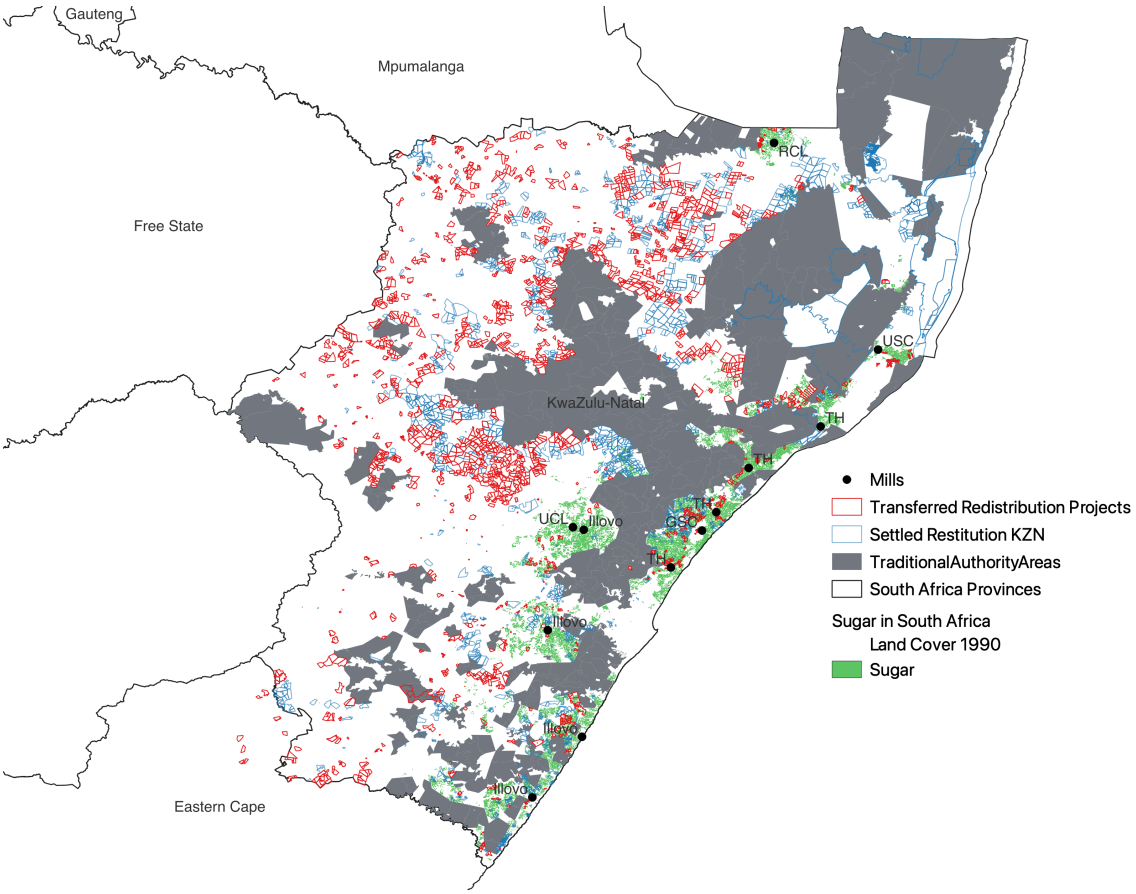

Figure 5.3: Land Redistribution and Restitution on Sugar Land in KwaZulu Natal, SPLUM and Land Cover Data

ure 5.3 shows the land transfers under both restitution and redistribution over sugarcane land in 1990 in KwaZulu Natal, while Figure 5.4 narrows in on a specific area of coastal KwaZulu Natal where most of the sugar is grown. These figures also show how sugar land and land transfers are clustered around the province's 12 mills.

In 1990, KwaZulu Natal had 276,869ha of land under cane production in white, commercial farming areas. As Table 5.2 shows, by 2022, the various land reform programs had transferred in total 20.17% of this land to new, previously disadvantaged farmers. 12% of the land had been transferred via successful restitution claims, while 8% of it had been done through various redistribution programs. Figures 5.3 and 5.4 show this as well, with many of the land reform areas in sugar growing regions coded as redistribution, rather

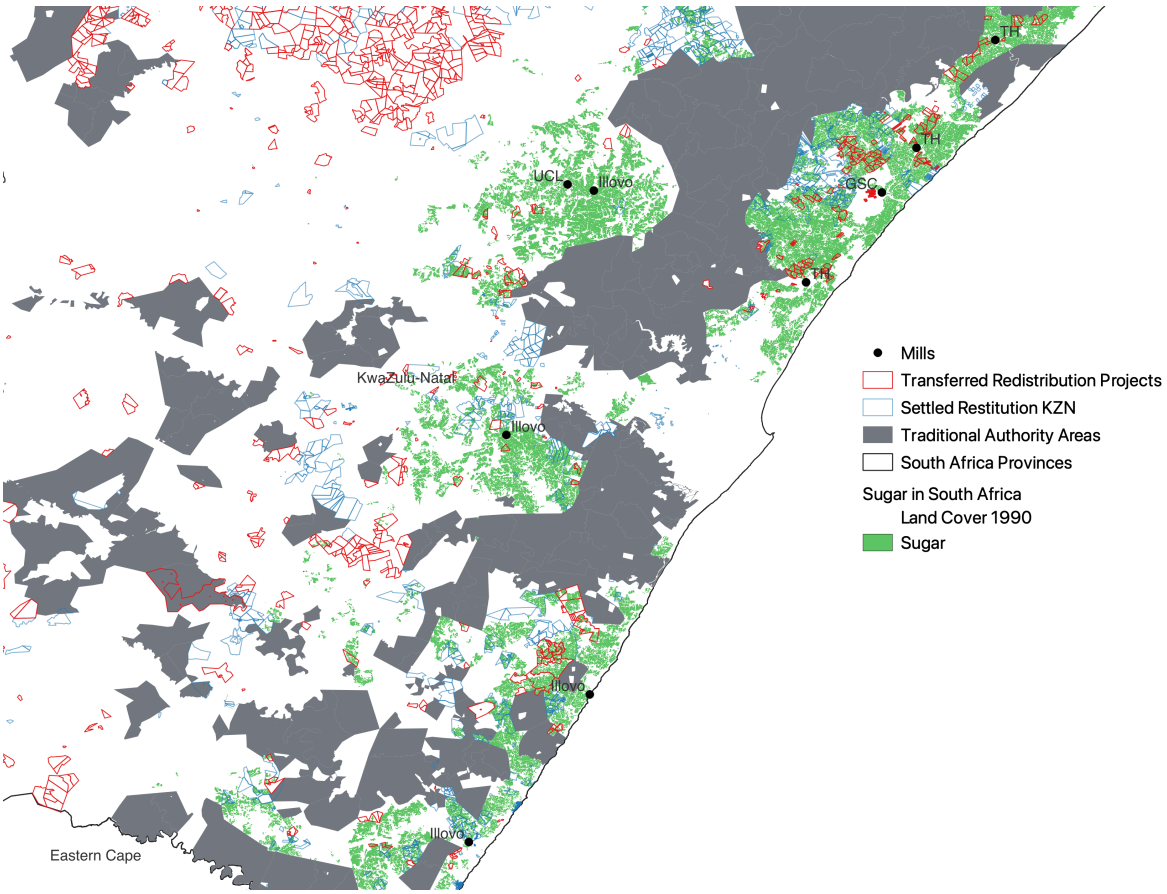

Figure 5.4: Land Redistribution and Restitution on Sugar Land in Coastal KwaZulu Natal, SPLUM and Land Cover Data

than restitution.

5.3.1 Patronage and Traditional Authority

The very fact that much of these land transfers were done through the redistribution program makes an explanation based on patronage less compelling. The various redistribution programs are not good tools for traditional patronage or control. The LRAD program in the sugar sector was especially poorly suited for the patronage ends of traditional authorities. LRAD transferred the title deed to the beneficiaries of each scheme and the sugar mill ensured that one farmer was on the land. This type of strategy gives

Amount of Sugar Land	> 10ha	> 80ha
Total Farms	280	105
Pr Early	6.8%	9.7%
PR LRAD	55.7%	58.1%
PR PLAS	37.5%	31.4%

Table 5.1: Sugar Redistribution Farms by Program in KwaZulu Natal, SPLUM and Land Cover Data

traditional leaders minimal leverage over the land reform beneficiary as the beneficiary has tenure security and does not depend on the largesse of the traditional elite for their right to own land. Patronage is much more effective when the patron has control of the client's access to tenure security (Dyzenhaus, 2021). Analysts of land reform in the 1990s viewed commercial agriculture–especially sugar–as a tool to weaken the power of traditional leaders over their subjects because it would establish secure property rights and productive enterprises for Black South Africans outside of the control of traditional elites (McIntosh et al., 1996, 349-350). In contrast, restitution often gave claimants collective title deeds and governing bodies that were easily manipulated by traditional elites (Claassens, 2014; Beinart et al., 2017).

While some sugar land was transferred via PLAS at a later date, this was also a poor vehicle for traditional patronage. The PLAS program redistributed largescale farms to a single farmer rather than a number of farmers. Therefore, explanations based on traditional authority or patronage cannot explain a significant proportion of land transfers under land reform in the sugar sector. As Table 4.1 and Figure 4.4 in Chapter 4 show, a substantial number of land transfers under the redistribution program occurred under LRAD and SLAG, the two early redistribution programs that granted full land title to farmers.

A large reason why patronage and traditional authorities' demand for sugar land did not drive land transfers was that the sugar sector redistributed land so early and quickly. The sector was the first mover on land transfers and approached the state. Interviewees

familiar with the sugar sector described the sector as being "proactive".[20] Therefore, the sugar sector was unlikely to be responding to demands placed on them by either traditional elites who claimed land or the state who wanted to reward potential loyalists, but rather actors within it sought out the state to propose land reform in anticipation of the sector's own needs. This early movement characterized both the land restitution in Mpumalanga and the land redistribution in KwaZulu Natal.

One key potential driver of land policy and traditional elites was the presidency of Jacob Zuma, who reoriented the state towards traditional elites and especially Zulu elites in his own home province of KwaZulu Natal (de Kadt and Larreguy, 2018). However, Jacob Zuma only came to power in 2009 after much of the sugar land had undergone transfer through the redistribution program. Much of the land transfers in KwaZulu Natal's sugar areas occurred through the LRAD program from 2000-2009, which is before the Zuma-led reorientation of patronage to Zulu areas. Therefore, the theory that a patronage-style land reform initiative drove transfers on sugar land cannot explain these early transfers nor can it explain the sugar sector's proactive approach. Table 5.1 shows that in KwaZulu Natal there have been 280 redistribution farms that in 1990 had more than 10ha of sugar and 105 farms with more than 80ha of sugar.[21] Of the 105 80ha and larger sugar farms, 58.1% were LRAD transfers, while another 6.8% were other early programs like SLAG. Thus, only 37.5% of the total transferred programs were undertaken by a later date.

If one used the explanation that political patronage drove land transfers in the sugar sector due to the state's desire to win over IFP supporters after the elections in the 1990s, then one must also explain the land transfers in Mpumalanga. More and higher quality land was transferred in Mpumalanga via restitution, but there is no history of opposition

[20]Interview: Agricultural Economist C, November 2019. Gauteng.
Interview: Farmer's Representative A, December 2019. Gauteng.

[21]I use 10ha to exclude any land redistribution parcel that may contain pixels from adjacent sugar land through measurement error and 80ha because that was the minimum plot size of miller-cum planter land that was sold.

political parties in the area nor is there a history of drawn out civil conflict between the Swazi people and the ANC as there is with the Zulu-led IFP. Further, in Mpumalanga, much of the restitution land involving sugar was formally transferred in 2008 (James and Woodhouse, 2017), which is relatively early for many restitution claims. Therefore, the patronage explanation does not explain the high rate of land transfer in Mpumalanga. Secondary analysis has instead emphasized the role of the miller (which was TSB at the time of transfer and later RCL), in dealing with large land claims by acting early to transfer its own land and encouraging largescale white growers to do the same (James and Woodhouse, 2017).

5.3.2 Proactive, Miller-driven Land Transfers

Instead of being driven by pressures to reward key constituents, actors within the sector initiated land transfers. I argue the sugar sector did this because millers had both the incentive to redistribute land as a regulated sector and the capacity to do so as a centralized sector. The tariff subsidy gave the state leverage over the sugar sector by making actors within the sector dependent on a regulatory framework. Centralized processors, who needed to ensure consistent supply of cane uninterrupted by land claims, acted to redistribute land quickly. A regulatory relationship through the Sugar Act and the tariff thus facilitated land reform because it gave the sugar mills the incentive to approach the state to propose land transfers. Successful land reform, as one former land department official outlined, was contingent on "the partnerships we were able to build up with commercial farmers and commodity sectors".[22]

The former bureaucrat went on to say that it was a "necessity" that sugar mills engaged with land redistribution, and that "the sugar sector from the early days really came

[22]Interview: Bureaucrat C, March 2020. Gauteng.

to the party because they needed to maintain sustainability of supply [of sugar cane]".[23] As processor groups are more concentrated in sugar than they are in many other sectors, the sector was better able to organize itself to ensure it had its inputs. In addition to the worries around general supply, land reform claims, when resisted by the white farmer, often create uncertainty that prevents any farming or sale of the land.[24] Millers therefore had a further incentive to resolve restitution claims quickly rather than resisting those claims.

One former sugar sector worker described the reasons behind the sugar sector's engagement in redistribution as related to the Sugar Act and the tariff:

> "The sugar industry is intrinsically linked to government. And as the years have gone by, the success in the future in the sugar in industry depends on the largesse of the government...whereas all the other commodities in most instances don't necessarily need government to survive. So if government disappeared tomorrow, there wouldn't be a collapse in other commodities. They are not intrinsically linked to [government]...The compulsion to move on land reform is not as strong in the other commodities as in the sugar industry. If you can be removed by one...act of government, I think you'd focus on your future a bit more in terms of moving with government intentions."[25]

This quotation demonstrates quite clearly that actors within the sugar sector were concerned with the state's policy because of the regulatory regime. Further, the respondent refers to the fact that a serious motivation for the sugar sector to sell land to the state was that they feared the state might repeal the Sugar Act and the tariff. Any repeal of the tariff would render the sector unprofitable. Therefore, state regulation provided an incentive

[23]Interview: Bureaucrat C, March 2020. Gauteng.
[24]Interview: Fruit Farmer A, February 2020, Gauteng.
[25]Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.

for actors in the sugar sector to engage in land reform.

Sugar processors had decided to stay close to the government to preserve their profit-making industrial connection through corporatist structures and tariff subsidies. One employee of a mill described power that the fear of the removal of the tariff had within the sugar sector had, arguing that "there was an appreciation for the industry that government's most targeted stakeholder was the smallscale grower...so if as an industry we were seen to not be supporting the smallscale grower, government was also willing...not to support us at the same level"[26] This connection gave the state a degree of leverage over the sugar sector and land reform gave the sugar sector greater power to maintain their benefits from the state.

The leverage within the regulated sector, though, was two-sided. It is not just that the state could wave a wand and enact policy within the sugar sector, but rather that the relationship was embedded enough that each side had an incentive to work to appease the other. This represents classical dynamics of this clientelistic agricultural arrangement of entrenched subsidy regimes (Bates, 1989; Sheingate, 2003). As one agricultural professional outlined, the tariff on sugar imports was a crucial point of contention between the state and the sector:

> "If you take away the subsidy [the tariff]...60% of the cost of sugar is government supplied...If you take that away, all those 45,000 [emerging] farmers [on restitution farms in Mpumalanga] would fail. [The mills] are smart to use the policy space to be able to survive. They need the Black farmers to be producing. They go to the Department of Trade and Industry and ask 'can you support Black farmers?"'[27]

These quotations from mill employees, government bureaucrats and cane grower rep-

[26]Interview: Mill Employee C, March 2022. KwaZulu Natal.
[27]Interview: Bureaucrat B, February 2020. Gauteng.

resentatives clearly show that the sector entered into land reform as a means of maintaining the regulatory regime. Through land reform, the sector could make renewed claims against the state, leveraging their new engagement with a popular state policy and politically important land reform beneficiaries to maintain the regulation that kept the sector profitable. The fact that many employees of various mills reported these motivations is interesting in terms of verifying the motives of those in the sector who redistributed land. While it would be easy for actors who are involved in the sector to argue that they redistributed land out of pure moral goodwill, instead, many of them were quite frank about the economic and political motivations from which their sector operated.

This threat itself was quite real. The tariff that protects sugar is no longer a fixed tariff, but rather comes into force when the global price of sugar drops to a point at which sugar imports will threaten South African sugar growers. The price cut off and the degree to which the tariff assists the sugar sector are both open to negotiation. Any delays to the implementation of the tariff, which occurred over five months in 2017 (de Wet, 2018), cause massive surges in cheap imported sugar from neighbouring countries that undercut South Africa's mills. Further, the sugar sector is constantly fighting the imposition of a "health tax" on sugar in soft drinks and candy, which was finally imposed in 2018 and drastically affected the profitability of farmers due to its effects on the price, use and consumption of sugar in the domestic market (Hofman et al., 2021).

Adding land reform farmers to their portfolio gave the sugar sector an extra lever to maintain the essential tariff and preserve the sugar industry's profitability. One cane growers' representative claimed that the sugar sector made the government aware that without the tariff, the government risked jeopardizing 150,000 direct jobs in the production and processing of sugar as well as 1.5 million indirect jobs. In the words of this representative, the sugar sector could ask the government: "do you really want to lose

that?".[28] The sugar sector's participation in land reform was thus about more than just land transfers. It was also about ensuring the viability of their sector through continued corporatist relations with the state. Using land reform, the sugar sector was able to more deeply entwine their fate with the fate of key state constituents in the form of land reform beneficiaries.

The millers acted quickly to avoid any debate over the tariff. The close relationship between state support and the sector allowed the highly organized sector to see and act on an interest in supplying land for land redistribution. Further, the sector recognized that it would still be able to maintain (or even maximize) profits by giving up some of the land owned by sugar mills and focusing on different areas of the value chain.

While interviewees emphasized a sense of goodwill and cooperation that spurred the sector to engage in the land reform process,[29] milling companies also had a distinct economic interest in engaging in land reform. One mill employee made the point clear, claiming that "milling companies saw [land reform] as a good opportunity to drive transformation but also to free up capital. They had land in their balance sheet and they saw the company changing".[30] In the opinion of largescale sugar farm and mill owners, land contained all the risk of their business and none of the profit. Many largescale sugar farmers worried about expropriation and minimum wage increases especially given the labour-intensive nature of their particular agricultural sector (Nicol et al., 2007).

Much of the early land reform took place on the millers' own land. Millers held 'miller-cum-planter' land because they needed a reserve of land to "ensure cane supply to the mills" because mills "don't want to lose the feed stock because if you don't own the land, the owner of the land may decide they don't want to farm cane".[31] Many mills trans-

[28]Interview: Cane Growers Representative D, July 2020. Mpumalanga. (Remote)
[29]Interview: Mill Employee D, March 2022. KwaZulu Natal.
[30]Interview: Mill Employee A, April 2020. KwaZulu Natal. (Remote)
[31]Interview: Mill Employee E, March 2022. KwaZulu Natal.

ferred land to the farm managers who operated the land when the mills owned it. As cane grower's representative explained, the early transfers gave land to "guys [who] came from miller-cum-planter land [e.g. the land the mills owned]...who had experience in sugarcane growing who would then able to who were able to then be put themselves forward to become land owners...and the way that farming is done, [the mills] had managers...people who had some kind of technical knowledge"[32]. Figure 5.4 shows the proximity of land reform farms to both Tongaat Hulett and Illovo's sugar mills in coastal KwaZulu Natal. It is evident that a large proportion of transferred sugar land was close to these mills. This proximity makes the land even more valuable because it decreases transport costs and allows growers to get their sugar to the mill faster, thereby earning better prices for less degraded sugarcane. In Mpumalanga, the TSB/RCL-owned mills transferred 6,000ha of their own estates (James and Woodhouse, 2017, 543).

Yet this point raises the question of whether outgrower models were the driver of these land transfers. If there was a ready supply of existing farmers who wanted to farm sugar, then these farmers have the ability to put pressure on the state to target sugar land. However, while there were readily available beneficiaries in terms of employees and outgrower smallholders, this was not the motivating factor for land transfers. Instead, the mills took the first move to redistribute land based on their own incentives.

It is unlikely that there was intense demand for sugar land within KwaZulu Natal beyond the mills' employees. Within Zulu culture, there is a social taboo around cane farming. Because of historical land dispossession and colonial policies of forced and imported labour, for the local people to whom patronage would be targeted: "cutting sugar cane is perceived as the worst form of humiliation."[33] Thus, it is unclear that sugar land transfers were due to overflowing demands in KwaZulu Natal for sugar land or patronage in Zulu areas. Instead, many cane-cutters are employed from Mozambique (James

[32]Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.
[33]Interview: Mill Employee D, March 2022. KwaZulu Natal.

and Woodhouse, 2017).

Further, many interviewees highlighted the role of key owners of milling companies in the restitution of land in Mpumalanga. Interviewees mentioned the roles of RCL Foods' majority shareholder's role in selling off sugar land claimed under the restitution program.[34] In terms of transfers in KwaZulu Natal, others emphasized how Tongaat Hulett's owner "forged a more positive relation between the company and the indigenous communities".[35] In Mpumalanga, the mills ensured that 10,000ha of transferred restitution land was leased back to the mills (James and Woodhouse, 2017). In this way, the success of land claims and land transfers on sugar land was not because of outgrower pressure as the communities who received control of this land only received rent and a stake in the profits of the enterprise rather than control of the agricultural production. Traditional authorities do play a more prominent role in the trusts that run the shared agreements with TSB/RCL, often leveraging their power to take advantage of the profits that should accrue to the community (James and Woodhouse, 2017). While the traditional authorities may have taken advantage of these agreements and land transfers, the decision to transfer the land and create a trust in this way was motivated by the imperatives for key actors in the sugar sector who needed to ensure continued tariffs and uninterrupted cane supply to the mills.

And when sugar farmers in KwaZulu Natal sold their land through restitution claims, the sugar milling companies feared that if the claimants decided to farm something else then the sector would struggle. The mills channelled many of their efforts into managing the large complex claimant groups who now occupied and managed the land: "if one restitution project fails, that's in excess of 1000ha gone as opposed to one...[100ha] redistribution farm failing...so it's a risk appetite issue".[36] As one sugar sector employee de-

[34]Interview: agricultural professional, February 2020, Gauteng.
[35]Interview: Mill Employee D, March 2022. KwaZulu Natal.
[36]Interview: Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.

scribed, milling companies worried that "if the restitution or the land reform collapses...it means the mill will not operate at its optimal level and be shut down completely. So it serves everyone to make sure that you assist the other farmer or neighbour so that the industry was kept alive".[37] When there were land claims in the sugar sector, sectoral institutions in the sugar sector saw to it that farmers received support and training to keep their industry running rather than lose valuable tonnes of cane.

The fact that there were readily available outgrowers was clearly important in the transfer of land as it gave the millers some confidence that there would be available farmers to whom they could transfer their land. However, the individual factors relating to the ease of selling one's land are related intrinsically to the centralization of institutions in the sector. As large corporations formed around milling companies, key actors in the sugar sector were able to take a position on land reform that prioritized the company's profit rather than the emotions normally present around land ownership and the act of tilling the soil. But the reason why actors have this ability is because of the processor power within the sector that empowers a few, centralized actors rather than many producers. Once the mills took a stance, the largescale producers fell in line. These actors are able to make such decisions if the land reform model works for them, while more decentralized producers may not be able to make the decision to sell land in a sector-wide manner even if it does make economic sense.

While the sugar sector may have preserved its tariff and support structures into the liberalized era, actors within it still felt the effects of broader market change. South Africa's sugar sector was relatively inefficient compared with neighbouring eSwatini, Zambia and Malawi, where sugar can be produced for a fraction of the cost.[38] As competition increased, the sector was undergoing change. However, this change reinforced the sector's existing institutions and worked to push the sugar sector to engage in the land redistribu-

[37]Interview: Mill Employee D, March 2022. KwaZulu Natal.
[38]Interview: Extension Officer A, December 2019. Gauteng.

tion program to ensure that a new constituency of people became sugar producers who would continue to supply sugar to their mills. The new competition from productive competitors in neighbouring countries reinforced the need to maintain the tariff and for the South African sugar sector to appease the state in order to remain in business.

Further, selling the land made financial sense for many sugar farmers and processors. Out of a fear of the changing sugar sector, many large scale white sugar farmers began to leave the industry or diversify their crops to take advantage of other high-profit commodity sectors, such as tree-nuts and citrus (Dubb, 2016). But through land reform, some farmers were able to sell their land and invest in processing facilities. This meant they could preserve the most profitable core of the sugar business and exchanged land ownership, which was the riskier part of their business, for capital. The sugar millers kept their mills and thus preserved the largest value addition to the sugar crop in terms of processing and selling refined sugar products. A lawyer described the process saying that "[The sugar farmers] were quite willing sellers because they were able to use land claims settlements to capitalize sugar production and other profit margins and use land claim entities to sustain the same levels of sugar production through preferential agreements".[39] Land ownership in sugar production was itself a risk and sugar processors "are no longer interested in owning land because the value in land and production has dropped".[40]

As one economist who works for a sugar growers' organization explained: "You will not willingly sell the land unless there is another risk that you can see...Under [the redistribution program], why would you sell the farm? It is either profitability or the risk is higher".[41] Mills recognized that the future of their profits lay in processing rather than production. One bureaucrat argued that "in sugar, the guy who makes the money is the guy in the sugar mill. So they gave away the least efficient part of their value chain".[42]

[39]Interview: Lawyer A, November 2019. Gauteng.
[40]Interview: Civil Society Activist A, December 2019. Western Cape.
[41]Interview: Cane Growers Representative C, May 2020. KwaZulu Natal. (remote)
[42]Interview: Bureaucrat B, February 2020. Gauteng.

Another lesson from a similar sector, forestry, shows how processor dominated sectors engage more in land redistribution. Timber mills would sell land and lease it back because it was explained that "if [a mill] were able to achieve the development outcomes of restitution while still controlling the fibre [for their mills], they would".[43] This is because "the only strategic value in the land is that it provides strategic control of the resource".

It is clear that centralized milling organizations had the incentive to sell land to the mill. The strategy made financial sense for the milling organizations and large producers, who had concentrated interests and could expand their role in processing. In addition to being supplied land en masse by a sector, the state was willing to pay for this land despite the fact that it was often high-value irrigated or high rainfall land because the sugar sector offered to support new farmers in a way that many other sectors would not. As cane growers' representative outlined, sugar "is a well structured industry [and] even small scale farmers are well organized into working structures".[44] Through a levy on commercial farmers, which the grain sector had abandoned (Piesse et al., 2005), the sugar mills and South African Cane Growers Association funded institutions whose sole task was to assist new land reform farmers.[45] A cane growers' representative outlined that land reform sugar farmers have "five people running around looking after one farmer".[46] In addition to state bureaucrats, new sugar farmers had the support of the established growers' association, an emerging growers' association, the South African Sugar Research Institute and the mill employees.

Farmers under the old cooperative structure in grain enjoyed industry and government advisors assisting farmers with training, marketing and inputs.[47] But while the grain sectors abandoned this infrastructure during liberalization, sugar kept a focus on

[43]Interview: Consultant A, April 2020. Eastern Cape. (Remote)
[44]Interview: Farmer's Representative B, May 2020. KwaZulu Natal. (Remote)
[45]Interview: Mill Employee A, April 2020., KwaZulu Natal. (Remote)
[46]Interview: Cane Growers Representative A, March 2020. KwaZulu Natal.
[47]Interview: Consultant D, February 2020. Gauteng.

social insurance, farmer development and marketing assistance. One employee of a mill added to this argument, claiming that "the nature of the industry makes it easier to support a farmer because the milling company wants to support the farmer". Instead, mills "do not want [land reform] to fail" as they realized "that successful land reform is part of our future".[48]

The Cane Growers association even created its own fund to provide microfinance assistance to restitution claimants on sugar land in Mpumalanga, South Africa's other cane-growing province.[49] The system was fairly comprehensive and included joint ownership by the land claimants and former farmers as well as structures to secure loans, technical assistance and longer term investment. This allowed new farmers to raise capital, which they "couldn't do through banking" because most banks "would look at a newly established venture and see no assets".[50]

Why did the sugar sector do this? The fact that the value chain was integrated such that processors and producers depended on each other was crucial. The centralization of the sector meant that large processors took on much of the risk of the sector. If the mills did not receive enough cane, they would simply close down. As one sugar sector employee described, mills require a large number of tonnes of sugar cane a year to be profitable, "so if the restitution or the land reform collapses...it means the mill will not operate at its optimal level and be shut down completely so it serves everyone to make sure that you assist the other farmer or neighbour so that the industry was kept alive".[51] These imperatives were especially prominent in cases of land restitution claims. Land claims could drag on for years, which meant that uncertainty over future ownership could stop production on large farms.[52] Even when land was transferred via restitution, issues

[48]Interview: Mill Employee A, April 2020., KwaZulu Natal. (Remote)

[49]This is especially important for restitution, as restitution claimants do not get title to their land and therefore struggle to access credit as smallholders.

[50]Interview: Mill Employee B, June 2020. Mpumalanga. (Remote)

[51]Interview: Mill Employee C, March 2022. KwaZulu Natal.

[52]Interview: Mill Employee E, March 2022. KwaZulu Natal.

with the communal property associations that governed land restitution farms could also lead to farm collapse. Thus, the mills worked to resolve land claims quickly and ensure that new farmers succeeded after the land was transferred.

This account stands in stark contrast to the grain sector in Chapter 8, where redistribution farmers struggled to access the sector's exclusive producer institutions and private lines of credit. The processor-driven sugar sector actively provided its new farmers with credit and assistance that would reassure banks about the long term commercial viability of these projects. This level of support was crucial to sustaining the sugar sector, as one MP from a sugar farming area maintained: "if the mill does not see to it that the farmers survive, it will close down".[53]

A comparison between the sugar sector and other sectors within KwaZulu Natal helps to support my point that traditional authority and patronage did not drive sugar transfers is in the comparison between the breakdown of land transfers for each sector of interest within KwaZulu Natal. KwaZulu Natal has many land claims compared to other parts of the country, which has driven large proportions of even valuable sectors like irrigated grain crops and fruit orchards to be transferred. Table 5.2 shows that both Irrigated Field Crops and Fruit had similar rates of total transfer of land. Irrigated field crop farmers transferred 18% of their land, while fruit farmers transferred 24% of their land. However, sugar land was transferred via various redistribution programs, like LRAD, at a higher rate than in other sectors which required farmers to come to the table with money rather than be identified by a claimant community in the restitution program. 40.3% of all sugar transfers in KwaZulu Natal were via redistribution, while 31.2% of all fruit farms were done by redistribution and 25.4% of irrigated field crop land was done by redistribution.

Thus, more than other sectors, the redistribution program made up a sizeable portion of sugar land. Further, as Table 5.2 shows, the sugar sector transferred both a high number

[53]Interview: MP A, February 2020. Western Cape.

Crop Type	Ranching	All Field	Rainfed Field	Irrigated Field	Fruit	**Sugar**
Ha Total	3,466,008	332,064	318,707	13,356	12,094	**276,869**
Ha Red	385,132	25,902	25,283	619	880	**22,487**
Ha Rest	620,888	20,231	18,432	1,799	1,938	**33,351**
Ha Trans	1,006,020	46,132	43,715	2,418	2,818	**55,838**
Pr Red	11.11%	7.80%	7.93%	4.63%	7.27%	**8.12%**
Pr Rest	17.91%	6.09%	5.78%	13.47%	16.03%	**12.05%**
Pr Trans	29.03%	13.89%	13.72%	18.10%	23.30%	**20.17%**

Table 5.2: Land Transfers by Sector in KwaZulu Natal Province from 1995-2022

of hectares and a high proportion of the area with that crop, which is only bettered by the ranching sector, which is the other regulated sector in my case studies and the subject of Chapter 7. This is all the more impressive given that sugar land is expensive and requires specific rainfall and temperature constraints in KwaZulu Natal. As I show in Chapter 6, the early redistribution programs struggled to transfer land in other high value sectors, like fruit.

Table 5.2 does indicate that many sectors in KwaZulu Natal excelled at their task of transferring land compared to the national average and that much of this was due to redistribution.[54] However, the fact that sugar was transferred en-masse in both Mpumalanga and KwaZulu Natal is a useful point of comparison here. Sugar land underwent high rates of transfer in *all* the areas under cultivation in South Africa. But as Chapter 6 shows for fruit and Chapter 8 shows for grain, neither fruit nor grain were redistributed evenly. Instead, while these sectors experienced high transfer in KwaZulu Natal under conditions of high restitution claims, in many areas of the country, they experienced minimal transfers (see Chapters 6 and 8). Therefore, it was not the particulars of KwaZulu Natal's traditional elites, restitution claims or electoral patronage that drove land transfers, but rather something about the characteristics of the sector.

While other sectors provided little incentive for land owners to sell and for the gov-

[54]For example, one can see the low proportion and hectarage of grain transfers in the neighbouring Free State in Chapter 8, where there was minimal land restitution and few traditional areas.

ernment to target their land, the landowners in the sugar sector had both the incentive and capacity to redistribute land. They could relieve themselves of a risky asset–land ownership–and move into more profitable levels of the value chain. They also used land reform farmers as a makeweight to preserve the tariff on which their sector depended by using land reform to tie the state's interests to the continuation of those benefits. Additionally, the state viewed the supportive, low sunk cost sector as a potentially cheaper area for land reform given the continuing sectoral infrastructure. Thus, one sees higher land transfer under sugar than one does under grains.

5.4 Conclusion

The above analysis of the sugar sector demonstrates quite clearly that land redistribution in the sector was driven by the political economy of agriculture. First, the sector's relationship and dependence on state regulatory frameworks through subsidies gave actors a key motivation to redistribute land. Sugar millers worried that without buy-in to state-led land reform, the government might reduce or abandon the tariff that made the sugar sector viable. If they placed redistribution and restitution farmers on the land, they would also place people whom the state politically supported on the land. As a result, the sector could point to struggling smallscale communal farmers and medium-scale land reform farmers whenever the the state thought of decreasing the support to the sector. Thus, the continued regulation between the sugar sector and the state ensured that the state had leverage over the sector. The sugar millers came to the table to offer land before they felt the pressure of the state to redistribute. This proactive approach counters our understanding of landholders in land redistribution, as landholders of high value land–like sugarcane land–are meant to resist the efforts of states to redistribute their land.

Second, the high degree of centralization within the sugar sector meant that the millers

could organize to redistribute land and support new farmers. Each mill needed to maintain cane supply within their catchment area, so the owners worried that any sugarcane land that went out of production would negatively affect their entire industry. As centralized and powerful actors, millers had the organizational capacity to come together and organize around their interest to dictate mass transfer of land within the sector to maintain their industry. Once again, this pushes back against our existing understandings of land reform. Organized landowners are meant to be a serious veto point against land reform, campaigning and lobbying against land reform policies. However, in the South African sugar sector, the power to organize actually facilitated redistribution by giving key actors the ability to mobilize around their interests to redistribute land.

These explanations can explain the transfer of sugar land better than explanations based on patronage and traditional authority especially because of the timing of land reform. The sugar sector was an early mover, both approaching the state with plans for land reform, generating support programs and controlling the process to suit its interests rather than facing pressure from outgrowers, traditional elites or political patrons. Instead, they redistributed land quickly and voluntarily before much of the reorientation of the state towards patronage in sugar growing areas. While traditional authorities, political patronage and outgrowers definitely had an impact on land transfers in the sector, they did not drive them. In conclusion, the experience of redistribution in South Africa's sugar sector shows scholars clearly that to understand market-led land reform, one must look beyond the politics of political parties, elections, patronage and traditional authority. Instead, other factors are instrumental in driving market led land reform, specifically, the power that the state has over a given sector due to pre-existing regulation and the degree to which a sector is organized.

CHAPTER 6

WHEN LIFE GIVES YOU LEMONS: BARRIERS TO REDISTRIBUTION IN SOUTH AFRICA'S FRUIT SECTORS

6.1 Introduction

South Africa's fruit sector consists mostly of deciduous, citrus, grapes and sub-tropical fruits (e.g. mangoes and pineapples). These enterprises present unlikely cases for land reform. Fruit farming requires prohibitively expensive and irrigated land that with specific soil characteristics and precise weather conditions. Additionally, farmers must undertake large capital outlays in orchards, vineyards or plantations made of exclusive cultivars to add to the price of this expensive land. Land suitable for fruit farming is is thus high value land and is often dominated by a small number of profitable producers and a centralized set of processors involved in packing and export. Due to the high cost of land reform in this sector and the ability of these actors to resist land transfer, it is unsurprising that land reform has been slow in this sector. For example, in the citrus sector, one of the country's most profitable fruit sectors, only 10% of white-owned land has been transferred to Black ownership.

The failure to transfer land in the fruit sector is–to some extent–overdetermined because land suitable for fruit farming is costly and farmers must have capital and experience to be able to succeed. Yet while the slow pace of land reform in the fruit sectors may be down to the sheer cost of land, I use this chapter to show that the political economy of agriculture in terms of the sector's centralization and deregulation also plays an important role in the inability of the state to implement land transfers in the sector. First, the fruit sectors chose to liberalize their regulatory relationship with the state, which mean that fruit farmers rely less on state regulation for profits and instead depend on a flexible

trade regime that allows them to export high value produce. Thus, the state has minimal leverage over actors in the fruit sector, who instead follow the demands of foreign purchasers of their exports. This powerful position leads the sector to prioritize an agricultural model that does not match the needs of new entrant land reform claimants.

In spite of these obstacles, the minimal amount of land transferred in this sector shows how the political economy of agriculture still affects land reform. The centralized nature of sector leads the fruit sector to attempt to assist new farmers insofar as new farmers are able to acquire land. Commodity organizations, packers and export oriented processors depend on the success of transferred farms and thus invest heavily in making emerging farmers successful. Every new farmer in the sector is beneficial to the processors given the high profit margins of farming fruit. However, the sector's export-driven model, which requires high technical skills and significant capital, still makes land redistribution in the sector unlikely. Those who do manage to make inroads in the sector struggle given the clash of models in terms of state-sponsored land reform agricultural models and the model required by the export-driven fruit sectors.

While in the previous chapter I identify centralization as a key reason for the sugar sector's success in terms of redistribution, my case study of the fruit sector challenges whether centralization is itself a sufficient condition for redistribution. Both the corporatist sugar sector and the entrepreneurial fruit commodities (see Table 2.2) have institutions that centralize power at the top (e.g. in the processors of the crop) rather than decentralize power at the bottom (e.g. around the many producers of the crop). But while the sugar sector's centralized characteristics gave key actors the collective capacity required to organize for redistribution, centralization does not have the same effect in the fruit sector. Rather, the differences between these two types of sectors reveal why centralization is an insufficient condition for land redistribution. To understand whether collective action capacity through centralization might assist land reform, one must con-

sider how regulatory power dynamics between the sector and the state combine with the power dynamics within sectors. Rather than limiting one's focus to the centralization of a sector as an obstacle to land reform, one should also focus on the relationship between the sector and the state as this dynamic is crucial to understanding the ability of sector actors to resist state policies or their incentives to comply with these policies.

In this chapter, I argue that the centralization of power within entrepreneurial sectors leads actors to a position where they can become a powerful veto point to state policy. But this veto is not just about opposing the process of land reform. Instead, as my analysis shows below, many actors in the fruit sector embraced land reform. Their veto power is important because of a mismatch between the priorities of the sector and the priorities of the state. Actors in sectors that have moved away from regulatory dependence have no incentive to change their agricultural models to suit land reform because their profits depend on an adherence to a very different agricultural model. As a result, they may allocate some resources to supporting land reform farmers, but they will not transfer large portions of land nor will they change their sector to suit the needs of new entrant farmers.

In its attempt to bring about institutional reform to shift the racial make-up of fruit farming, the state has come up against highly organized and strong veto players. These veto players have the potential to ignore land reform policies that don't match their interests (Boone et al., 2019). With their opposition, the state is forced to "layer" new institutional reforms in order to try and overcome these obstacles (Mahoney and Thelen, 2009) in the form of changes to their agricultural models within land reform. However, these reforms have only succeeded in introducing additional problems for land reform farmers and they have made participating in land reform more difficult for various fruit sectors.

6.2 Entrepeneurial Organization: An Obstacle to Land Reform

Conditions within the sugar sector were conducive to redistribution in part because the sector was centralized. Each of the three main milling companies sold their concentrated miller-cum-planter land early on in the land reform process. In contrast, fruit farmers redistributed minimal land despite having similarly centralized institutions around processors of their crop. While state regulatory regimes created incentives for key actors in the sugar sector to voluntarily participate in redistribution, the actors in the liberalized and export-oriented fruit sectors had no such incentive. Instead, their sector was dependent on continued growth and involved a technical, expensive and demanding agricultural process.

Take, for example, the citrus sector. Table 6.1 outlines the total citrus production in South Africa by province. It shows how many hectares of planted citrus are under Black ownership.[1] This might include citrus growing areas in communal areas, private purchases outside of land reform or areas where Black growers planted citrus farms on another type of farm. Therefore, it represents an overcount of the success of land reform in terms of how much land it has successfully been able to purchase and transfer to Black, Indian and Coloured South Africans. Still, it is an accurate account of the transformation that has taken place in the sector. I also include a column for the potential land available for planting citrus, which includes 1,951ha of transferred, but failed, citrus land. I add this to the total cultivated citrus land and transferred land to generate a second upper margin estimate based on how much of the nation's citrus land has the potential to be cultivated by Black farmers.[2]

[1] Data from the Citrus Growers Association (CGA).

[2] For example, some transferred farms may be out of production due to the dynamics discussed below. This would reduce the total number of hectares calculated by the CGA as under production, but could still be transferred citrus land. However, one commodity sector representative informed me that 95% of all emerging farmers on citrus farms were on land reform farms (Interview: Commodity Sector Representative D, March 2020. Gauteng. (Remote)).

Province	Total Citrus Planted (Ha)	Black-Owned Planted Citrus (Ha)	Pr Black-Owned Planted	Black Owned Non-Planted (Ha)	Pr Potential
Eastern Cape	23,020	2,171	9.43%	423	11.07%
Free State	13	0	0.00%	0	0.00%
Gauteng	32	32	100.00%	40	100.00%
KwaZulu Natal	2,034	748	36.77%	801	54.64%
Limpopo	36,039	4,007	11.12%	2,000	15.79%
Mpumalanga	6,985	1,072	15.35%	1,420	29.65%
North West	599	91	15.19%	203	36.66%
Northern Cape	1,877	861	45.87%	0	45.87%
Western Cape	16,241	387	2.38%	0	2.38%
South Africa	86,840	9,369	10.79%	4,887	15.54%

Table 6.1: Citrus Transfers in South Africa. Data from Citrus Growers Association Development Committee Annual Report 2021-2022.

Table 6.1 demonstrates that a prime, profitable, export-oriented and growing sector has made some steps to transform land ownership within its agricultural set up. In some provinces, like KwaZulu Natal, where restitution claims are prevalent, there has been significant transfer of citrus land. However, in the main citrus growing parts of the country–the Eastern Cape, Western Cape and Limpopo provinces–there has been much less transfer of citrus land. In each of these provinces, the total transferred land remained between 2 and 12% of citrus producing land.

These downstream actors–often packhouses, processors or exporters–control access to essential domestic and international markets. They ensure that fruit is packed and stored in a way that preserves it to make the long export journey or end up on domestic shelves at its peak value. Domestically, large grocery chains require farmers to meet stringent standards, use specific cultivars and work with specialized packhouses. It is not easy to sell directly to South Africa's large grocery stores and cut out these middlemen. Similarly, for export, fruits are one of the country's most competitive agricultural products and must meet strict export standards. To meet these standards, producers must use designated packhouses. One such example of these packhouses exists in the profitable citrus export sector, where the once state-regulated Citrus Board evolved into a private company called Capespan that dominated the packing and export market using the infrastructure it had built under the old subsidy regime, its close ties to the packhouses and economies of scale and knowledge of complicated export practices (Mather and Greenberg, 2003).

There are many independent packhouses, which means that the same issue of scale is not present within the processors within fruits as it is in sugar milling where three companies dominate. However, there is still a concentration of processors in every fruit commodity sector who have power over a small number of producers. Such processors incentivize farmers to grow specific cultivars and "pool into one market" for "value efficient production" so that farmers "have access to markets and packhouses".[3] As one employee at the citrus commodity sector explained: "[export oriented markets] are very particular about the size, shape and colour [of fruits]. Each country is different and we have to produce for different markets,"[4] which leads to stringent demands on processors to produce specific, technically demanding and high quality crops. High bars like these necessitate intense organization in the downstream value chain in contrast to other crops.

Yet unlike sugar cane, fruits have higher sunk costs for producers. Many require investment in trees and orchards that take a long time to grow and bear fruit. While the shortest growing cycles end up being around 18 months, some vineyards, orchards or plantations have a 15-20 year cycle. As a commodity sector employee with experience in both the sugar and fruit sectors related to me:

> "Sugar cane is easy. As long as there is water and sun you have a crop. Citrus is a totally different game. You will wait for ten years before you break even. As a development crop [citrus is] not great. You want a crop that doesn't require a large amount of technical acumen for a development crop. There's a whole technical side to farming citrus that makes it a very difficult product to farm. "[5]

Similarly, in the table grapes sector[6], a farmer's vines will last for anywhere between

[3]Interview: Bureaucrat B, February 2020. Gauteng.
[4]Interview: Commodity Sector Representative A, March 2020. KwaZulu Natal.
[5]Interview: Commodity Sector Representative A, March 2020. KwaZulu Natal.
[6]Table grapes are administered separately from wine grapes.

15 and 20 years and so the costs of replacing them early are very high.[7] One farmer who had agreed to assist land reform claimants on a large citrus farm that had undergone a restitution process recounted the difficulties in managing this complicated project. They argued that citrus was a difficult development crop compared to cattle farming, "where you can have five cows and bring them to the central processing facility and it works", while in citrus farming or other fruits one needs to work on a larger scale to make a profit.[8] This scale is of course relative as a large citrus farm will still be smaller than a small maize farm, but the cost of such a citrus farm is prohibitively expensive.

Many fruit crops also require specific growing conditions that limit the areas in which they can be grown. Fruit requires irrigation and specific altitude and temperature considerations. The amount of water and types of climactic conditions vary depending on the fruit. As a result, the state was hampered with the task of identifying and purchasing land as there is a limited supply. However, this was also the case in the sugar sector, where crops are grown on high quality land that is limited due to the crop's agro-climactic requirements. So why are the land reform outcomes so different?

I argue that the key factor that determines the divergence between the sugar and fruit sectors is the degree of state-market regulation in each sector. While the sugar sector maintained its close dependence on the state, many actors within fruit sectors–including the profitable citrus sector–felt that the single channel marketing system and tariff protection were preventing them from adapting to and growing into competitive and profitable export markets (Mather and Greenberg, 2003). They thus advocated for liberalization, which allowed producers and commodity sector organizations to take research, diversification and development into their own hands and rapidly move into new export markets without having to rely on a cumbersome regulatory framework. Thus, even though many fruit sectors benefited from the state's support of their sectors and actors like the Citrus

[7]Interview: Commodity Sector Representative B, April 2022. Western Cape.
[8]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

company Outspan tried to advocate for the retention of single channel marketing system, actors within each fruit sector agreed to widespread deregulation (Mather and Greenberg, 2003).

In the midst of the deregulation of the 1990s, large cooperatives that organized the packing processing of citrus and other fruits privatized, like their counterparts in the maize sector (Williams et al., 1998). But unlike the grain sector, where deregulation fragmented the single channel marketing system, deregulation in the fruit sector led to a situation where "a handful of people were in total control of this economy [and] decide at what pace they will grow and who the beneficiaries will be".[9] Thus, the various fruit sectors became market-driven and deregulated, but highly centralized.

One of the primary concerns within the fruit sectors was that deregulation would empower independent exporters and processors, causing the economies of scale upon which cooperatives and packhouses operated to become less efficient (Mather and Greenberg, 2003). This concern prompted some centralized organizations to advocate for continued state support by promising that they would use their own resources through levies to transform their sectors (Mather and Greenberg, 2003). They were ultimately unsuccessful, but many fruit sector organizations retained the capacity to undertake core sectoral initiatives in a centralized way. Thus, private fruit commodity boards often undertake such as research and farmer support to ensure that largescale growers affiliated with their packhouses and processing facilities and continued to pay high producer levies to the commodity sector. This greatly resembled the sugar sector, where SA Canegrowers, SA Millers and the SA Sugar Association undertook research and farmer support to ensure high quality cane made it to the mills.

Deregulation has led various fruit sectors, especially citrus, table grapes and wine, to experience massive growth (Sandrey and Vink, 2008). The productivity of these sectors

[9]Interview: Fruit Farmer B, February 2020. Western Cape.

has made it difficult for the state backed, market-based programs to make headway with land purchases with the producers of fruits as already expensive land became even more valuable. Instead, minimal fruit land has been sold and the redistribution program (especially in the early stages) has done relatively little to transfer fruit farms from white to Black ownership in South Africa.

I argue that the expense of fruit farms is not the sole reason for the slow pace of redistribution in the various fruit sectors. Instead, a major stumbling block has been a clash of agricultural models due to the deregulation of the fruit sectors. The agricultural models promoted under the state redistribution and restitution programs do not work well with the largescale fruit farms preferred by centralized sectoral actors. The fruit sectors are like the sugar sector in that they will use their relatively substantive levies and centralized institutions to support new farmers and bring them into the productive system they have set up. However, unlike the sugar sector, key actors do not have an incentive to sell their land to redistribution beneficiaries. Instead, their incentives direct them to preserve the agricultural structure of existing fruit farms.

6.3 A Clash of Agricultural Models

Early land reform programs, like LRAD and SLAG programs[10] simply did not provide enough grant money for beneficiaries to buy profitable fruit farms. SLAG provided beneficiaries with a mere 15,000ZAR, while LRAD provided beneficiaries with a sliding scale of 20-100,000ZAR depending on their own contribution. Rural land between 6 and 20ha between 1995-1999 (e.g. the size of a small fruit farm in the era in which SLAG was a program) cost between 23,501 and 27,643 ZAR/ha. For every hectare, one would need two SLAG beneficiaries to pool their resources, while even the wealthiest LRAD benefi-

[10]See Chapter 4 and Table 4.1 for a more thorough discussion of the various land reform programs.

ciaries would struggle to buy these farms at prices before the a general surge in prices nationwide.

Figure 6.1 shows the rise in land prices in South Africa, where the price went from an average of about 1-2,000ZAR/ha to consistently above 2,500ZAR/ha by the 2000s on all farms. By the PLAS period in the 2010s, farms on average cost well over 10,000ZAR/ha. Figure 6.2 shows that for smaller farms like fruit farms, this cost rose even more steeply to numbers in the hundreds of thousands of rand for smaller farms. By the introduction of LRAD in 2003, the average cost of a small (and likely irrigated) farm was 80,000ZAR/ha, while by the time PLAS was introduced this type of land was worth well over 200,000ZAR/ha. Therefore, it was highly unlikely that any single individual could have purchased land suitable for fruit farming during SLAG or LRAD because of rampant rise in land prices.

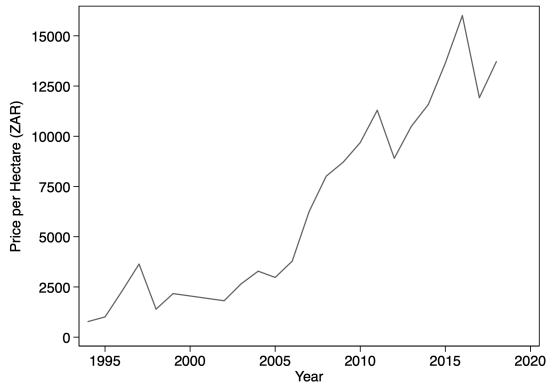

Figure 6.1: Rand Per Hectare for Farmland Transactions (excluding 2001 and 2002), Nationwide, AGRIDS Data

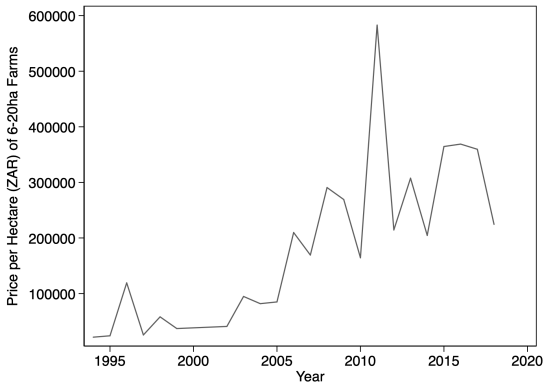

Figure 6.2: Rand Per Hectare for Farmland Transactions for Farms of 6-20ha (excluding 2001 and 2002), Nationwide, AGRIDS Data

Thus, even with the more generously funded LRAD program, fruit farms were still too expensive for any one grant-holder to purchase. The SLAG and LRAD eras were characterized by 'rent a crowd' land reform, where people would pool their grants together to purchase land. For fruit farming, this practice was especially problematic as it caused issues in the management of these especially technical farming operations. As one

Amount of Fruit Land	>1ha	> 6ha
Total Farms	39	24
Pr Early	20.4%	16.7%
PR LRAD	28.2%	29.2%
PR PLAS	51.3%	54.3%

Table 6.2: Fruit Redistribution Farms by Program in KwaZulu Natal, SPLUM and Land Cover Data

representative from a fruit commodity board elaborated: "You get 200 people clubbing together, but they don't have the same goals, they're [not going to] have the same appetite for debt and everybody has their own plan [and] decision making becomes difficult".[11] Accounts of sub-tropical fruit farms show that even with support from the state and sector, LRAD beneficiaries struggled to produce at a commercial level (Rusenga, 2020).

The PLAS program promised to address these issues by purchasing farms to hand them over to commercially oriented Black farmers. With a single owner and intense guidance from strategic partners and advisors, the state hoped to encourage Black farmers in difficult-to-reach sectors like citrus, sub-tropical and stone fruit. But this program brought with it new problems. Often, the advisors or strategic partners were the previous farmers. But many of these farmers had themselves been struggling–and hence more eager to sell– and their own lack of success complicates the mentorship process (Mtero et al., 2019).

Table 6.2 shows the redistribution program's success in fruit farms in KwaZulu Natal between 1995 and 2017. Here, one can see that compared to 5.1, many more of the limited fruit farms were transferred via PLAS than LRAD or earlier programs. Of the total area of redistribution projects with orchards of over 5ha, 35.7% of all the area of transferred orchards or pineapple plantations came from one PLAS project with pineapples transferred in 2012.

But in spite of this revised model that encouraged higher land transfers, the PLAS pro-

[11]Interview: Commodity Sector Representative B, April 2022. Western Cape.

gram introduced a new and equally serious problem. Beneficiaries of the PLAS program did not gain ownership of the land. Instead, they received short-term leases that theoretically could be converted into longer term leases, but the process for doing this was unclear (Mtero et al., 2019). Leasehold tenure complicated the process of land redistribution for the capital intensive fruit sectors, as commodity sectors and the state would have to take on additional burdens to support farmers who could not raise capital for their own ventures without a title deed and therefore the ability to use their land as collateral. In the South African agricultural system, "[capital] exists for viable projects, [but] the problem is that if you leave communities on their own they can't attract capital" because "they can't use land as collateral".[12] While "[the land] is hugely expensive to buy..., the next issue is that our credit system is not designed for land that is leased".[13] With an inadequate supply of capital, many early state attempts to transfer profitable fruit farms floundered.

The fact that policy was constantly changing also put off actors in the fruit sector from engaging with land reform in a comprehensive way. As one member of a fruit sector related to me, while they try and advocate for transformation within their sector, "the goalposts shift every time" when there a policy change. Without "policy certainty", commercial farmers are reluctant to sell their land or engage in land reform or transformation projects because if the state decides to "move the goalposts [the farmer] is not complying anymore" with regulations that will bring the selling farmer benefits through an incentive scheme.[14] This is important because in spite of the barriers to land reform, there were actors in the fruit sector who wanted to assist land reform farmers. However, the rapidly shifting set of compliance rules is unpopular in a set of sectors with technically demanding crops and high sunk costs, as it could introduce problems in terms of qualifying for government support when the margin for error is thin. If a joint business venture misses key transformation goals (e.g. a certain proportion of money allocated to training of farm-

[12]Interview: Consultant B, November 2019. Gauteng.
[13]Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)
[14]Interview: Commodity Sector Representative B, April 2022. Western Cape.

workers or a certain change in corporate governance), then it may miss funding for key undertakings that are necessary to produce a harvest that year.

The restitution program, in which the government offers to buy land for the claimants outright, has been able to purchase large fruit farms that qualified for restitution claims. In the early 2000s, the state prioritized restitution over redistribution in the hope that a renewed push could resolve a backlog of claims and transfer highly profitable land. However, while this model was more generous, the business imperatives of the state clashed with the historical imperatives of land restitution (Atuahene, 2014) that took large and often impoverished communities as its building block (Derman et al., 2010).

Restitution, as described in Chapter 4, is about the restoration of specific rights land to people or communities due to dispossession by racially motivated laws in a historically circumscribed time period. Therefore, it focuses on giving land back or compensating communities whom the apartheid and colonial governments had forced off their land. Because of the issues of restorative justice in land restitution, the state has pledged to buy back land in full and hand it over to the original communities.

The state is willing and able to pay more for land in the restitution sphere. As one bureaucrat involved in restitution related to me about a particularly expensive land transaction, the Commission for Land Restitution had thought "Am I going to restore claims only on little value land [e.g. cattle land] or am I going to bite the bullet" and buy more expensive farms?[15] In other words, the state was willing to purchase higher quality land when it came to these specific claims due to the political importance placed on the act of restoring these rights. In KwaZulu Natal, Table 5.2 shows that while redistribution programs transferred 7.3% of all fruit orchards in 1990, restitution programs managed to transfer 16.0% of all fruit land that existed in 1990.

[15]Interview: Bureaucrat D, October 2019. Gauteng.

The restitution process, however, empowered the existing landholder to negotiate higher prices with the government. Due to the nature of a land claim, where a community attempted to reestablish its right to a parcel of land that they had identified and the state's promise to pay, landholders knew that they could get a higher price than they could for land redistribution. Land restitution made the state a captive audience. As one land claims official told me, "if [the white farmers] don't like the offer, then they contest the validity of the claim" in court by challenging the definition of community and dispossession until the state offers a suitable price.[16] One white fruit farmer recounted their own strategy in dealing with land claims, arguing that there were so many competing claims on their land that "if one of these claims is valid, then they all are and they can't sort it out..." due to infighting.[17] They elaborated further, saying that land claims "never [go] to court... [because] the moment you challenge the validity of a claim it disappears into the legal system for a decade". Thus, the shift to restitution from LRAD and SLAG empowered landholders to get more money from the government and use the law to resist land acquisition.

When the restitution program does purchase a fruit farm for new farmers, there are many obstacles that reveal the extent to which the sector is a difficult site of land reform. As one cattle farmer described it, restitution "[has] the right political will...because people should be restituted [sic] land [from which] they were evicted, but the agricultural model is wrong".[18] For example, due to capital constraints and a dearth of technical acumen, some restitution claimant communities lease their farm out to commercial farmers, but because it is a lease the partner farmers have no incentive to replant the citrus trees and thus the operation dwindles year by year.[19] Such "strategic partnerships" with the former white farmer have been common across the fruit sector in restitution cases since

[16]Interview: Bureaucrat D, October 2019. Gauteng.
[17]Interview: Fruit Farmer A, February 2020, Gauteng.
[18]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.
[19]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

2001 (Lahiff et al., 2012), but are often characterized by power imbalances and a lack of consultation of the claimant community, as well as poor management on the part of the strategic partner (Derman et al., 2010).

Even when the strategic partnership leases work, this farmer argued, "it's not the right way" because it does not actually introduce a new ownership structure that empowers emerging farmers. Another development officer in the wine sector–where the producers grow wine grapes rather than table grapes–clarified some of the issues, claiming "the problem with the restitution side is that it is a rights based policy before it is an economic development based policy".[20] While the restitution program advocates for a critical measure in restoring people's rights to land after apartheid, it was poorly thought out in regards to how people would be able to use the land after it had been transferred.

The technically challenging nature of fruit farming combines especially poorly with group-owned enterprises. Like LRAD farms, the fact that restitution farms are often group-owned creates coordination issues. One restored citrus farm in KwaZulu Natal came close to collapsing at a key point for the harvest of the crop due to infighting within the communal property association and ensuing labour disputes.[21] In addition to these collective action issues on the farms, restitution claimants also do not receive title deeds. The state is afraid to give restitution claimants title deeds out of a fear that the claimants will take out a loan, fail to pay it back and "the banks will foreclose and land restitution will be reversed" as the land goes back into the market.[22] Thus, the restitution model has the drawbacks of both the PLAS and LRAD programs. It shares with PLAS a non-freehold model that precludes beneficiaries from being able to secure credit, while it also has the fractured decision making experienced by LRAD 'rent-a-crowd' land beneficiaries.

Much like some areas of the sugar sector, there are strategic partners within the fruit

[20]Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)
[21]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.
[22]Interview: Consultant B, November 2019. Gauteng.

land reform farms take control of the profitable downstream marketing options (Lahiff et al., 2012). Many fruit sectors also tried more cooperative models, where farmworkers received some land, shares in the company and governance positions. One development officer in the wine sector argued that this reform just kept the old farmer and business structure intact and "the underlying issue was that the farm was not designed for these people; it was designed for the farmer with the two-toned shirt[23]". These cooperative models or equity sharing schemes tended to struggle, but some that placed the ownership of the farmworkers primarily in the hospitality portion of the business "helped and worked" "because that is where we make money, not on land" or in wine production.[24] Despite the initial optimism for joint ventures or cooperative models to provide land reform beneficiaries with access to capital and skill development (Mayson, 2003), many have concluded that in most cases these schemes preserve power for the white farmer or consultant without providing much benefit to land reform beneficiaries (Lahiff et al., 2012; Hall and Kepe, 2017; Mtero et al., 2019; Derman et al., 2010). One farmer I spoke to told me that they referred to equity schemes as "equity scams".[25]

Despite this vast network of support, the experiences of emerging farmers in the fruit sector is–like grain–one of exclusion. While the marketing structures are centralized and top down within individual commodity organizations, the sector is difficult to access due to the technical acumen needed to grow a crop. In addition to lacking technical knowledge, emerging farmers struggled to access networks of support even with the centralized commodity sector's backing. Established farmers and processors held "prejudices" against new entrant farmers and perceived land reform farmers as "amateurs" and so were wary of dealing with them given the technical demands of farming.[26] Yet due to the centralized nature of the sector, the only sustainable option for fruit farmers to sell their

[23]A two-toned khaki shirt is seen as the traditional attire of a white farmer. Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)

[24]Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)

[25]Interview: Fruit Farmer B, February 2020. Western Cape.

[26]Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)

crop was through these exclusive networks. One farmer described how downstream processing facilities were difficult to access for new entrant farmers:

> "If I produce, I go to a white owned packhouse, a white owned marketing company. Deregulation has allowed these to control international and local markets. I've been to Pick and Pay [a major grocery store chain], but they say I must go through a packhouse because they only want that packhouse."[27]

Even though there are centralized institutions within the fruit sectors, these centralized institutions do not have the same incentive structures as those in sugar. Key actors in the sugar sector saw their own survival as enmeshed in continued state support, while in the fruit sector, there was less of a concern about obtaining favour from the government. Instead, actors prioritized exporting a high quality crop to grow their industry. Thus, there was no proactive land provision to speak of in the fruit sectors as there was in the sugar sector. One farmer described how the export sector itself limits land reform as foreign buyers have no real political incentive to rely on emerging producers:

> "Your customer in Dubai or Mauritius or wherever doesn't care whether you're an emerging farmer or not, to be honest...they want the right oranges...That's where very strong commodity even such as the citrus growers association [struggle], they have departments the same as sugar who aim to to support emerging farmers. It's just very difficult."[28]

The centralized structures of the fruit sector do have strong initiatives to promote the integration of emerging farmers into their value chains and they use their institutions to support some farmers. The citrus sector had done a systematic analysis in 2013/2014 to

[27]Interview: Fruit Farmer B, February 2020. Western Cape.
[28]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

identify issues in water rights, value chains and marketing of 118 emerging farmers in the sector and improve on what one citrus outreach officer had deemed a 'loose' set of partnerships with emerging citrus farmers. The sector "picked up a huge gap in technical skills development, support and access to finance" between emerging farmers and established farmers and consequently launched their Citrus Grower Agency aimed at emerging farmers to address these gaps.[29]

With the new effort to support farmers, the citrus industry began to look a lot like the sugar sector and the state began to take notice. The citrus sector collects a large enough levy to donate a substantive amount to transformation initiatives to support emerging farmers. While each sector is required to donate 20% of their levy to some form of transformation (inclusive of land reform support), the fact that the citrus sector is so profitable means that this 20% is comparatively much larger than other fruit sectors like table grapes or deciduous fruit.[30] As a citrus outreach officer recounted:

> "When a person owns a citrus farm, they are blessed to be introduced to us. I know each farm and the status of each farm...Citrus was the first [fruit] commodity sector to establish a development company [for emerging farmers]...Citrus SA is the lead in terms of transformation. It is because of the structural arrangement...and knowing your farmers...You start by organizing [the farmers] and allowing them to table the areas where they need instruction... We collect a levy, but other fruit industries have too small a levy to have these structures. It is difficult to establish a new entity. 20% of our levy is for transformation."[31]

Importantly in the above quote, it is "*when* a person *owns* a farm" that they receive

[29]Interview: Commodity Sector Representative D, March 2020. Gauteng. (Remote)
[30]Interview: Commodity Sector Representative B, April 2022. Western Cape.
[31]Interview: Commodity Sector Representative D, March 2020. Gauteng. (Remote)

assistance. As one export officer recounted, "the commodity industry bodies, e.g. Hortgro, SubTrop and CGA, have programs to support developing farmers" and "if you want to go into these commodities, they will support you...all the way from market access to export".[32] However, the export officer also made clear that the fruit commodity sectors "will not get you land".[33] One representative from a fruit commodity sector organization recounted that their development program goes to farmers who already have land and water rights.[34] In some fruit sectors, this has led to almost no ownership of farms by Black farmers. One member of an emerging fruit farmer support organization detailed that their commodity sector "only has 10 hectares *owned* by a Black producer"[35] as the others were either leased or owned in cooperative models where Black South Africans only owned part of the agricultural venture.

Even though the centralized fruit sectors have vast resources to support intense farmer development programs, there is minimal land reform in these sectors. Instead, the high price of land has kept the state from making many purchases in the sector. Further, the varied agricultural models promoted by land reform programs do not appeal to the sector. They either do not offer enough money to buy land or a title which beneficiaries might use as collateral. Thus, while a main driver of slow land reform in the fruit sectors was the exorbitantly high price of land, the liberalized sector also promoted a model that made land reform an unattractive process for both the state and the commodity sector. While the sector will attempt to support new farmers who manage to gain land more than in other sectors, such as grain, there are few farmers they can help.

In the fruit sectors, land was not readily available. When landholders sold, they often sold in response to restitution claims. In many of these cases, farms quickly fell out of production. One white mango farmer described how he had sold his mango farm with

[32]Interview: Commodity Sector Representative E, February 2022. Western Cape. (Remote)
[33]Interview: Commodity Sector Representative E, February 2022. Western Cape. (Remote)
[34]Interview: Commodity Sector Representative B, April 2022. Western Cape.
[35]Interview: Commodity Sector Representative F, February 2020. Gauteng.

26,000 mango trees to a restitution claimant community, but the claimants came with such little funding and training that they made errors in harvest. The mango farm produced poorly in the first season as the claimants "did not pace it right" and instead sold him ripe mangoes, which he could not process. By the next season, the claimants had moved cattle onto the farm and felled the trees for firewood to get some capital from the farm before abandoning the commercial enterprise. This was despite the fact that the mango farmer maintained control of the processing facility nearby. The technical aspect of fruit farming was beyond the ability of the claimants and when the farm fell into disrepair, the farmer had to close the processing plant, which harmed other smallscale and commercial farmers in the area. These stories on mango and avocado restitution farms are all too common.[36]

This restitution project shows that a lack of state support and training made it very difficult for new-entrant farmers to survive in the technically demanding fruit sectors even when there was support from processors and the sector itself. The lack of finance and support available to Black farmers is so dire that the mango farmer told me that they "did not know white farmers who could make a success out of the policy environment in which Black farmers exist".[37]

6.4 Conclusion

The narrative above that describes land reform's struggles in the fruit sectors contrasts sharply with the sugar sector. As a regulated sector, centralized actors in the sugar sector made sure that their agricultural models worked for land reform farmers to ensure cane supply to the mill and continued state regulation. Actors leveraged the LRAD grants

[36]Interview: Consultant C, November 2019. Gauteng
[37]Interview: Fruit Farmer A, February 2020, Gauteng.

with capital from the sugar sector, which allowed LRAD beneficiaries to buy 80-100ha of cane land. Often, they also sold to the former managers of the miller-cum-planter land, who had experience farming. In restitution claims, sugar millers worked to create joint operations or lease deals where the miller would continue to farm the land. But in the fruit sectors, this just did not work. Instead, powerful actors within the fruit sectors pursued trade deals that made land harder to come by and harder to farm for new entrant farmers.

A development officer in the wine sector summed up the issues with land reform in the broader fruit sector, arguing that:

> "The whole sequence of policy has been wrong. It hasn't spoken to land as a means of economic welfare, but as a possession. But if you think two steps ahead of that and think about the policy that fits the integrated globalized system of which we are a part of, it needs to work for that."[38]

Therefore, while some good faith efforts have been made to redistribute land in the fruit sector and support new farmers in the export-driven environment, there has been a gulf between the policy implications of land reform and the capabilities of new farmers. New farmers needed to be able to maintain a complicated business in a complex and precise industry, but the state's policies gave them minimal ability to do so. With a combination of rent-a-crowd land redistribution, communally owned restitution claims, leasehold redistribution and unequal strategic partnerships, new-entrant farmers were hamstrung in the fruit sector.

It is clear that there were two serious problems for the fruit sectors. First, the state could not afford to make serious investments across fruit sectors to buy land, while fruit farmers themselves had no incentive to sell their land. Second, there was a gap between

[38]Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)

the demands placed on fruit farmers who managed to obtain land and the ability of state-backed land reform farmers to succeed in a competitive and technically demanding set of crops. Thus, the centralized and supportive nature of the various fruit sectors did not help with the purchase of land. While the sugar sector actors saw that they needed to sell land and rely on land reform farmers for the continued prosperity of their sector, the centralized actors within fruit sectors had incentives that directed them to aggressively expand into new export markets with cutting edge cultivars and farming techniques. If anything, land reform farmers are a hindrance to this process given the limits of the state-led agricultural models.

These conclusions have important implications for both the theory developed in this dissertation as well as general ideas about land redistribution and business power. Most importantly, it is not necessarily the case that highly organized and powerful sectors impede land reform. Instead, they tend to impede land reform more only when the sector is outside the reach of state leverage. In these liberalized sectors, the state must compete with powerful market forces. This contrasts sharply with the sugar sector, where a highly organized and powerful sector worked with the state to redistribute land.

This finding is not the first of its kind. Derman et al. (2010, 310) argue that "an economic imperative to maintain the productivity of commercial farms and minimize the impact on employment and the local export economy" has determined much of the policy around the transfer of fruit farms to claimant communities. In the fruit sector, there is an almost unanimous consensus on the part of South African observers that the agribusiness model has not fit with the land reform models. However, there is disagreement as to why this is the case. Some argue that the state has abandoned a pro-poor model of land reform in favour of a big business oriented approach (Moseley and McCuscker, 2008; Lahiff et al., 2012; Lahiff, 2007a; Derman et al., 2010).

Still many of my interviewees in the agricultural sector fault the flawed government

models. They argued that the state's changing and flawed policy programs which precluded any real commercial farming on the part of land reform farmers. These critiques can both hold true. The state has caved to farmers' preferred agricultural models in principle, but has not given land reform farmers the tools to survive under this model.

What the study above adds to this rich literature from development studies in South Africa is the specific sectoral traits that determine the occurrence of and success or failure of land transfers. For some sectors that maintained a regulatory relationship with the state, like the sugar sector and the ranching sector, the agricultural model did work or actors within that sector made sure that it did. But for others that did not rely on the state, they were better able to push forward with various business incentives that moved them away from the goals of land reform and towards sectoral growth.

CHAPTER 7

UNTIL THE COWS COME HOME: PATCHWORK LAND REFORM IN THE RANCHING SECTOR

7.1 Introduction

The cattle sector represents a case of relatively high redistribution, as might be expected, given that cattle land is cheap, plentifully available and in high demand from the Black South Africans who would benefit from land reform. And in some areas, like KwaZulu Natal, the state has managed to facilitate vast transfers of cattle land that surpass the 30% target.[1] Yet in other areas, the state has struggled to transfer land. In the Free State, land reform programs have lagged behind when it comes to transferring cattle land. Despite ranching land making up large parts of the province, the land reform programs have only transferred between 2 and 5% of all land suitable for ranching, depending on how one counts the total sum of ranching land in the province.

Therefore, while there is high demand for cheap ranching land, the sector has seen land transfers occur in a patchwork manner. In this chapter, I argue that one can explain this spatial discrepancy in land transfers by turning once again to explanations rooted in the political economy of agriculture. The regulated nature of the ranching sector creates incentives to transfer land, but the decentralized nature of the sector leads these transfers to only happen in areas where these incentives are most sharply felt by white landholders.

The cattle or ranching sector has a regulatory relationship with the state in order to prevent disease outbreaks among livestock. With a regulatory relationship to maintain, actors within the sector have an incentive to redistribute land. Their incentive is especially

[1] In KwaZulu Natal, between 27 and 33% of grazing land has been transferred. There is a degree of uncertainty in this measure depending on how one counts grazing land.

pronounced when new entrant farmers are able to make inroads in the sector through the land reform program, which they are able to do given that ranching land is cheap and plentiful. For existing commercial ranchers, having new land reform or communal farmers as neighbours gives them the incentive to transfer more land to preserve local markets, prevent perceived threats related to disease outbreaks and maintain the profitability of their sector.

The decentralization of the sector, in contrast, attenuated the degree to which the ranching sector redistributed land. The cattle sector is decentralized because of ranchers' ability to withhold the sale of cattle until it suits them and because every rancher has multiple marketing opportunities. Thus, instead of top-down, centralized processor institutions, the actors who hold power in the ranching sector are a diverse set of highly localized farming or ranching associations. The sector's decentralized governance means that responses to land reform are less organized and less comprehensive than in either the Corporatist sugar or the Entrepreneurial fruit sectors. Instead, decisions to sell land are based on local incentives of decentralized ranching or farming associations, which leads to great variation in the degree and type of land reform across the country.

In this chapter, I analyze the decentralized cattle sector in the context of my arguments around the centralized sugar sector, where wholesale and comprehensive land transfers took place. Holding constant the role of state regulation in land reform, I can isolate the role that centralization plays in land redistribution. My comparison reveals that while state power over the sector is a necessary condition for high land transfers, it is an insufficient condition for *wholesale* redistribution. The ability for powerful centralized actors to work collectively thus creates a difference between the ways that commodity sectors interact with the state. Actors within the powerful and centralized sugar sector were able to capitalize their farms through sales to the government and move into higher profit parts of the sugar value chain. While land redistribution is possible in Low Cost sectors and

their logic is often similar to the sugar sector actors, the actors within the ranching do not organize consistently enough to redistribute land in a coordinated manner. In the absence of this sector-wide coordination, there is less systematic land redistribution.

Relying on data collected through both the SPLUM and Parliamentary accounts of land transfers in the Free State as well as interviews with actors in the ranching sector, I demonstrate that while some ranching areas transferred land, others did not. In certain areas, land claims, the emergence of a new Black ranching class or fears of land invasions led ranchers to transfer large amounts of land. These motivations, I argue, stem in part from the regulatory regime of the sector and the need to preserve biosecurity and marketing opportunities. However, in areas where these pressures did not exist, land transfers of ranching land were much lower.

7.2 Local Organization in a Low Cost Sector

Raising, grazing and selling animals is the most common farming activity across South Africa, which is largely arid. Of the country's 121.9 million hectares, 81% was under agricultural production in 2007, of which 83% is used for grazing animals, such as cows, sheep and goats. In total, 67.2% of the entire country is under some form of grazing. Commercially, these animals are raised for their meat as well as other uses, such as wool from sheep, milk and animal hides. Vast tracts of commercially-oriented grazing land cover almost every province within historically white areas. which there is plentiful commercial grazing land in all parts of South Africa. Figure 4.1 shows the distribution of types of arable land in South Africa, revealing vast tracts of land that are not suitable for cropping but instead are mostly arid or suitable for grazing only.

In addition to the commercial cattle sector, much of the 13% of the country that makes

up the former homelands is used for communal grazing land. Livestock are important to many of the indigenous cultures of Southern Africa. Cattle, sheep and goats play a central role in many traditional rituals (including sacrifices, dowries and connections to ancestors) and they serve as a prominent source of social capital (Ainslie, 2013; Hornby, 2014; Kepe, 2002). Additionally, livestock also represent a historically useful means of economic savings to ride out unexpected economic shortfalls, from droughts to family or community health crises (Mutenje et al., 2008). Thus, there has always been a demand for grazing land for commercial, economic and cultural reasons among Black South Africans. In much of the country, Black-owned cattle make up the majority of the cattle in the the area (Hornby, 2014).

The two key characteristics of the established and (in 1990) largely white commercial ranching sector for redistribution are that it is regulated and that it has decentralized power among various producer institutions. The ranching sector maintains a regulatory regime to ensure that cattle and sheep are kept disease free in order to maintain the viability of the sector. The regulation of the sector means that actors within it have various incentives to redistribute land to maintain key sectoral activities (e.g. the maintenance of a disease free environment). Further, rather than centralizing power in processors, a mix of producers and processors work together in a coordinated manner to create markets and monitor for disease. Yet processor organizations cannot control the sector in a top-down manner. Because of the decentralization of the sector, there is limited collective action capacity. Below, I discuss why each of these conditions has emerged in the ranching sector and how they have shaped the dynamics of the sector.

Unlike fruit farming or grain farming, ranching is an agricultural pursuit with remarkably low sunk costs. To start with, ranching land is low quality land. A rancher may need more land than farmers in other sectors. Even taking larger farm sizes into account, a rancher will spend less on land than many field or horticultural crop farmers because ir-

rigated or high rainfall land is much more expensive. Figure 6.1 and Figure 6.2 in Chapter 6 demonstrates the discrepancies in terms of the cost of land over time between all land in South Africa and smaller plots of land, with smaller farms costing up to 30x the price of larger farms per hectare. Aliber and Mokoena (2002, p.6) show that in the 1990s land prices for large scale cattle farms (500ha+) were often below 1,000ZAR/ha, while even larger cattle farms could be less than 200ZAR/ha.

Additionally, the process of ranching involves fewer capital investments beyond land. As one interviewee described it, "[ranching] is the least capital intensive" because all you need is "fencing, animal handling facilities, a kraal and you just wait for your cattle to grow" rather than complicated irrigation or tree crop investments.[2] It is true that ranchers must invest a large amount of money up front for their herd and for inoculations.[3] However, this initial capital investment eventually becomes self-sustaining. As one representative of the ranching sector described, once a cattle farmer obtains a herd of a sufficient size, "apart from maintenance, then your inputs reduce drastically relative to cropping where you need...to buy your seed annually or seasonally" and "once you've got your breeding stock–apart from replacing your posts and also replacing some of you breeding cows–your capital outlay becomes much much less".[4] Thus, ranchers are able to build up a farming enterprise from relatively low start-up costs, growing their herd through the sale of young or "weaner" calves to the point where it is self sustaining and requires lower annual investment.

Instead, after initial capital investments, ranchers can start making profits on these investments quite quickly and sustainably. As one extension officer argued, if one is

[2]Interview: Bureaucrat E, November 2019. Gauteng.

[3]Low sunk costs are important for my theoretical definition outlined in Chapter 2. In my theory of deregulation, sunk costs are relevant mostly for established commercial farmers. That is, the institutions within a commercial farming sector largely govern white farmers in South Africa who have these self-sustaining herds of livestock. While new farmers may need to pay up front for cattle, they do not need to continually take out loans as producers must do in other sectors to replant fields and orchards.

[4]Interview: Commodity Sector Representative G, March 2022. Gauteng. (Remote)

farming lambing sheep, "your sheep are sold within a year" and "you get offspring as fast as possible and as quickly as possible".[5] Although many cattle farmers only go to market annually, they have the option to attend monthly local auctions.[6] This sort of flexibility is not available to most field-crop farmers, who are bound either by annual harvest dates or indebtedness before they see profits. Commercial ranchers are thus also able to spread their risk by selling livestock intermittently to weather various financial hardships.

Given these low sunk costs over time, the ranching sector does not fear excessive state predation. The sector did pursue deregulation of pricing and experienced vertical integration, as feedlot owners moving into abattoir and meat processing roles as in the grain sector (Hornby, 2014). However, the sector kept a degree of state-market coordination to maintain disease management and internal coordination to preserve a marketing regime for producers through cattle auctions and livestock associations. As one employee of an auction maintained, "livestock associations...are highly dependent on government support...and with the outbreak of foot and mouth...it's been the government who has had to step up."[7] Therefore, unlike the fruit and grain sectors that opted to remove most state support in order to protect their assets, the cattle sector has continued their regulatory relationship with the state in order to maintain biosecurity within the sector.

Thus, the sector continues to coordinate within itself and with the state due to the fear of disease impeding the marketing of cattle. Without proper inoculation practices, outbreaks of brucellosis or foot and mouth can and have crippled the South African red meat industry. As one feedlot representative related to me, "if you do not keep your region

[5]Interview: Bureaucrat E, November 2019. Gauteng.

[6]One example of this type of leeway comes from my time spent with cattle farmers in South Africa. The son of a cattle farmer was browsing a popular second hand goods website in South Africa and had identified something he wanted to purchase. He started to talk about how the family could afford it if they sold "three sheep" or "a cow". As Mutenje et al. (2008) show, this logic of liquidating livestock as assets also exists for a variety of Southern African subsistence farmers as well.

[7]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)

disease free, then you'll lose access to the market", which leads to a mix of management of the issue of disease monitoring from the Department of Animal Health and the sector through "industry organizations like the ruminant committee of the veterinary association". The feedlot representative described animal health as "the single biggest concern in the red meat industry as a whole in South Africa."[8]

A single outbreak of livestock disease could result in a ban of South African red meat exports in many key foreign markets. One scientist involved in the emerging red meat sector described the sector's response to a blanket export ban after a 2018 outbreak of foot and mouth disease thus:

> "So the industry then focuses its attention towards managing [diseases] because then if they are unmanaged it doesn't matter which sector [commercial or subsistence] you're operating, whether you're clean or not, the market is then affected. So it affects every producer."[9]

This continued state regulation has helped the commercial side of the ranching sector to preserve its marketing structure. As one cattle farmer related to me, in ranching, "the marketing system is still there" through regularized cattle auctions that allow ranchers to get high prices at frequent sale points.[10] Further, the feedlots themselves buy directly from producers and require significant capital investment to start and run their downstream operation (Hornby, 2014, 76). These points of sale create a market for cattle producers that is provided by the industry itself due to vested interests of feedlots and auction houses, who need to ensure that there are calves to purchase and sell if they are to maintain their own corporate viability. Various actors within the sector have an incentive to maintain biosecurity standards within the sector through private and state regulation of livestock. While the desire to maintain a regulatory framework in sugar came from the need to

[8]Interview: Commodity Sector Representative I, February 2022. Gauteng. (Remote)
[9]Interview: Commodity Sector Representative G, March 2022. Gauteng. (Remote)
[10]Interview: Cattle Farmer A, February 2020. Gauteng.

preserve the tariff and the supply of cane, in cattle this comes from the need to keep the sector disease-free.

Further, there is an often mistaken perception on the part of commercial farmers and state bureaucrats that communal cattle are more prone to disease and are thus a threat to commercial enterprises (Ainslie, 2002b; Hebinck et al., 2011). This has led to a history of state-led interventions to regulate Black cattle ownership in the homelands during the colonial, apartheid and post-apartheid periods (Ainslie, 2002a). Throughout the apartheid years, white commercial ranchers were concerned about encroachment of subsistence ranchers who did not have the same commercial incentives to take aggressive strategies to mitigate disease in these areas (Beinart, 1997; Bundy, 1987).

There are many powerful actors in the decentralized ranching sector. Across the country, there are hundreds of registered abattoirs and feedlots as well as dozens of cattle auction houses. In the Free State alone, Agricultural Research Council data shows that there are 67 independently owned abattoirs and slaughterhouses for pigs, cattle, sheep and horses. The sector thus maintains coordination around marketing, but in a highly decentralized way. In addition to a vast number of formal markets in terms of auctions, abattoirs and feedlots, cattle farmers can quite easily sell their cattle informally to their neighbours.

Thus, there are few processor institutions who can dictate sector-wide policies as monopsonistic buyers. Instead, producers themselves hold enough power to prevent processors from imposing top-down control of the sector. While downstream institutions like abattoirs, auctions and feedlots play an important role in the marketing and processing of cattle, no one set of institutions holds a monopsonistic role. As a rancher explained, one can sell one's cattle to a number of different buyers (e.g. the auction, directly to an abattoir, to a neighbour or in informal markets) or one can simply hold out on selling

cows if the price is low.[11] Further, a rancher can sell their cow as a weaner (i.e. a weaning calf) or wait until the cow is older in order to ride out changes in the price of red meat.[12] Within the ranching sector, a mix of producer organizations tend to hold power. Some of these producer associations are local farming or ranching associations, which are the basis of organization in the sector, while others are large-scale feedlots. Feedlots make up a large portion of the cattle reared in the sector, acting as a producer intermediary between ranchers and processors (Hornby, 2014), but ranchers can bypass feedlots and sell directly to abattoirs or on the informal market.

7.3 Patchwork Transfers and Support

Many land transfers occurred in the ranching sector early on due to the land's affordability and high demand for it among the many cattle rearing Black South Africans in the country. This gave Black farmers a foothold in the sector. But in spite of the availability of ranching land, land reform remained patchwork in the sector. I argue that this is because institutions within the decentralized, but regulated ranching sector led to variation in where farmers felt the need to redistribute land.

The regulated nature of the ranching sector gives some actors in the ranching incentives to provide land for redistribution and markets for new farmers to maintain animal health and the success of the local market in some areas. Specifically, when new farmers enter into the sector ranching, various local actors feel the need to supplement the land of emerging farmers land through further transfers to maintain the commercial nature of the sector in the face of more traditional or subsistence ranching strategies adopted by many land reform farmers. However, these local interventions are not sector-wide due to

[11] Interview: Cattle Farmer A, February 2020. Gauteng.
[12] Interview: Cattle Farmer E, May 2020. Free State. (Remote)

the decentralized nature of power within the sector. Instead, land redistribution depends on the needs of local farmers, landowners and their organizations.

Thus, while one might expect high land transfers based on the cost of land and demand for it among Black South African farmers, it is not the case that land transfers are high in all areas. Parts of the sector may make an additional effort to redistribute and support redistribution farmers due to the political economy of regulation in these sectors and pressures placed on them by land transfers, but these efforts are dependent on local dynamics. In areas without such pressures, land transfers are lower. In this section, I show that while much of the rationale behind these ranching initiatives was similar to the regulated sugar sector, because of the decentralized nature of the ranching sector, these initiatives were patchwork. Below, I discuss how this plays out in marketing institutions in auction houses, producer organizations in farming or ranching associations and in farmer support programs.

The data from KwaZulu Natal and the Free State demonstrates that the ranching sector redistributed high proportions of land. Table 5.2 shows that in KwaZulu Natal, 29% of all available ranching land in the province was transferred by both redistribution and restitution. In the Free State, Figure 7.1 shows that most land redistributed in the Free State was ranching land. This figure uses data from 1995-2017 on redistribution only, which includes a measure of the number of hectares on the farm that are arable, irrigated or grazing land.

In contrast, within the Free State, cattle ranching land was redistributed at a much lower rate. As Table 7.1 shows, there are a number of ways to calculate the proportion of grazing land using the SPLUM and Parliamentary data as well as the type of land available based on the 1990 Land Cover reports and the 1991 Agricultural Census. The SPLUM data, which stops around 2006, shows that only about 2-2.4% of grazing land was redistributed in the Free State, while using the Parliamentary data, I estimate that an

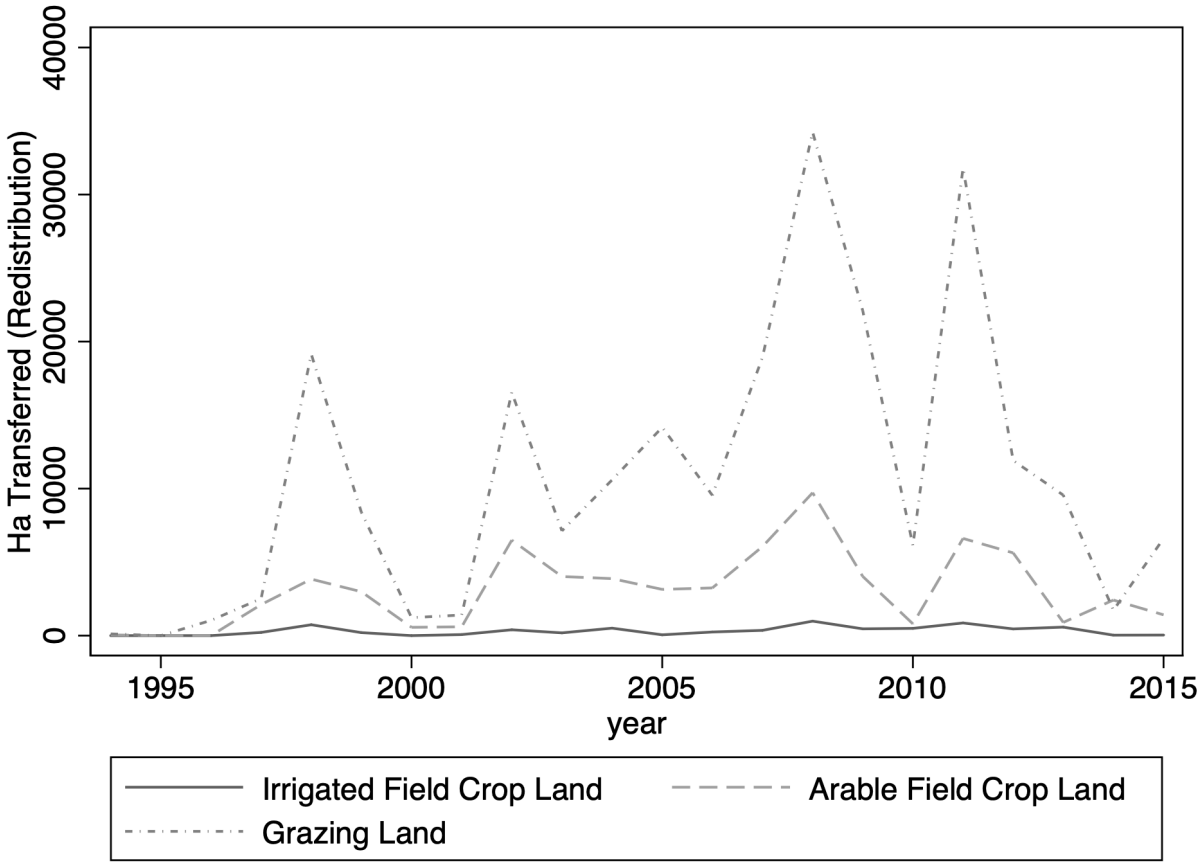

Figure 7.1: Land Redistributed in the Free State by Land Type, Parliamentary Data

Land Type	Grassland	All Grazing Land	Grazing Land + Low Rainfall Field Crops	1991 Ag Census
Total Area (Ha)	4,748,632	6,818,660	8,815,253	7,538,577
Ha Redistributed (SPLUM, 2006)	114,711	136,802	179,601	179,601
Pr Redistributed (SPLUM, 2006)	2.42%	2.01%	2.04%	2.38%
Ha Redistributed (Parliamentary, 2017)	234,806	238,400	238,400	238,400
Pr Redistributed (Parliamentary, 2017)	4.94%	3.50%	2.70%	3.16%

Table 7.1: SPLUM and Parliamentary Data on Land Transfers in Ranching Areas in the Free State

additional 2.7-4.9% of land was transferred under redistribution in by 2017.

The Free State experienced significantly less land reform in the ranching sector than in KwaZulu Natal. I argue that the decentralized nature of the ranching sector led to local decisions to redistribute land rather than sector-wide decisions to redistribute land. In KwaZulu Natal, a number of types of land claims–both restitution and labour tenant driven–led many ranchers to redistribute their land. However, in the Free State, there

were significantly fewer land claims. But where there were land pressures–e.g. next to the province's overcrowded former homelands–there was greater land redistribution among ranchers.

An important motivator for land redistribution stems from the the need to ensure continued commercial markets as ranching land is transferred to subsistence farmers. Many of these activities stem from local farming associations, which in the cattle sector initially formed around state-supplied dip tanks for cattle disease in the pre-1994 era,[13] thus constituting an ecosystem between state support and producers to resolve core problems for the sector. While state support for dip tanks and veterinary services has dropped off since 1994[14] and extension officers are underfunded and poorly trained,[15] farming associations have at times been able to coordinate these key efforts for their members. Importantly, they give their members a basis for collective action to resolve their own problems that occur at a local level.

An especially illustrative example of how individual ranchers used their ranching association to assist land redistribution to preserve the local market occurred in the Western part of KwaZulu Natal near the town of Besters. The Besters Farming Association (BFA), which represented the 55 white cattle farmers who held 70,000ha of land in the area, initiated a project to settle 5,000ha of labour tenant claims and top it off with additional land through the LRAD program by transferring nearly 15,000ha of land (Binswanger-Mkhize et al., 2008). Labour tenant claims were a special type of restitution claim that required the claimant or a claimant's family to have resided on a farm as a labourer while also working a small portion of land on that farm in a semi-formalized arrangement with the commercial farmer.[16] While at one time this practice had been more common across the country, due to many colonial and apartheid land policies, by the 1990s most formalized

[13]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[14]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[15]Interview: Cattle Farmer C, March 2022. Free State. (Remote)
[16]Interview: Lawyer B, April 2020. KwaZulu Natal. (Remote)

labour tenants lived in KwaZulu Natal. However, the applications of many labour tenant claims floundered in the system without much success.

The labour tenant claims were small in terms of plot size, but there were many and they were scattered around different farms. If each was successful, many commercial ranches risked being bisected or uneconomically subdivided. The existing white farmers were concerned that successful labour tenant claims might fragment and jeopardize individual farms, thereby risking the local agricultural economy (Binswanger-Mkhize et al., 2008, p.9). Others expressed concerns that the labour tenants would introduce "unsustainable" models of farming that would clash with the commercial model of the largescale cattle farmers (Hornby, 2014). Therefore, rather than fighting the claims, the existing white farmers accepted the claims. They began to identify members of their ranching community who wanted to sell their land to ensure that in addition to satisfying land hunger through labour tenant claims, they also transferred viable, large tracts of land.

The BFA coaxed white farmers who were uncertain about selling by organizing fair and quick land purchases to hand over land to new, Black farmers and labour tenants. This land reform process was initially successful due to the support and degree of transfer of both land and capital to new farmers (Binswanger-Mkhize et al., 2008). In total, the farmers transferred 20% of their relatively high quality ranching land in the area, which favourably compares with the sugar sector's initial land reform push. However, over time, the land reform farms and the holding company established to run them experienced conflict within the land reform community and between the land reform farmers and their commercial and traditional neighbours (Hornby, 2014).

The BFA saw extended land transfers as the best way to preserve the existing agricultural system for commercial farmers. If they had transferred land amounting to the labour tenant claims, then these parcels would have been too small for anything but smallscale ranching. This decision to replace commercial farms with subsistence farming into the

area could have jeopardized the viability of their commercial market and introduced farmers without the same incentives to maintain biosecurity. By taking control of the process, the Besters ranchers were able to shape the process of redistribution by ensuring that some land was transferred to people who would be set up as commercial farmers who would engage in cattle dips, vaccinations and veterinary services, thereby ensuring that 1/5 of their land did not go out of commercial production or become a biosecurity threat through unvaccinated customary cattle (Hornby, 2014). Therefore, the motivation for the farmers to transfer excess land to the labour tenants and local community was born out of a need to maintain the regulatory regime around disease and marketing in their local area.

While this reasoning worked for the BFA, it did not apply across the sector. Because the ranching sector decentralizes power among many different actors, some areas that do not have the same concern about labour tenant claims or any claims at all do not have the same pressures to redistribute land. Additionally, some farming associations simply do not have the social capital to organize in this way. When pressed on the reasons why the farmers in Besters had redistributed land, a cattle farmer in the BFA emphasized how regionally specific the decision was. They argued that one of the main reasons the BFA had redistributed land was because there were good relations between the existing white farmers who belonged to the farming association:

> "When [farming associations] do get on well together, then they tend to get things right. If they don't get on, well then obviously they tend to pull in different directions."[17]

But, as the farmer maintained, "many times [farming] associations don't actually work very well as an association ... Sometimes there's more conflict than anything else". Thus, the decentralized nature of the sector around individual, producer farming associations

[17]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

ensured that organization for land redistribution was much more dependent on highly variable local dynamics among white farmers than it was universal response across the sector.

The Besters model, while seemingly transportable to other areas, was a one-off case. When the organizers of the Besters land reform effort were invited to try to facilitate another land redistribution push around a specific area in the neighbouring Mpumalanga province, they ran into problems. Under the Besters model, the government had identified 200,000 hectares of mixed farming to transfer to Black farmers through redistribution and restitution in Limpopo province including "intensive maize farms", timber and cattle. But the cost of purchasing the land would consume the province's entire annual budget for land redistribution and the government abandoned the effort when they began to change land reform policy.[18] Thus, the Besters model did not scale up or work in other sectors, as the dynamics of these sectors did not enable land redistribution to take off.

Decentralization affected land reform in the cattle sector in part by confining the incentives to sell land to particular areas. For example, many cattle farmers in the Free State sold their land because they were close to former homelands, where subsistence cattle ranchers encroached on the commercial farms. A lot of ranchers feared the incursion of Black-owned cattle was a bio-security threat. If farmers were to have subsistence ranchers as neighbours, then they might have to deal with farmers who did not have the same market incentives to maintain stringent biosecurity measures. As one development officer in a feedlot organization in the Free State argued, "we also have contagious diseases [and] that's really difficult to curb if everybody doesn't work together".[19]

Biosecurity, as commodity sector representative outlined, "[is] a costly affair and specifically, if you want to export, there's a whole...inventory of conditions that you have

[18]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.
[19]Interview: Commodity Sector Representative J, March 2022. Free State.

to comply...if you want to export, you need to comply and to comply, you need to invest".[20] Many subsistence farmers sold cattle on the informal market, which meant that they did not have the same incentives to meet sector-mandated bio-security standards that commercial farmers followed to access abattoirs and feedlots. To be guaranteed that one's neighbour met bio-security standards, many white farmers felt that they needed to be a commercial farmer and have access to the various sectoral and state veterinary services. Therefore, the various sectoral institutions and existing commercial farmers had an incentive to push new farmers into commercial farming for the benefit of their own herds.

One member of the red meat sector explained that while the state still conducts vaccination programs in communal areas, "[they] are not controlled environments" so while "one farmer may vaccinate, the other one doesn't and infections tend to happen".[21] The red meat sector representative did emphasize that while communal farmers are not necessarily "vectors" for disease, "they are sources of product for the commercial farmers, who then buy from the communal farmers, and then they improve the condition of the livestock". Thus, commercial farmers must ensure that cattle coming to them from subsistence or communal ranchers meet these standards and do not threaten local markets, while at the same time they depend on these subsistence or commercial farmers to support their markets. Within the Free State, land redistribution in the ranching sector clustered around existing Black settlements due to fears of stock theft and disease on the part of white farmers.

These patterns play out in the data I have collected for the Free State. As Figure 7.1, which relies on parliamentary data, shows, most land redistributed in the province over the years was classified as grazing land.[22] As Figure 7.2 shows, much of the early redis-

[20]Interview: Commodity Sector Representative K, March 2022. Free State.

[21]Interview: Commodity Sector Representative G, March 2022. Gauteng. (Remote)

[22]In Chapter 8, I discuss why this was the case further. Here, I am more concerned with the spatial distribution of redistributed grazing land within the Free State.

tribution within the Free State was done near the three former homelands of Thabu Nchu in the centre of the province, QwaQwa in the north and part of the Transkei that bordered the province. In this map, the "subsistence farms" within the province are the former Free State homelands of QwaQwa and Thabu Nchu, while the homeland adjacent to the Southern Border is the Transkei.

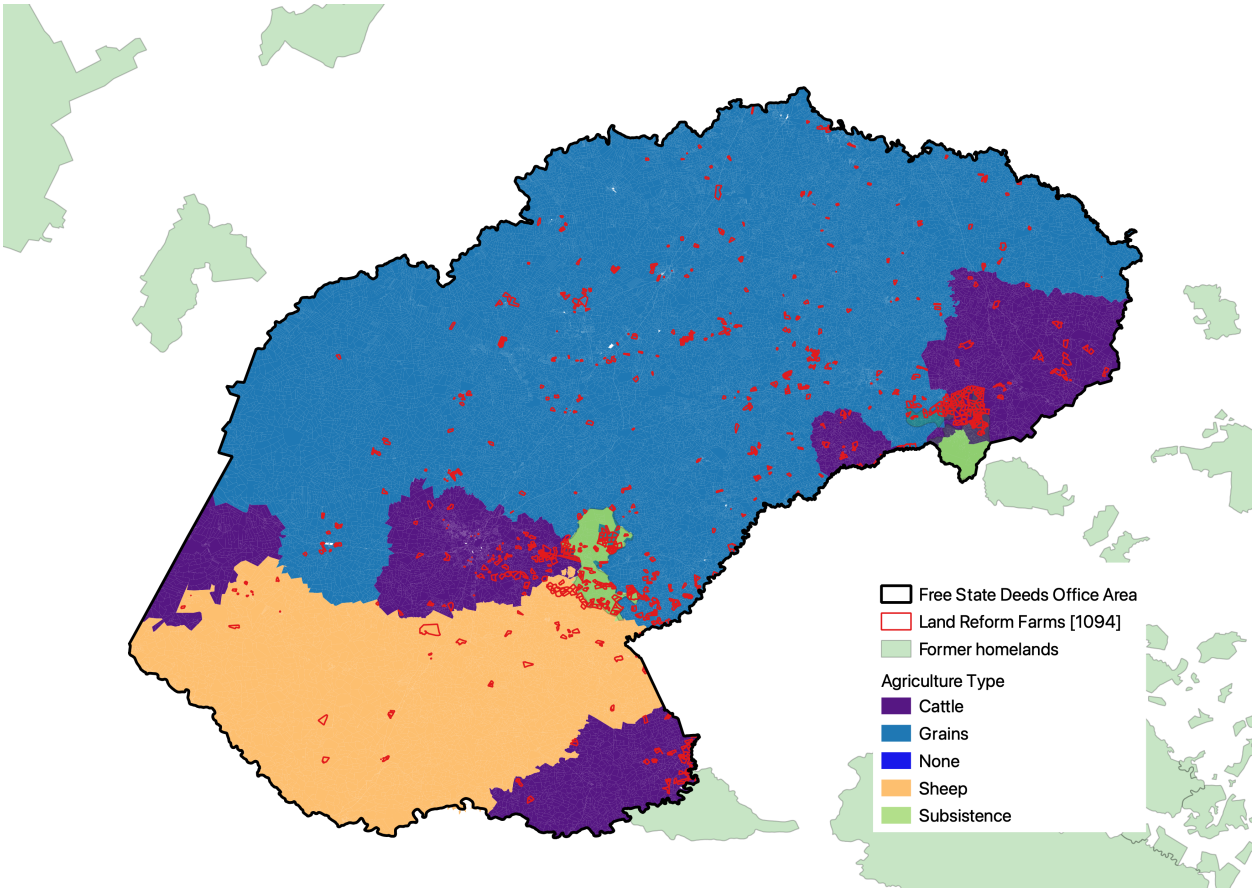

Figure 7.2: Land Reform in the Free State by Farm type, SPLUM Data

The state had tried to target areas around homelands, especially a strip of cattle farms beside Botshabelo, an informal settlement that adjoined the Thabu Nchu homeland. The previous regime had purchased 12,000ha of ranching farms in the 1980s from white ranchers and had leased it back to the white farmers (Murray, 1996, 1997). Additionally, various pilot schemes in the 1980s bought farms and incorporated them into Thabu Nchu. The department then allocated some of these farms for common grazing for Botshabelo,

many for individual cattle farming and some for a nature conservancy (Murray, 1997). Adjacent to QwaQwa, the state purchased white owned farms in and around the newly created QwaQwa National Park and Golden Grate National Park to add to the QwaQwa reserve (Murray, 1997). These clusters of farms are evident to the west of Thabu Nchu (the centrally located subsistence area) and to the north of QwaQwa (the northerly subsistence area) in the cattle growing regions in Figure 7.2. Further, a large concentration of ranching land was redistributed near the provincial capital of Bloemfontein, to the west of Thabu Nchu within the central cattle zone. Notably, minimal land reform occurred in the Southern and Western Free State's grazing areas, where there are fewer urban areas and no former homelands.

Figure 7.3 shows the proximity of all farms in the Free State to the nearest city using data on land reform and urban proximity from the Free State SPLUM department. As one can see, most land reform farms are between 7 and 14 kilometers from an urban area, where there would be similar issues to the fears of the farmers near Botshabelo of urban encroachment from Black townships. Few redistribution farms were far from cities or from the former homelands. One Black farmer based in the Free State described the existing redistribution farms in his area as follows "most of the farms are livestock farms where the original [white] farmer was doing livestock and he decides to sell one portion of the farm for grazing without even a house".[23] Another Black farmer argued that farms "on the boundary with [Black] settlements are more on the market than the inner hub of the farming areas" to create a "buffer or some kind of protection".[24]

The local white farmers near Botshabelo had advocated for the state to buy them out (Murray, 1996, p222). Their logic was that continued land invasions and stock theft from the growing neighbouring Black township of Botshabelo would ruin their farming operations. Thus, unlike the ranchers in the BFA, cattle farmers adjacent to Botshabelo sold

[23]Interview: Cattle Farmer D, May 2020. Free State. (Remote)
[24]Interview: Grain Farmer A, April 2020. Eastern Cape. (Remote)

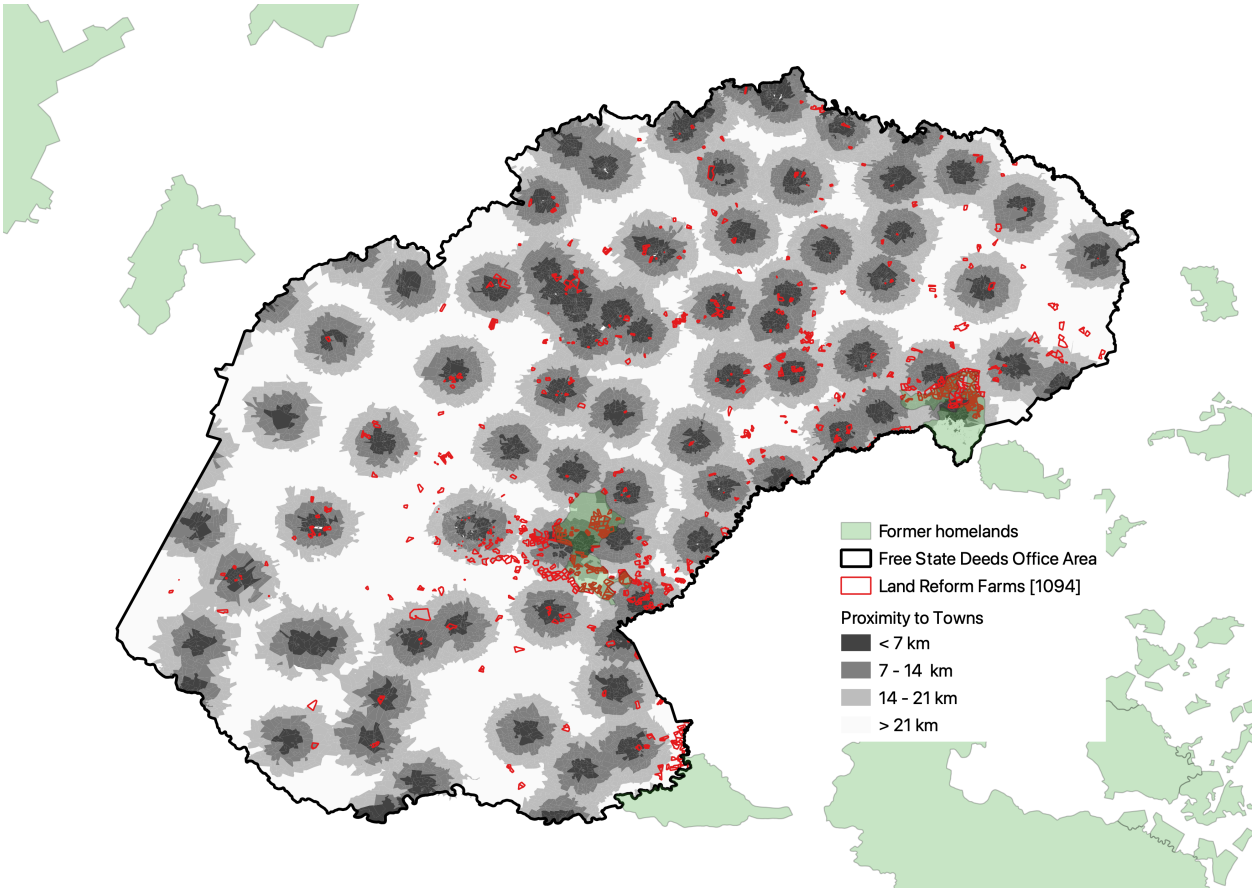

Figure 7.3: Land Reform in the Free State by Proximity to Cities and Towns, SPLUM Data

their land to the state to get out of the farming business and establish what Murray (1996, p226) argued was a "buffer zone of land privately owned or leased by black farmers between Botshabelo and the White commercial farmers" across the river.[25] Therefore, due to the pressures placed on them from their fears of land invasions from neighbouring homelands and townships in addition to their fears that they would see further decreases in their land values if they sold commercially, these farmers sold to an early land reform initiative. However, as the maps show, this did not necessarily extend to the ranching areas that were further away from existing Black settlements.

Interestingly, these local level dynamics meant that land reform in this sector was not

[25]Further, white took advantage of relatively high land prices before a series of droughts caused their land values to drop as the continued land invasions and other farmers' wariness of farming near homelands had meant that few other white farmers would buy their land.

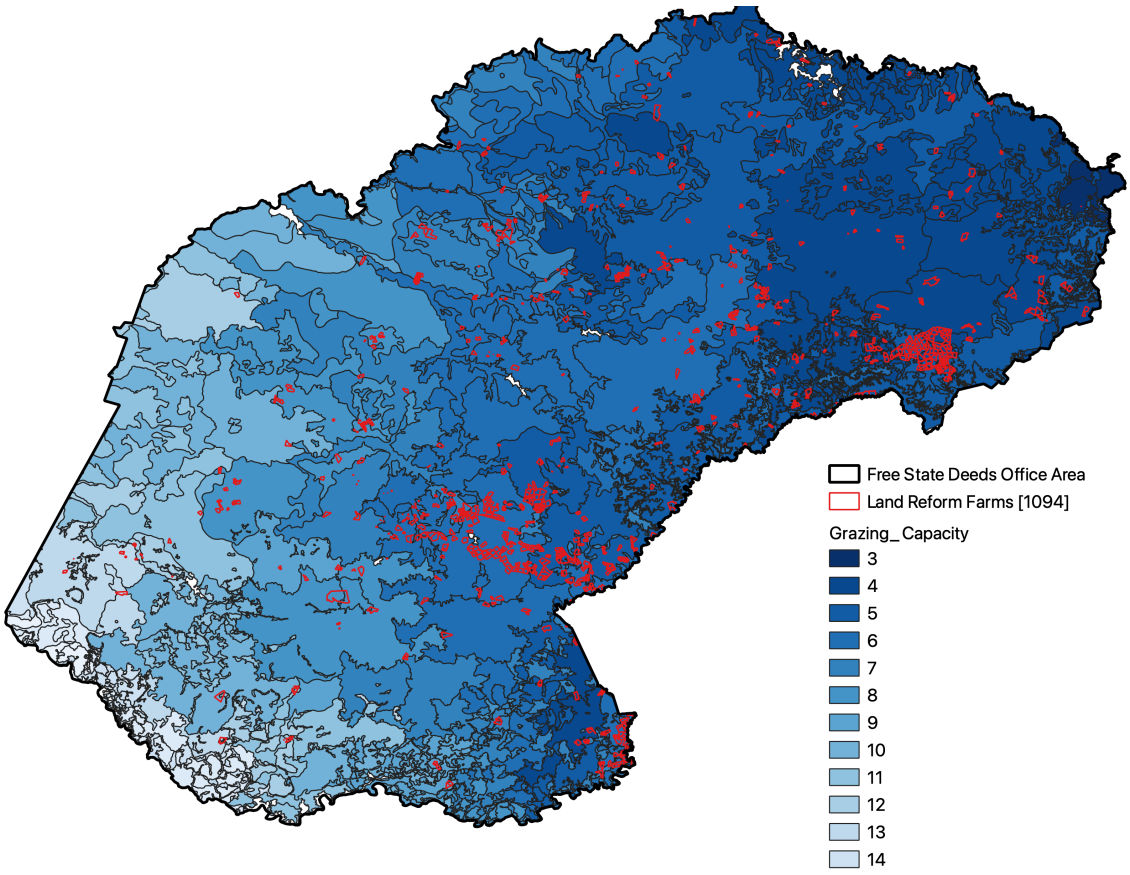

Figure 7.4: Land Reform in the Free State by Grazing Capacity, SPLUM Data

necessarily based on land quality. Instead, grazing land was redistributed in relatively high quality areas. Figure 7.4 depicts that the land reform farms in the Free State overlaid over grazing capacity areas, which indicates how many hectares a cow would need to sustain itself. On this measure, lower numbers indicate that one can sustain a cow, sheep or goat on less land. Figure 7.4 demonstrates that many early land reform farms in the province were in areas with relatively high grazing capacity. In KwaZulu Natal, where many more ranching land transactions took place, the grazing capacity is much higher. Thus, on considerations of pure cost, one would not expect KwaZulu Natal to redistribute more land than the Free State nor would one expect the Free State to redistribute more land in higher quality grazing areas. Instead, one must look to explanations based on the local incentives for ranchers to explain the differences between KwaZulu Natal and the

Free State in the amount of cattle land redistributed.

KwaZulu Natal has many more hectares of former homelands that are also more spread out, leading to larger border areas and more chances of interaction between white farmers and their neighbours in communal areas. Further, while KwaZulu Natal had 764,358ha of land under restitution claims (i.e. 14.8% of its formerly white-only area claimed under restitution), the Free State only had 55,747ha under claim (i.e. 0.44%). KwaZulu Natal also had most of the country's labour tenant claims, while the Free State had few. These claims would have created more situations like the one the farmers in Besters found themselves in, where land claims put pressure on farmers to transfer more land. In addition to questions about maintain local market viability as new entrant farmers received access to land, farmers may have worried about encroachments from cattle owned by their new neighbours.

The reason why there was more redistribution near land claims and homelands was that ranchers were concerned with creating opportunities for change to preserve their industry against the backdrop of agricultural and political upheaval. Because of the large number of cattle that existed in former homelands and the large amount of land that had been transferred to Black farmers in the cattle sector, livestock markets in many areas were suddenly dominated by cattle production by emerging farmers. After the land reform push in Besters, around 80% of all cattle going into auctions, abattoirs and feedlots was produced by Black farmers.[26] This pattern was reflected across the province and in other parts of the country and it made downstream institutions like auction houses aware that to survive, they needed to incorporate new farmers.[27] As Hornby (2014, 75) shows, in Limpopo, KwaZulu Natal and the Eastern Cape, over 50% of cattle came from communal rather than commercial farmers. Given the number of new cattle farmers, it was crucial to integrate them into a value chain and encourage them to move from small scale farming

[26]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.
[27]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)

into larger scale enterprises in order to maintain the sector's viability.

Given the number of emerging farmers who are farming cattle both in the former homelands and on land reform land in KwaZulu Natal, auction houses decided that it was in their interest to support those farmers because it helps the houses "[generate] revenue" and some even make an effort to bring the auctions to rural areas that are far from existing commercial markets.[28] One representative from an auction house described auctions as "a business model, it's all about being profitable in the industry and the more cattle you have, the higher commission you will be able to get it at the end of the day"[29] Thus key actors in the value chain had an incentive to preserve the viability of the industry through previous marketing institutions.

The effects of decentralization went beyond the producers. There are many different downstream institutions after the producers, including auctions, abattoirs and feedlots, which fill the role of processing red meat. One representative from a feedlot association clarified that a feedlot's "involvement in ... land redistribution is to a great extent limited to what my members are doing".[30] They elaborated on the role that the free market has within the red meat sector, arguing that feedlots (which are downstream on the value chain from cattle producers) "were not selling land, I think they were buying land. You know, the free market industry in feedlots are progressive thinkers [and] they would rather think business-wise".

This insight reveals that despite regulation, for some large scale red meat institutions, it did not make sense to engage with the land reform sector. The feedlot representative went on to say that as feedlots and red meat facilities were downstream from producers in the value chain, they had an incentive to include new red meat producers in their value chains: "what they did do was to include the value chain role players within their

[28]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[29]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[30]Interview: Commodity Sector Representative I, February 2022. Gauteng. (Remote)

businesses rather than to just give away land" as feedlots did not have land to give away, instead they just had the facilities.[31]

The cattle sector created some support systems for new entrant farmers who emerged through redistribution programs. Historically, auction companies brought the market to farming associations by organizing auctions at a local level to connect buyers and producers. These companies also provide training programs for farmers to prepare for and manage auctions as auction companies earn a commission on each animal sold, which gives auction companies an incentive to encourage farmers to grow better quality cattle to sell for higher prices.[32]

Some independent ranchers and slaughterhouse owners created their own institutions to take advantage of the rise in new entrant Black farmers due to land reform. For example, one large cattle farmer in the Free State created a company "out of his own pocket" to assist with mentoring and training new cattle farmers.[33] Feedlot owners within the cattle sector wanted new emerging farmers to send their end product into sections of the value chain in which the company had invested. As one employee of the company described: "as [the company] is in the value chain, we want to buy the end product. We want to buy weaners to perform well at the feedlot."[34]

The sector sought to bring traditional substistence farmers into the commercial market, in part because of beliefs about the likelihood of disease in traditional cattle. As one representative of a commodity sector related: "[The cattle sector] is a commercial sector...[but] your traditional farmers are not very big on health practices...[and] it's problematic in the case that those cattle are not part of the economic changes."[35] The need to regulate the sector for diseases thus created an incentive to assist new farmers to meet

[31]Interview: Commodity Sector Representative I, February 2022. Gauteng. (Remote)
[32]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[33]Interview: Grain Farmer B, May 2020. Free State. (Remote)
[34]Interview: Cattle Farmer E, May 2020. Free State. (Remote)
[35]Interview: Commodity Sector Representative K, March 2022. Free State.

commercial standards in order to sustain the sector as a whole.

But much of the engagement by downstream actors in the ranching sector lacked two key components. First, it did not include assistance in purchasing land. Instead, actors were making use of the large number of cattle farmers who had entered into the sector because buying ranching land was easier in the SLAG and LRAD programs due to its prevalence and low cost. Cattle farms were very much within the agricultural model implied by these low-paying schemes. The state-run Commonage program even redistributed land from cattle farmers to new municipalities intended for communal grazing. The increase in emerging farmers led the company to enter in a gap to help "emerging farmers [who] were given land [with no] finance..., no training, no mentorship, nothing".[36]

Second, the ranching schemes did not offer meaningful support for gaining finance. This problem occurred in part because the low sunk costs of the sector mean that ranchers did not need large investments in capital. In contrast, "[in] crop farming, emerging farmers are in debt. [Companies] can help with fertilizer and seeds, but without [capital] they will be more in debt from the companies that follow our model. Our model does not put people in debt because we don't offer finance."[37] The scheme provided small loans in terms of weaner calves that the rancher was supposed to sell back to the scheme's feedlot or pay the feedlot for, but did not offer much in terms of capital beyond that.[38] These schemes thus aimed to help smallscale and subsistence farmers scale up to the point where they were commercially oriented. However, this was a sticking point for farmers within these schemes, who found it difficult to grow given capital constraints even if those capital constraints were low.[39]

[36]Interview: Cattle Farmer E, May 2020. Free State. (Remote)
[37]Interview: Cattle Farmer E, May 2020. Free State. (Remote)
[38]Interview: Cattle Farmer C, March 2022. Free State. (Remote)
[39]Interview: Cattle Farmer C, March 2022. Free State. (Remote)

The top-down initiatives in the ranching sector were less comprehensive than the top down initiatives in the sugar sector, which facilitated land transfers, provided assistance for sugar farmers and contracted them into a market. One commodity sector representative in ranching was keen to emphasize that their farmers were not contracted to them and "if [a rival] gives them one rand per kilo more, they can sell [to a competitor]".[40] While some organizations may say "I will do this for you, but you are forever indebted to me, what we are saying is that we are creating clients for the future, but out of their own free will". The company even attempted to retrain state extension officers, who since 1994 had struggled to assist farmers due to lack of training and resources.[41]

To maintain the viability of the industry and markets that existed in it, auctions, feedlots and largescale producers responded by attempting to incorporate these new farmers into existing value chains. One employee of an auction house told me that the institutions "are open to the influx of emerging farmers coming into the market because that does help them in generating revenue. [The auction] is a business model, it's all about being profitable in the industry and the more cattle you have, the higher commission you will be able to get it at the end of the day."[42] Certain actors in the cattle sector realized that the success of their future endeavours depended on redistributing land and incorporating new entrant farmers into the value chain.

Likewise, the farmers in Besters worried that Labour Tenant Claims might fragment their area because the NGO involved in facilitating the claims came in "with no area based approach...it was just grab whichever farm you can to try and extract some land out of anyone and give it to somebody".[43] Instead, the BFA took control of the process to create a holding company and support systems as well as to identify people who might want to engage in commercial cattle farming in addition to people who just wanted a small plot of

[40]Interview: Commodity Sector Representative J, March 2022. Free State.
[41]Interview: Cattle Farmer E, May 2020. Free State. (Remote)
[42]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[43]Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

land for subsistence. Similarly, the auction houses set up marketing institutions in rural areas (both communal and land reform areas), building pens and conducting training sessions to ensure that farmers had access to and knowledge about this extra marketing tool,[44] while other institutions provided basic credit schemes and marketing options in their own abattoir and feedlot.

But still, this support was relatively decentralized and thus fell on individual companies (e.g. auction houses, abattoirs, farming associations, etc), to provide. Fundamentally, the support within a decentralized sector was–in spite of the regulatory framework– still at the whim of a logic of market competition. As one emerging cattle farmer described to me, the assistance within the cattle sector "was about competition" and while there are "little bits" that assist new farmers, training programs and minor loans "[do] not make any meaningful impact" for emerging farmers.[45]

The decentralization of the industry dampened the amount of land that might have been redistributed to many emerging cattle farmers. Because the sector was regulated and required state support for marketing and disease control, there was an incentive to engage in land redistribution. However, the sector redistributed land mostly because Black South Africans desired ranching land and it was cheap enough to buy given the constraints of the program outlined in Chapter 6.

But the sector's decentralized nature meant that only certain landholders acted on these incentives. For some, like the Besters case, this was due to the nature of land claims on their land and preserving the viability of their local cattle economy. However, for others, like ranchers adjacent to Thabu Nchu and QwaQwa in the Free State, this desire was borne out of a need to avoid perceived threats of land invasions and cattle rustling. Likewise, support initiatives were dependent on the degree to which land had transferred

[44]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)
[45]Interview: emerging farmer, March 22nd, 2022. Free State.

hands in the local area.

7.4 Conclusion

A Besters based farmer, when asked about the sugar sector, compared it to the BFA's own attempt at land redistribution:

> "Commodities tend...go from the top down. [They think] this is good for [the sugar] industry and it makes [the sugar sector] look good and it gives us our BEE[46] points, etc. and I have great respect for [what they did]..., but it's very easy to do that because that's what we did as Besters. We said as white commercial farmers: 'We think this will work'."[47]

This point makes clear that the market-based approach encourages a 'top-down' engagement with land reform on the part of established farmers and landholders. While in the sugar sector, actors were able to coalesce around specific interests to participate, in the cattle sector, these interests are more diffuse among both producers and processors. Producers were the primary landholders, but across farming associations, there were divergent incentives around redistributing land.

Thus, while there were incentives to redistribute land among some cattle farmers, the fact that there were no strong top down institutions that had the ability to organize and sell land meant that land redistribution was less comprehensive than it was in the sugar sector. Some farmers, due to the proximity of communal farms or land claims, fears of disease outbreaks or cattle rustling and concerns about the commercial viability

[46] BEE stands for Black Economic Empowerment, an incentive scheme set up by the government to encourage transformation across the corporate world.

[47] Interview: Cattle Farmer B, March 2022. KwaZulu Natal.

of their local market, decided to embrace land reform. This decision allowed the existing commercial market to push its own model of commercial farming and preserve their own enterprises, often enlisting new farmers to make their market even stronger.

This analysis reinforces the fact that state regulation to preserve key public goods for the sector is necessary for market based land reform. Key actors in both the sugar and ranching sectors took it on themselves to redistribute land to farmers because their sectors depended on engaging positively in land redistribution. There were initiatives within local ranching sectors to sell their land for a variety of reasons, including sustaining existing markets or the threat of incursion, which may bring disease and cattle theft. However, what my analysis of the ranching sector shows is that regulation is in itself insufficient for wide-scale redistribution. Instead, redistribution in the ranching sector was much more patchwork because the sector was decentralized in spite of high demand for ranching land among Black South Africans.

In this chapter, I have shown that if a regulatory framework exists absent strong, centralized institutions, there will be a lack of capacity for actors to organize around incentives to redistribute land. Although the incentives to redistribute land existed in the cattle sector, the sector had too many powerful actors who had diverse and competing incentives for the sector to buy wholesale into land reform. Instead, it fell on individual actors to create initiatives that resembled those that existed in sugar sector or to feel compelled to participate in it. Thus, the initiatives were never sector-wide.

In contrast to the cattle sector, the sugar sector was both centralized and regulated. Thus, its key actors had both the incentive to redistribute and the means to effect that beneficial policy in a *proactive*. The red meat sector's activity was much more *reactive* to inroads that Black farmers were able to make due to the cheap and available nature of ranching land. Because of the relatively low costs of farming, the ease of purchasing ranching land and the desire of Black farmers to farm cattle, the redistribution and resti-

tution programs ended up transferring large tracts of cattle land to Black farmers. Due to this fact and the fact that many producers within communal areas also produced cattle, the downstream processors found themselves compelled at times to sell land to the land reform program and to integrate emerging cattle farmers into existing value chains within the commercial sector.

The decentralization of the cattle sector meant that local imperatives drove individual ranchers' decisions to sell. Much like the Besters case, these imperatives stem from the immediate threats to the local farming sector. In Besters, these threats were land claims that would break up the ranches into smaller farms. In other areas, these might be fears or experiences with encroaching herders from communal areas or impending urban sprawl. Thus, rather than sector-wide redistribution, redistribution in the ranching sector comes more from local geographic concerns that change the incentives of local, decentralized ranching associations.

CHAPTER 8

REAP WHAT YOU SOW: LIBERALIZATION AND REDISTRIBUTION IN SOUTH AFRICA'S GRAIN SECTORS

8.1 Introduction

Given the conditions that existed for grain farmers in South Africa in the 1990s, one might have expected the sector to have performed relatively well in terms of redistribution. Deregulation, droughts and the precarity of many marginal grain farmers in the 1990s brought about many land sales and a drop in land prices on grain land. Additionally, grain farming is also traditionally practiced by Black South Africans, leading to demand for land that could produce grains for the household and for sale on the market. But in spite of the massive disarticulation among South Africa's commercial grain farmers that led to the general availability of land and the reasonably high demand of this kind of land from Black South Africans, the various land reform programs have transferred minimal grain land.

Within my two provincial case studies, the grain sector lagged behind other sectors in terms of redistribution. In the Free State, grain farmers redistributed 2.19% of the available grain land that existed in 1990 by 2017. In KwaZulu Natal, this number was higher (13.89%), but still was much lower than any other sector in the province. Further, almost all of the redistribution on grain land in both provinces was on marginal, rainfed grain land that may have been better suited to ranching.

Why is it that there was such little land transfer in the grain sector in spite of some demand from potential beneficiaries and the general crisis of profitability in the sector? In this chapter, I argue that the decentralization and deregulation of the grain sector worked together to make land reform even less likely. My analysis in this chapter adds further

evidence that these two conditions are important to land redistribution outcomes.

In my analysis of the sugar sector, I show that the centralization and the regulatory regime worked together to encourage land transfers. Sugar mills had incentives to redistribute given the leverage the state had over the sector using the sugar tariff. They understood that the sustainability of their sector depended on incorporating new Black farmers into their value chain. Using the centralized, top-down institutions that emerged from the crop's need for an integrated value chain, sugar millers sold their land and large scale sugar farmers often followed suit. In this chapter, I argue that the deregulated nature of grain farming and its decentralized structure worked in tandem to preclude any real redistribution.

Grain landholders were in the opposite position. First, while sugar remains regulated, the grain sectors in South Africa deregulated in the 1990s. Deregulation led to serious changes in the sector. Instead of seeing land reform as crucial to the sector's future success, grain farmers and downstream institutions were thrown into an era characterized by farm failures, foreclosures and minimal support. These new pressures led both producers and processors to view their sector's future in economies of scale both in terms of landholding (i.e. larger farm sizes) and in terms of a consolidation of the value chain among the hands of wealthy, white producer controlled institutions.

In this way, liberalization and deregulation largely reinforced the power of existing and established farmers. These farmers bought up marginal land and increased the size of their farms, but they did so before land reform had been institutionalized. When the state sought to redistribute land, it was faced with a massively consolidated sector and few struggling farmers. The grain sector had become more exclusive and farmers were unwilling to sell high quality land to hopeful Black farmers. Due to deregulation, the state did not have powerful levers such as tariffs and direct support because they had minimized the regulatory relationship with the grain sectors. Thus, the state had minimal

means to compel a grain farmer to sell their land.

Second, the institutions in the grain sector are also decentralized given the dynamics of grain farming. Decentralization has led the sector's institutions themselves to take a minimal role in facilitating land transfer and support for new farmers. Thus, grain farmers had institutions that provided neither the incentive to redistribute nor the capacity to do so. While the sugar sector concentrated power in the hands of a few select processors, in the grain sector many different producer and processor organizations hold power. Therefore, there was limited capacity for land reform in the grain sector and few mechanisms of post-transfer support.

The grain sector thus reveals a number of key insights. First, like the cattle sector, there is limited sectoral organization to organize around land reform and assist farmers. Second, like the fruit sector, there is no real incentive for farmers to redistribute land. Instead, they have pursued agricultural models that both price new entrant farmers out of the land market and make it very difficult for smallholder farmers to survive. Hopeful, new entrant grain farmers also face a third problem: the decentralized nature of the sector means that they are both at a disadvantage and without much sectoral assistance. Thus, land reform in the grain sector has lagged behind other sectors, in spite of actors' disorganization, the relatively low cost of land in many grain farming areas and the high demand for this land.

8.2 "King Maize" and Free Markets

South Africa's grain producers, who primarily grow maize, wheat, sorghum, soy, canola and millet for both the domestic market and for export, experienced drastic institutional change and liberalization in the 1990s. Figure 8.1 shows the local municipalities of the

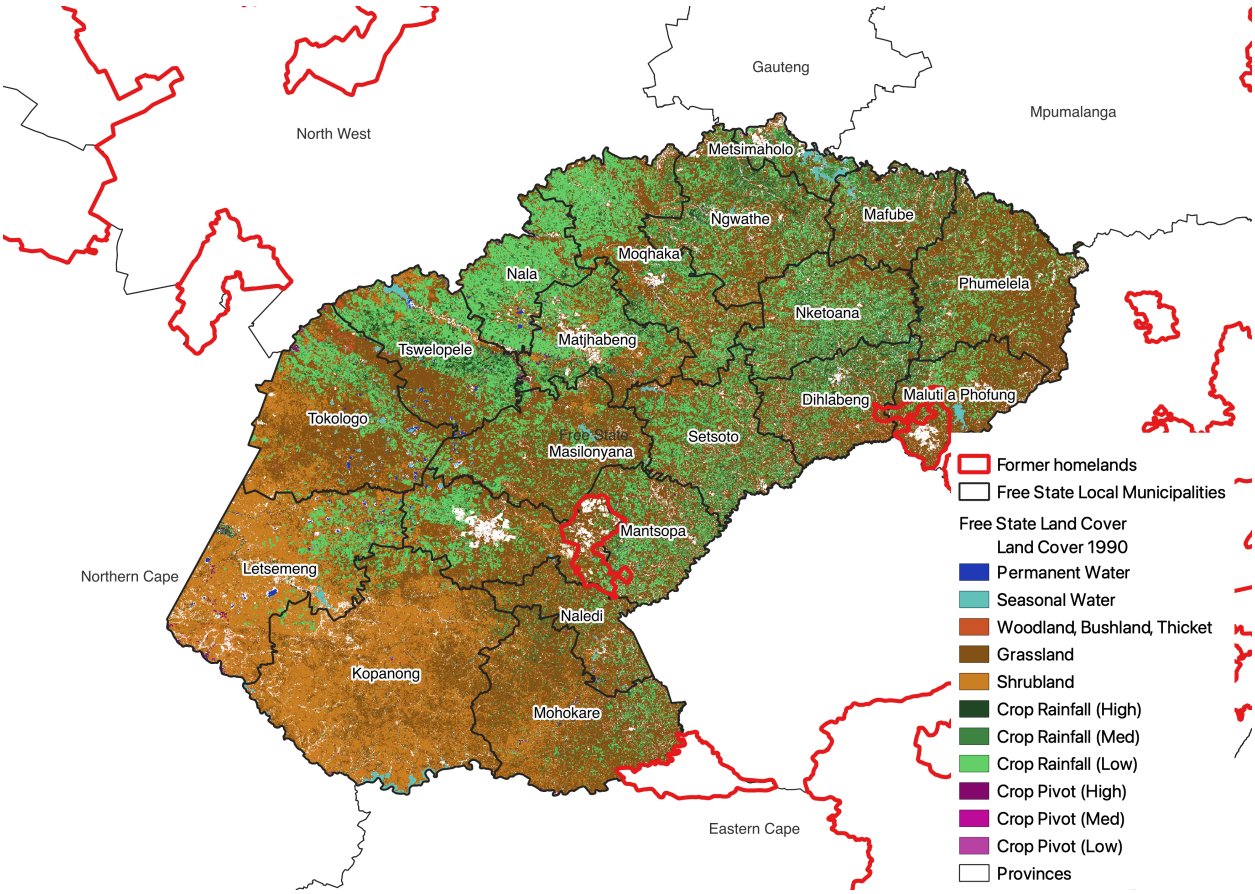

Figure 8.1: Free State Land Areas and Local Municipalities, Land Cover Data

Free State (including Mangaung, the Metropolitan Municipality around the provincial capital of Bloemfontein) against land cover data from 1990. This Figure outlines the general make-up of agriculture in the province, which is dominated by rainfed cropland and ranching land, with some irrigated areas. The local municipalities in the north and west of the province, such as Ngwathe, Moqhaka, Mathjabeng and Tswelopele, tend to have higher rainfall cropland, while the southern and eastern parts of the province have more ranching land and less rainfall. In addition to the Free State, grain is grown in the summer months in Mpumalanga, the North West and Limpopo and in the winter in the Western Cape.

Grain farmers–especially those who rely on rain for their crop–have high sunk costs because they take on significant risks. Over the course of five years, a grain farmer can

expect to make a profit once, break even twice and lose their input costs during one year of drought.[1] As a result, grain farmers risk several years of marginal returns or losses before they turn a profit. In addition to the loans that grain farmers must take out to see them through the bad years, grain farming involves large capital investments to buy fertilizer, machinery and water.[2] This factor would lead grain farmers to fear state predation of their high sunk cost enterprises (McMillan and Masters, 2000), but under apartheid grain farmers had an inflated influence in government given they were the bedrock of the National Party's rural support (Trapido, 1971).

In addition to being a high sunk cost crop, grain farming tends to empower producers of the crop vis-a-vis their processors (Bates, 1983). Thus, the sector is decentralized. Relative to other crops, grains tend to have longer shelf lives and diverse marketing options. Instead of selling their crop at a suboptimal price, a farmer can take their grain to a silo to store it until the price improves, sell it to cattle farmers as cattle feed or even sell it on the black market (Piesse et al., 2005). As one MP outlined, grain farming is a "long term investment" compared to sugar, but while "there is only one place to take your cane...with maize, you can sell it on the black market; who can actually cartel [maize]?"[3] Thus, grain producers tend to have an edge over grain processors, who often act as agents rather than bosses.

The sector has a large number of competing processors and institutions who run the storage facilities for maize in addition to supplying inputs, training and loans at discount costs. The grain farming value chain thus contains a patchwork of decentralized empowered producers who organize depending on their own interests rather than a coherent sectoral interest around cooperative structures.

Silos are either run by independent farmers or the former cooperatives, which have

[1] Interview: Farmer's Representative C, February 2020. Free State
[2] Interview: Commodity Sector Representative L, January 2020. Gauteng.
[3] Interview: MP A, February 2020. Western Cape.

privatized (as per the discussion below). Each of these cooperatives operates in similar areas and offers similar services. Examples of these cooperatives include Senwes, AFGRI, GWK, NTK and NWK. In the country, there are 207 silos for grains, compared to 14 sugar mills. I present their distribution, in relation to land reform farms, in Figure 8.2. As one can see, a vast number of silos exist in the province and they are owned by a multitude of different companies. Of these silos, 55 are located in the Free State. 6 are owned by OTK, 6 by OVK, 29 by Senwes, 9 by VKB and the remaining 5 are owned by 4 other co-operatives.[4] In total, there are 29 different silo companies have silos spread across the country in the summer grain growing areas of the Free State, Mpumalanga, North West, Eastern Cape, Limpopo and KwaZulu Natal provinces and the winter growing Northern and Western Cape provinces. In addition to the cooperatives who own the silos, there are 22 milling companies across the country according to the National Chamber of Milling. These include food companies like the sugar milling RCL foods, Pioneer Foods and Tiger Foods as well as milling branches of cooperatives like GWK, OVK, TWK and VKB. Additionally, countless multinational companies, like Monsanto, offer upstream services like seeds and fertilizer sales to producers in competition with the cooperatives.

Thus, while some sectors have a small set of processors that control the sector and value chain in a top-down manner, the grain sector is characterized by multiple down and upstream organizations. Fundamentally, the plethora of actors presents a collective action problem in comparison to more centralized sectors, as a diffuse set of interests characterize grain producers. Regionally, some producers might experience drought while others have bumper crops. Further, the mix of rainfed and irrigated growers in different agroclimatic conditions or growing seasons means that producers' interests are diverse. Importantly, there are often few actors who can dictate sectoral policy towards something like land redistribution.

[4]In Figure 8.2, SWK and Senwes (Sentraal Westelike Koöperatiewe, or Central Western Cooperative) are the same cooperative, while VKB and VRY (Vrystaat Kooperasie Beperk, or the Free State Cooperative Limited) are also the same.

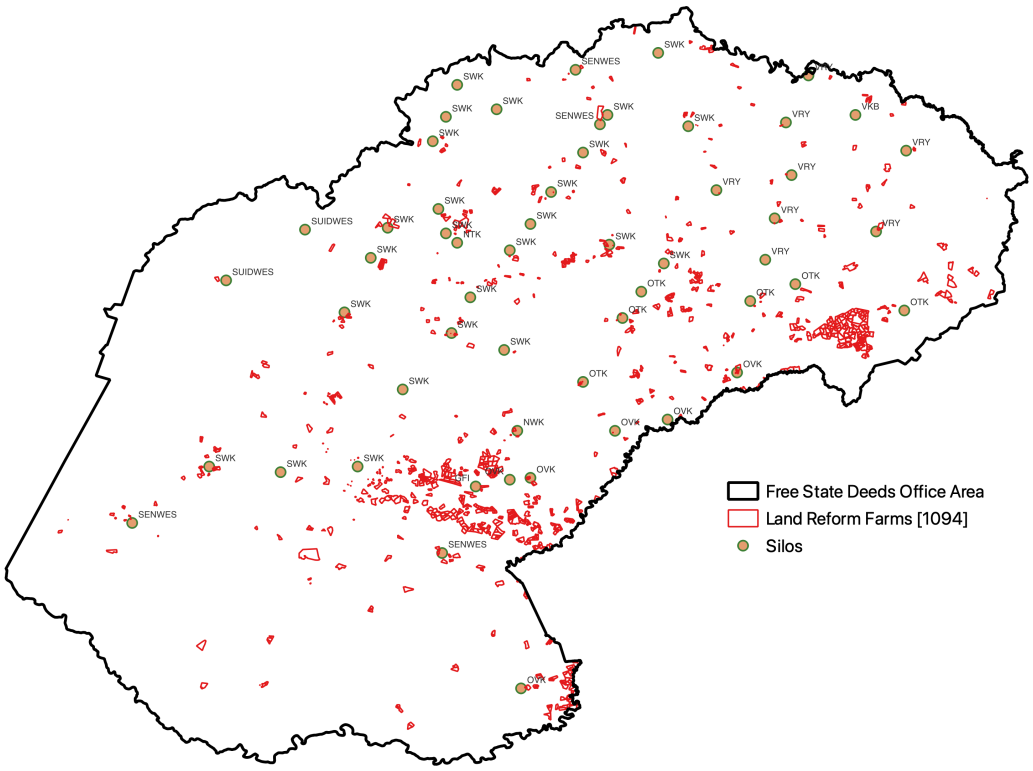

Figure 8.2: Silos and Owners of Silos in Relation to Land Reform Farms in the Free State, SPLUM and ARC Data

The decentralized nature of power within the sector has contributed to the change around deregulation. Under apartheid, there was a mutual dependence of grain farmers and the National Party in which the apartheid state supported agriculture–including the grain sector–with tariff and non-tariff subsidies. Each kind of grain had its own single channel marketing board that purchased outputs from farmers at a price set above the cost of farming grain, while other commodities benefited mostly from the cooperative pooling of their resources within marketing boards (Williams et al., 1998). But with the end of white minority rule, grain farmers were concerned that a Black-led government would not have the interests of white farmers at heart. A former chair of a cooperative reported that "in 1998 we were all afraid that the new government will try and get hold

of the silo structures which had been built by loans and subsidies from the government,"[5] so the majority of cooperatives decided to change into "privately held corporations [that] bought up silos from the old Maize Board and became big agribusinesses".[6]

In the face of their fear that their infrastructure would be nationalized, grain producers changed their generous, producer-centered cooperatives into more competitive and profit-driven institutions (Piesse et al., 2005). Interviewees were keen to emphasize that "farmers don't benefit from [the cooperatives] anymore".[7] Grain farmers found themselves in a world characterized by increasing competition (Vink and Kirsten, 2003), where cooperatives "will provide as much support as they can make a profit out of" and "won't help out a farmer who is operating at a loss".[8] Without protections in the face of import and export competition and having to contend with complicated new global marketing strategies,[9] more marginal farms began to sell their land or convert it into grazing fields (Vink, 1993).

While the apartheid-era support system meant that "if a farmer was becoming unsustainable because of debt, the agricultural credit board could give highly subsidized loans...to allow them to recover,"[10] the new system made it easy for farmers on productive or irrigated land to buy up their struggling neighbours' farms and capitalize on increasing economies of scale.[11] One employee of a grain cooperative argued that to be internationally competitive, "scale had to increase" in the absence of state support.[12] An employee of GraanSA, the privatized amalgamation of each of the former grain boards, claimed that "grain and field crops [require] a large capital investment" and that profit

[5]Interview: Grain Farmer C. May 2020. Free State (Remote)
[6]Interview: Consultant D, February 2020. Gauteng.
[7]Interview: Grain Farmer D, April 2020. North West. (Remote)
[8]Interview: MP B, May 2020. Free State. (Remote)
[9]Interview: Cattle Farmer A, February 2020. Gauteng.
[10]Interview: Consultant D, February 2020. Gauteng.
[11]Interview: Agricultural Economist D, November 2019. Gauteng.
[12]Interview: Commodity Sector Representative M, May 2020. Free State. (Remote)

"margins became so small that you need to concentrate to survive".[13] Traub and Jayne (2008) demonstrate that price liberalization in South Africa's agricultural sector led to an extra 179 million USD in earnings per year for the maize sector from domestic sales alone. Some farmers were able to form their own smaller cooperatives and earn extra profits while supplying inputs and marketing assistance to a few dozen of their neighbours.[14]

These changes came about at a time of conflict within South Africa's most important staple crop and one of the Free State's main agricultural pursuits: maize (Bernstein, 1996a, 2004a). Under apartheid, the grain sector–especially maize–in the Free State and the surrounding provinces was a linchpin of the National Party's support. Maize producer lobbies were powerful and had a firm grip on pricing and tariff policy. This power was most obvious in the Maize Board, the single-channel marketing board for the maize industry. A majority of members of the state-run Maize Board were representatives of producer interests, which gave maize producers the power to set the price at which downstream entities bought their product (Bernstein, 1996b).

But in the 1980s, a section of large scale farmers in the North Western Free State formed around the politically powerful Crawford von Abo, who created the South African Maize Producers' Institute (SAMPI) in an attempt to dismantle the patronage network around the South African Agricultural Union (SAAU), the South African Maize Producers' Organization (SAMPO), the National Party and the Maize Board (Bernstein, 1996a). Their goal was to break the hold that marginal farmers had on the sector to encourage larger yields and greater exports that would benefit large farmers. When this conflict came to an end with the formation of a unifying body in the form of the National Maize Producers' Organization (NAMPO), von Abo's faction was able to take control of the Maize Board and began to further artificially inflate the purchasing price of maize in the midst of a massive surplus, pitting maize producers against the increasingly cash-strapped government

[13]Interview: Commodity Sector Representative L, January 2020. Gauteng.
[14]Interview: Grain Farmer D, April 2020. North West. (Remote)

(Bernstein, 1996a).

The resolution of this conflict in 1987 was the beginning of liberalization and the transition of large swathes of marginal maize land to cattle land. But the largest victory for NAMPO was the consolidation of the cooperatives and the amalgamation of grainland under fewer and larger farmers at crucial points of the value chain. Cooperatives in many areas were already near-monopolistic suppliers of inputs, distributors of state credit, holders of farm debt and heavily invested in downstream storage and processing of maize (Bernstein, 1996a). Riding the push for privatization and deregulation, they became largescale corporate players in the grains sector.

One major reform to the cooperatives was to create a tiered membership system. Within the liberalized cooperatives, there were many "members" who paid an annual fee for storage and some benefits. However, wealthy farmers could buy their way into a "shareholder" position, where they had a greater say in the direction of the cooperative and received many more privileges, such as preferential loans and discounted fertilizer. As one maize farmer described it, "some of the shareholders wanted profits so [the cooperatives] turned to making profits".[15] However, unlike in the sugar sector, these powerful, local and producer-backed cooperatives were in competition with much larger national processors and input suppliers.

These cooperatives largely survived by clinging to marketing protections into the 1990s and becoming stricter lenders to their producers. By the late 1980s, cooperatives were wary of lending to higher risk and marginal or smaller-scale farmers. However, they were still keen to offer large scale productive farmers preferential loans. One of my interviewees reiterated Bernstein (1996a)'s contention that cooperatives became less supportive of producers and less responsive to their demands:

[15]Interview: Grain Farmer D, April 2020. North West. (Remote)

> "You cannot mention a cooperative and a company in the same sentence. In a cooperative, the members are in charge and have an equal vote to elect board members. At one stage we had 27 regional meetings more than once a year. The members were in charge. In 1998 we were all afraid that the new government will try and get hold of the silo structures which had been built by loans and subsidies from the government. 90% of the cooperatives changed to companies where the company would be the sole owner of the silos."[16]

With these transformations, the grain cooperatives and NAMPO were able to leverage their newfound power and embraced deregulation. This decision included one key reform that enabled cooperatives to transact on and lease land "to acquire land vacated by debt-burdened and/or 'escapee' farmers...with the option to lease it to other white farmers or to extend cooperative activity into field crop production and livestock grazing to supply their own diversified enterprises". White farmers were consequently able to "keep Highveld agriculture white" (Bernstein, 1996a, 32).[17] Cooperatives and companies both up and down the value chain became large, dominant entities (Bernstein, 2013).

In official statistics, the number of farmers (DAFF, 2018) in the Free State dropped drastically between 1993 and 2007. In 1993, the Free State had 10,252 commercial farmers, i.e. farmers who were making a enough per year to be considered profitable. This number rose slightly by 1996 to 11,272 commercial farmers, when there was very little change in the total land classified as commercial farming in the province. But after the introduction of marketing deregulation and the privatization of the cooperatives in the mid-1990s, these numbers plummeted. By the turn of the century, the number of commercial farmers in the Free State dropped to 8,351 in 2002 and then to 7,473 in 2006. This meant that the

[16]Interview: Grain Farmer C. May 2020. Free State (Remote)

[17]The 'Highveld' is the high altitude growing region that encapsulates most of the Free State, Gauteng and parts of other provinces.

Free State had lost 27% of its commercial farms between 1993 and 2006.

It is difficult to determine whether these trends stem from some white farmers dropping out of business and losing "commercial farmer" status or through the amalgamation of commercial farms into larger holdings. What is clear is that the new ANC government was faced with a grain sector that did not resemble any other sector. In fact, the grain sectors in the 1990s were set up entirely differently to just 10 years prior. Like fruits, the various grain sectors liberalized, which led to a privatized system that was characterized by massive growth and benefits for some farmers. And just as is the case in the fruit sectors, sector wide growth and farm consolidation in grains made the sector more inaccessible to new-entrant farmers.

Figure 8.3 and 8.4 show the total area of land transacted on in the Free State from 1994-1998 by local municipality.[18] In Figure 8.4, one can see that many local municipalities had high transactions in 1994, followed by a decline in transactions into 1996 before a further rise in the number of hectares transacted by 1997 and 1998. These peaks and troughs in the data could have been caused by droughts in 1991 and 1994 in the province. Much of the province's variation in these numbers is driven by Tswelopele, Kopanong, Tokologo and Setsoto Local Municipalities, all areas with a mix of low quality, rainfed grain land and ranching land.

Of the 11,760,100ha of agricultural land in the Free State, the sales in the province represent transactions on a proportion of all agricultural totalling a low of 1.68% in 1996 and a high of 2.68% in 1998 (shown in Figure 8.5). However, after 2002, the number of hectares of transactions soared to between 4 and 5%. This increase is in part because of the Deeds office records reflecting 1 Rand transactions (e.g. inheritances), but also could

[18]This data was collected by the Agri Development Solutions (or AGRIDS) organization from the Deeds Office. Unfortunately, the data from 2000-2001 shows a steep and unheard of drop-off in land transfers due to a change in data collection by the organization before a sharp increase to twice the number of transactions from 2002. Thus, I leave out these years in my comparison and use separate charts for the period before and after this break.

reflect a change in record keeping. The spike could be due to inaccurate data that reflects data from 1999-2001 in the years from 2002-2005, where the proportion rises to between 5 and 7% (excluding 1 rand sales) of all land from 2003 and 2004 before decreasing to 2.2 and 4.5% after.

In spite of the massive consolidation of commercial farmers in the grain sector due to deregulation, the sector was still structurally decentralized with power lying in the producers of grain rather than in the processors. The fragmented storage and milling structures were either entirely or in part dominated by cooperatives. Deregulation had ensured that these largescale farmers controlled these cooperatives as shareholders. Thus, largescale farmers could dictate sectoral policy to suit their needs.

Producers no longer could set their own prices through a marketing board. Instead, they had to rely on international and domestic prices for their commodity. However, they still had multiple marketing and storage options available to them. The decentralizated nature of the grain sector exacerbated the degree to which deregulation created inequalities within producers in the sector, especially by determining which farmers could ride out low international grain prices and droughts through preferential silo and loan access through cooperatives. The financial gains of liberalization were therefore not so evenly allocated. While in more centralized sectors, large privatized marketing boards and cooperatives established top-down functions to support farmers and cushion the competition introduced by deregulation, in grain farming there was much less support for marginal farmers. In the case of grain farming, earning the status of or maintaining one's status as an established grain farmer became harder.

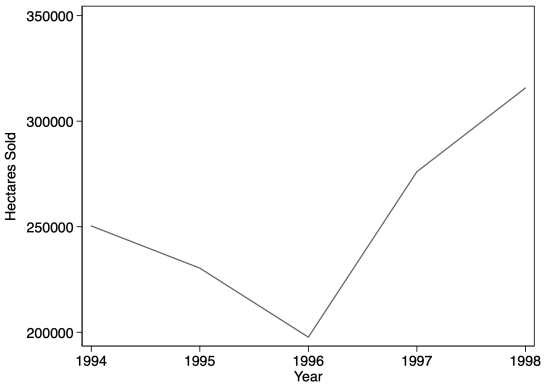

Figure 8.3: Land Transactions Between 1994 and 1998 in the Free State, AGRIDS Data

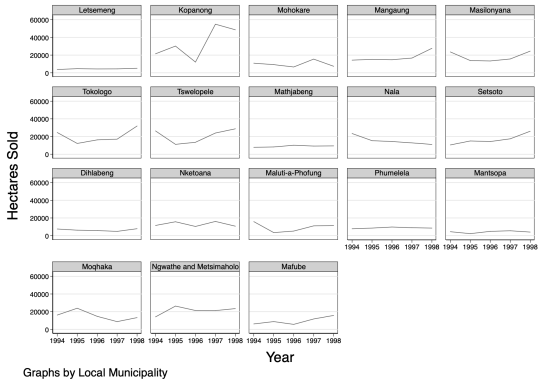

Figure 8.4: Land Transactions Between 1994 and 1998 in the Local Municipalities of the Free State, AGRIDS Data

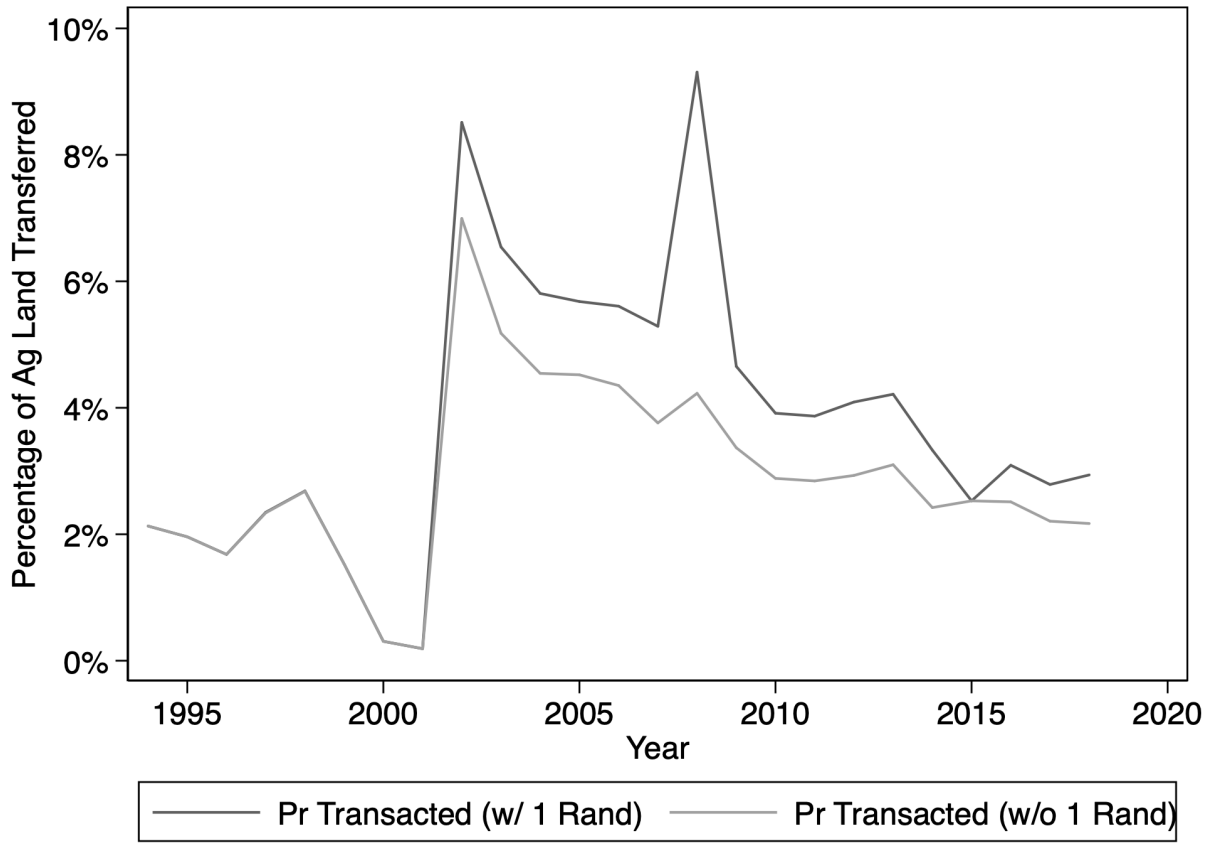

Figure 8.5: Proportion of Land Transacted on in the Free State between 1994 and 2017, AGRIDS Data

8.3 Change, Liberalization and Obstacles to Land Transfers in the Grain Sector

Due to the grain sector's deregulated and decentralized characteristics, the state struggled to redistribute grain land. First, deregulation meant that the state had low leverage over the sector to compel it to sell land. Second, the already decentralized producers in the sector did not have institutions that could drive redistribution from within and instead pursued intensification and consolidation in their increasingly competitive sector. With narrow profit margins and internal competition, grain farmers focused on consolidation and fine-tuning existing institutions rather than creating new institutions to support new farmers. Few sector-wide initiatives exist to address land reform and land transfers.

These struggles were in spite of relatively high demand for cropland among Black South Africans. For example, in the Free State, early policy reports on the demand for land reform shows that new farmers preferred one quarter of their land to be devoted to cropping and that policy makers believed it was "more financially feasible to purchase high potential rather than low potential land" within the province (Potgieter and Heunis, 1995, p.173). Across the country, Black South Africans in the homelands had long traditions of farming beans and maize in addition to cattle (Hornby, 2014; Beinart, 1994; Porter and Phillips-Howard, 1997). Because there was plenty of demand for land suitable for grain farming, a lack of demand for grain land from Black farmers cannot explain the dearth of land transfers on grain land.

Land redistribution in the grain sector was difficult given the free market approach taken by the Department of Land and Rural Development before 2016. In the largest grain growing region, the Free State, there was limited state or Land Bank-owned land available for redistribution compared to other areas of the country (Potgieter and Heunis, 1995) and thus bureaucrats in charge of the redistribution process had to enter into negotiations with

white farmers to purchase land. Land redistribution on privately held land was fraught with difficult and complex issues, including hidden debts that would be transferred to new farmers and overvaluation of cattle that wealthy maize farmers wanted to sell to residents of neighbouring townships (Murray, 1997).

As one Free State-based land bureaucrat described it, the Department's approach left redistribution at the behest of the market and the land transactions that took place within the white farming community.

> "It was based on supply and demand. So before when the big bulk of land was bought, the province has got X amount of money, whatever was in the market, they looked at, they see, if there's beneficiaries that's interested. They match the two and they bought the land."[19]

In the Free State, this strategy had specific implications due to the very nature of markets, deregulation and the changing nature of maize farming. Within fifteen years, the grain sector had turned from a system of state-subsidized and highly supported producers to one of agribusiness, large farmers and competition (Vink and Kirsten, 2003). As one land bureaucrat emphasized, the entire structure of farming in the Free State had changed. They argued that many farmers effectively becoming farm managers for agribusinesses and that "[land] is primarily financialized in a subtle way...foreign capital creeps in and feeds the same farmer and farm and links processes vertically into international markets".[20]

Deregulation had taken the sector away from various levers of state control because actors within it did not trust the state to assist the sector for fear that the state might tax or even expropriate land from them. They also altered the incentives of individual producers with more marginal farmers looking to exit while larger farmers consolidated holdings.

[19]Interview: Bureaucrat F, February 2022. Free State. (Remote)
[20]Interview: Bureaucrat G, March 2020. Gauteng.

Without leverage over the sector, the state-led redistribution program was just a set of incentives competing against new and intense pressures introduced by liberalization.

The land itself is important to grain farmers from an economic perspective as collateral for loans. One white grain farmer described the difficulties from the perspective of grain farmers when they consider selling their land to the redistribution program. In the eyes of this farmer, "there is no carrot"[21] for white grain farmers to participate in land reform because the capital gains tax wipes out much of the profit from the sale of their land. As grain farmers make such little profit due to risks, loans and sunk costs, the land serves as their retirement savings. The lack of an inducement to sell land meant that there was no incentive for a white grain farmer to sell their land to the state. Instead, grain farmers were following a vastly different set of inducements: to consolidate their own farming enterprises or sell to someone who was consolidating their farm.

The consolidation of farms made the sector profitable, but it also made land more expensive for the state land reform programs. While small farmers required above-market prices for their overcapitalized farms, larger and more successful farmers were unwilling to sell portions of their land as these subdivisions would eat away at the economies of scale that made the farms viable. To make a profit at a commercial level, a land reform farmer needed over 500 hectares of land, which was too expensive for the state to buy given the money allocated to land redistribution.[22]

As discussed in Chapter 4 and Chapter 6, land prices quickly eclipsed the 15,000ZAR SLAG grants and 20-100,000ZAR LRAD grants. Figures 8.6 and 8.7 show the cost per hectare of land from the AGRIDS data during the SLAG period between 1995 and 1999 in the Free State and its local municipalities, while Figures 8.8 and 8.9 show this during the LRAD period between 2002 and 2009. These data show the cost of land for all types of

[21]Interview: Grain Farmer D, April 2020. North West. (Remote)
[22]Interview: Grain Farmer E, April 2020. Free State. (Remote)

land, regardless of whether it is grazing or irrigated land. After the drought in 1994, land in the Free State fetched between 700 and 900ZAR/ha, while some local municipalities saw land prices rise above 1,000ZAR/ha to close to 2,000ZAR/ha. Often, these municipalities, like Moqhaka, Nala and Ngwathe/Metsimaholo are those with large areas of relatively high rainfall grain land. With a 15,000ZAR SLAG grant, one might be expected to only be able to afford 20ha of land per grantee. Therefore, the SLAG grant offered nowhere near enough money to purchase a 500ha grain farm. Further, this also assumes that each parcel of land is valued at 800ZAR/ha, when in reality this average represents low quality grazing land and cropland.

Figure 8.6: Price per Hectare on Transacted Land Between 1994 and 1998 in the Free State, AGRIDS Data

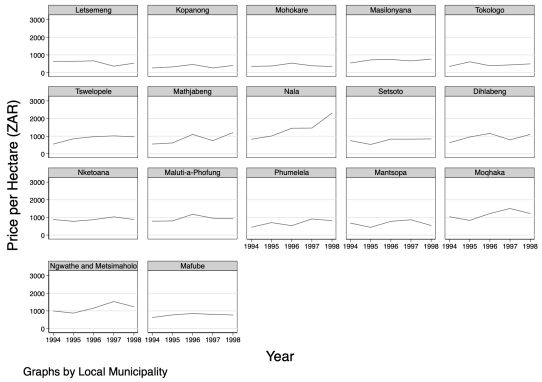

Figure 8.7: Price per Hectare on Transacted Land Between 1994 and 1998 in the Local Municipalities of the Free State, AGRIDS Data

While the LRAD program offered a sliding scale of funds matched at the beneficiary's contribution (see discussion in Chapter 4) that could rise up to 100,000ZAR per beneficiary, the AGRIDS data shows that this also occurred at a time of rapidly rising land prices. Figure 8.8 shows that the cost of land between 2002 and 2006, i.e. before the introduction of the PLAS program that bought the land outright and leased it to farmers, land prices more than doubled from 1,000ZAR/ha to over 2,000ZAR/ha before skyrocketing even higher to above 5,000ZAR/ha. In the same local municipalities that are close to the Vaal and Sand rivers, farmland rose up to and above 10,000ZAR/ha according to Figure

8.9. While much of this rise can be attributed to non-agricultural factors, e.g. inflation and urban sprawl leading to higher land values, what is clear is that the more generous LRAD grant was mitigated by rapid rises in farm prices.

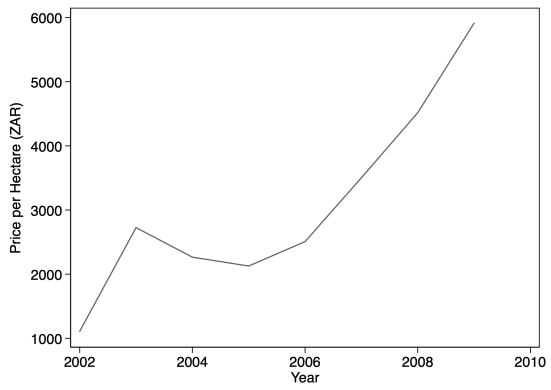

Figure 8.8: Price per Hectare on Transacted Land Between 2002 and 2009 in the Free State, AGRIDS Data

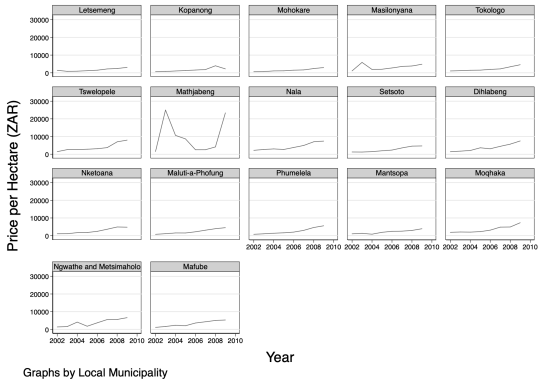

Figure 8.9: Price per Hectare on Transacted Land Between 2002 and 2009 in the Local Municipalities of the Free State, AGRIDS Data

This process mirrors the process in the fruit sectors, described in Chapter 6. Deregulation led to massive financial gains for farmers and rising land values. With fruit farming, there was never an expectation that this land might be easy to purchase because it was expensive land to buy and maintain. In contrast, grain farmers went through a period of crisis that should have made their farms easy to purchase. But the dynamics of deregulating a vastly decentralized network meant that marginal white grain farmers sold their land within their own networks rather to the redistribution program. Just as in the fruit farm areas, it was only when the state switched to full land purchases in the form of PLAS grants that the number of hectares of grain farms transferred using redistribution rose (see discussion of Table 8.2).

Grain farming is a high sunk cost enterprise, which means that farmers want to recoup not only the price of their land, but also the historic capitalization of their farms. Thus, the state must offer a land price well over the cost of the land itself to convince a farmer to sell to the redistribution program. In addition to the nature of the crop, the institutions

within the sector limited the supply of land. The grain sector is run by a number of large firms that emerged from the many apartheid-era cooperatives, which created a patchwork of empowered producers who organize depending on their own interests rather than a coherent interest at a commodity sector level. One development professional explained land redistribution outcomes in terms of the degree to which processors were organized, comparing sugar, where there are a few powerful processor firms (discussed below), to the grains sector as "simply a matter of numbers". In sectors like sugar where there are fewer farmers who are have much to lose, farmers " organize earlier," but in areas "where you have large numbers of farmers that are more independent, it is harder to organize'.'[23]

If one took the decentralization of the sector to imply that its members are weak and thus cannot resist policy reforms, one might expect this logic of collective action to lead decentralized sectors to be vulnerable to state attempts to purchase land. Any vulnerability might be exacerbated by the fact that their own sector was undergoing such devastating change for so many of its members. Instead, I argue that the decentralized grain farmers have minimal organization and thus follow their own individual profit-driven motives, which may not present an easy pathway for them to benefit from market-based land reform.

This is not to say that grain organizations avoid participation in economic empowerment initiatives for Black South Africans. However, they reserve their efforts for developing small-scale farmers in South Africa's communal areas rather than focusing their energies on redistribution[24]. The former head of a predominately white commercial farmer association and had served in a senior position in a major cooperative, described their reaction to a proposal to initiate land redistribution within the grain sector during the late 1990s. At the time, they were a president of a major cooperative.

[23]Interview: Consultant D, February 2020. Gauteng.
[24]Interview: Farmer's Representative D, December 2019. Gauteng.

> "By the end of 1998/99, Mbeki called me and the then president of [our association] in...with the future minister of agriculture...Thoko Didiza. The president asked me, being a maize farmer, 'what are you doing to get farmers of colour to become knowledgeable farmers?' My answer was short and sweet. I said: 'Nothing. I'm not going to be the one to do a wrong to a new farmer because a small farmer does not have a chance in heaven"'.[25]

The statement above is a clear indication that landholders in the grain sector were not willing to supply land to the land reform program. Their reluctance was linked to the nature of the sector: grain farming had become a business that required large scale ventures of 500 or more hectares and the state was not willing to invest the money that these enterprises required. The institutions in the grains sector communicated clearly and directly to government that they would not be providing the support the government wanted if that support was going to lead to what they saw as unprofitable redistribution ventures. Just as in the fruit sector, the agricultural model proposed by the state did not fit the liberalized, commercial farming model in the grain sectors.

This process is driven by the price of productive grain land due to consolidation and the nature of farmer support by the sector itself. One emerging Black cattle farmer expressed their concern with the redistribution programs. They argued that when the government buys land in grain farming areas like the Free State, it tends to focus on cattle farms because "it is cheaper in terms of rand/hectare to buy grazing rather than arable land. If the government has to support that farmer, it is cheaper than grains".[26] The government, in the eyes of this farmer, considers both the cost of the land and the future cost of supporting a grain farmer and sees the investment in a grain farmer as a larger risk for future expenditures.

[25]Interview: Grain Farmer C. May 2020. Free State (Remote)
[26]Interview: Cattle Farmer D, May 2020. Free State. (Remote)

The cost of high quality grain land prevented the state or beneficiaries from purchasing this sort of land. One Black grain farmer from the Eastern Cape province explained that the government "[struggles] to get access to land...on the Orange River side where there is productive irrigated land" because in these more desirable areas "[white farmers] reserve their land or inflate their prices".[27] As Figures 8.7 and 8.8 show, the farms in the Local Municipalities that adjoin various rivers did rapidly rise in price. The state desires grain land for land reform because it can be high value, but it cannot afford the farms that could be commercially productive post-transfer. Instead, the white farmers who own high value farms are able to charge a premium.

As one former government official admitted, "if you want to follow a market-driven process, there's nothing else you can do" but pay these extortionate prices.[28] This obstacle is potentially resolvable, but only if the state decides to pay more money. In addition to high land prices, another obstacle to the state's desire to purchase grain land is the anticipated cost of supporting a grain farmer. In the newly liberalized grain sector, the industry itself provides minimal support to farmers.

However, when it comes to more marginal farms, the state also struggles to purchase land. Without a centrally organized land reform initiative within the sector, established commercial farmers sell land within their own local networks. Unsurprisingly, given the nature of South African agriculture, these networks are predominately white. One largescale maize farmer in a rainfed area who had bought up much of their neighbours' farms described the motivations that existed for marginal, white grain farmers in the 1990s. They argued that due to the expense incurred selling to the state, "old white farmers would rather sell to us [largescale white farmers]" than the state.[29] Another maize farmer whose family had moved into maize milling described how many marginal farm-

[27]Interview: Grain Farmer A, April 2020. Eastern Cape. (Remote)
[28]Interview: Bureaucrat C, March 2020. Gauteng.
[29]Interview: Grain Farmer D, April 2020. North West. (Remote)

ers had sold their land: "farmland is sold on the free market" when "people advertise or auction their land".[30] According to this farmer, their family farm "roughly doubled in size from the 1990s until now" after they took advantage of a drop in land prices due to poor rainfalls in the area.

Other established grain farmers leased out their land to neighbours and family members. One farmer who wanted to wind down operations on a rainfed farm decided to exit from the "stressful" business of wheat farming in an era of climate change-induced changes in rainfall patterns by leasing out their land to a white neighbour who wanted to farm potatoes on their land.[31] Another prominent maize farming family on irrigated land did the same. One member of the family related to the farmer told the author that after a drought caused a dip in maize prices, "it didn't make commercial sense to continue the maize farm" and instead the family leased the farm out to white neighbours and extended family to protect themselves from the risks of farming maize.[32] These accounts confirm the secondary literature on land sales described in Chapter 4. Farmers saw the state land reform program as slow and bureaucratic and feared that if they sold their land to the state, they may be stuck in a land sale for months rather than weeks. It was often easier for the farmer to sell their land for less on the free market.

Each of these grain farmers had an incentive to sell given the changing nature of farming in their sector. But when it came to selling their land, these farmers had no real incentive to sell to the state. Within a deregulated environment, the state had limited leverage over the farmers and there were few mechanisms for them to organize in favour of land reform. Instead, each producer followed their own interests. Some sold or leased their land to neighbours, others moved into up and downstream areas of the value chain, but few actually sold their grain land to the redistribution program.

[30]Interview: Grain Farmer E, April 2020. Free State. (Remote)
[31]Interview: Cattle Farmer F, March 2022. Free State. (Remote)
[32]Interview: Grain Farmer F, March 2022. Free State. (Remote)

These assessments are largely borne out in a preliminary descriptive and visual cut of the data. Figure 7.2 in Chapter 7 shows that the land reform parcels are largely clustered around the former homeland areas in ranching zones, but are minimal and quite scattered through field crop areas. Figure 8.10 shows that in these grain areas, few redistribution farms are located in irrigated farms, i.e. those with a centre pivot irrigation system, or on farms that are close to irrigation canals. Instead, they are largely rainfed and on more marginal land. In contrast to grain, where farmers clearly reserved irrigated land from the market for land redistribution, Figure 7.4 shows that the vast majority of land reform farms in grazing areas are on well suited or some of the best land for grazing.

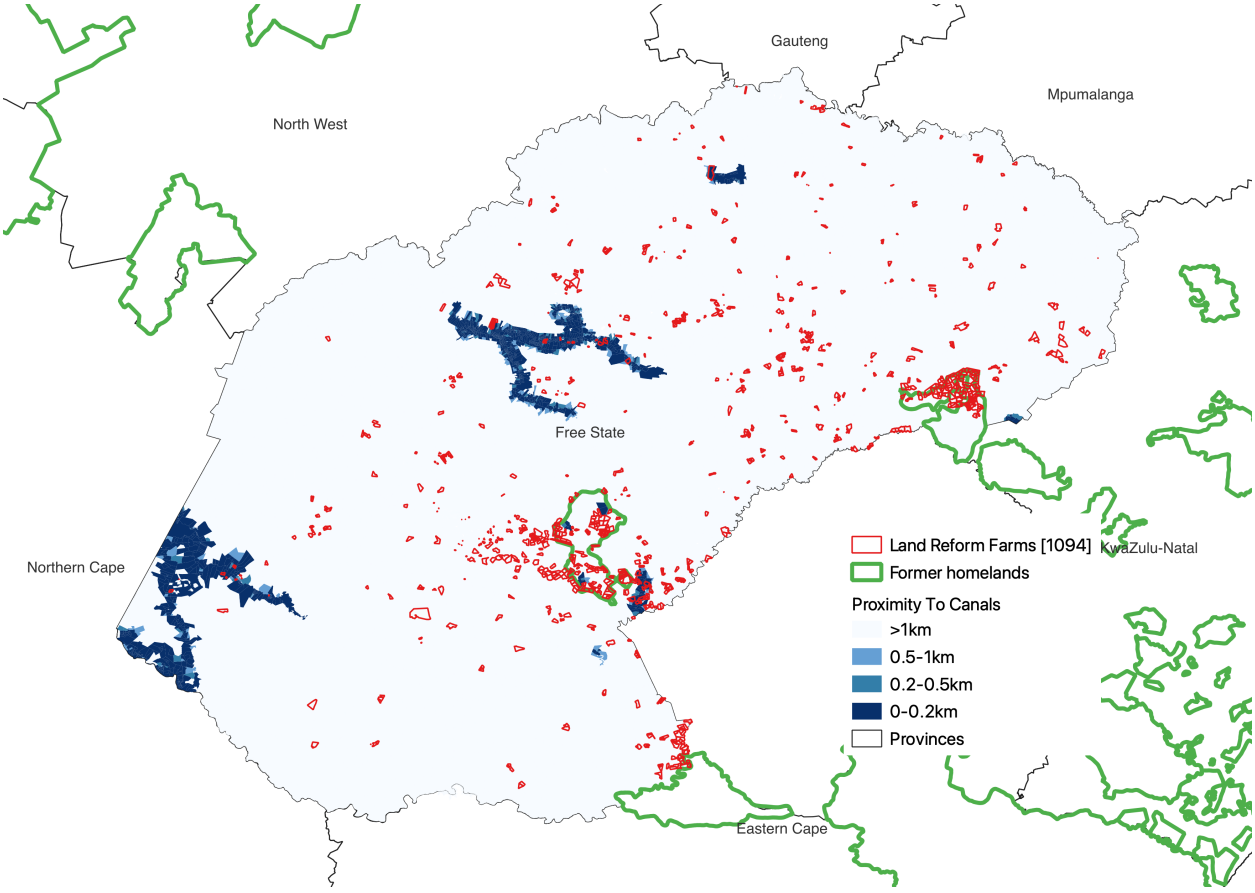

Figure 8.10: Land Reform Farms and Proximity to Irrigation Canals in the Free State, SPLUM and ARC Data

In Table 8.1 I break down the transferred field cropland within the Free State into two three-part categories as defined by the 1990 land use map. Cropland is either rainfed or

Type of Land	High Rain	Med Rain	Low Rain	High Irr	Med Irr	Low Irr
Ha in Province	225,610	884,833	1,996,593	15,132	4,383	3,452
Ha Total Redistributed	2,792	15,270	42,799	188	130	62
Pr Redistributed	1.24%	1.73%	2.14%	1.24%	2.96%	1.79%
Pr Red of Cropland	4.56%	24.93%	69.89%	0.31%	0.21%	0.10%
Pr of Total Cropland	7.21%	28.27%	63.79%	0.48%	0.14%	0.11%

Table 8.1: Land Redistribution on Grainland in the Free State, SPLUM data

irrigated, and it varies on whether it is high, medium or low rainfall or high, medium or low irrigation quality. This table shows both how many hectares of commercial farmland exist in each sector within the province (Ha in Province) as well as how many hectares have been transferred by both the redistribution and restitution programs.

There are two striking observations from this descriptive data, which covers a period from 1990 until the mid-2000s (i.e. up until LRAD). First, most of the land in the province is low or medium rainfall land without irrigation, and most of the redistributed land in the province is in this category. 69.89% of redistributed cropland was low rainfall, with an additional 24.93% in the medium rainfall category. As a result, almost 95% of all transferred cropland in the province was marginal farming land.

Further, these transfers were disproportionately high in the low rainfall area. While low rainfall cropland made up 64% of cropland in the province, the low rainfall cropland that the state transferred in redistribution programs made up 70% of all redistributed cropland. In contrast, higher rainfall areas were underrepresented in land reform. Second, while irrigated land was not redistributed at a much lower rate than rainfed land, the number of hectares redistributed was objectively very low. In total, only 380ha of irrigated land transferred was irrigated land. These 380ha came from a mere 11 farms, which is a low number for a whole province over 27 years. Additionally, while 69% of all irrigated land is high quality irrigation land, only 50% of irrigated land that was redistributed was high value irrigated land.

Land Type	Irrigated Land	Arable Land	All Grain Land
Ha Total (Land Cover 1990)	22,967	3,107,036	3,130,003
Ha Red (All Programs)	6,882	68,489	68,489
Ha Red (PLAS)	3,638	30,896	30,896
Ha Red (LRAD)	1,645	26,002	26,002
Ha Red (SLAG)	746	5,188	5,188
Pr Red (All Programs)	29.96%	2.20%	2.19%
Pr Red (PLAS)	15.84%	0.99%	0.99%
Pr Red (LRAD)	7.16%	0.84%	0.83%
Pr Red (SLAG)	3.25%	0.17%	0.17%

Table 8.2: Land Redistribution on Grain Land in the Free State, Parliamentary Data

Another data source tells a similar story up until the introduction of the PLAS program. The parliamentary data, which counts land reform parcels up until 2017, shows that much more irrigation land was redistributed in the later parts of the land reform program. In this data, the number of hectares of certain types of land (arable, grazing and irrigated) were tabulated by the Provincial Government and classified by program type and year. Table 8.2 shows that more irrigated land ended up in the hands of redistribution farmers than the SPLUM data suggests. This difference could be because the data on irrigated land that I use comes from 1990, which may not capture the full total of land that farmers or the state developed into irrigated land after 1990. Further, my use of land cover data from 1990 could both lower the amount of land I calculate as being irrigated from the SPLUM data and inflate the the proportion of irrigated land in Table 8.1 and in Table 8.2 by providing an inaccurately low denominator.

What is clear from Table 8.2 is that the vast majority of irrigated redistribution occurred under the PLAS and LRAD programs. Figure 8.11 shows clearly that much of this redistribution took place after 2006, which the SPLUM data does not capture. Under the SLAG program, the state redistributed only 746ha of irrigated land, while under the LRAD program it was able to redistribute a further 1,645ha. It was under the PLAS program that the state managed to redistribute the most grain land, adding a further 3,638ha of irrigated land.

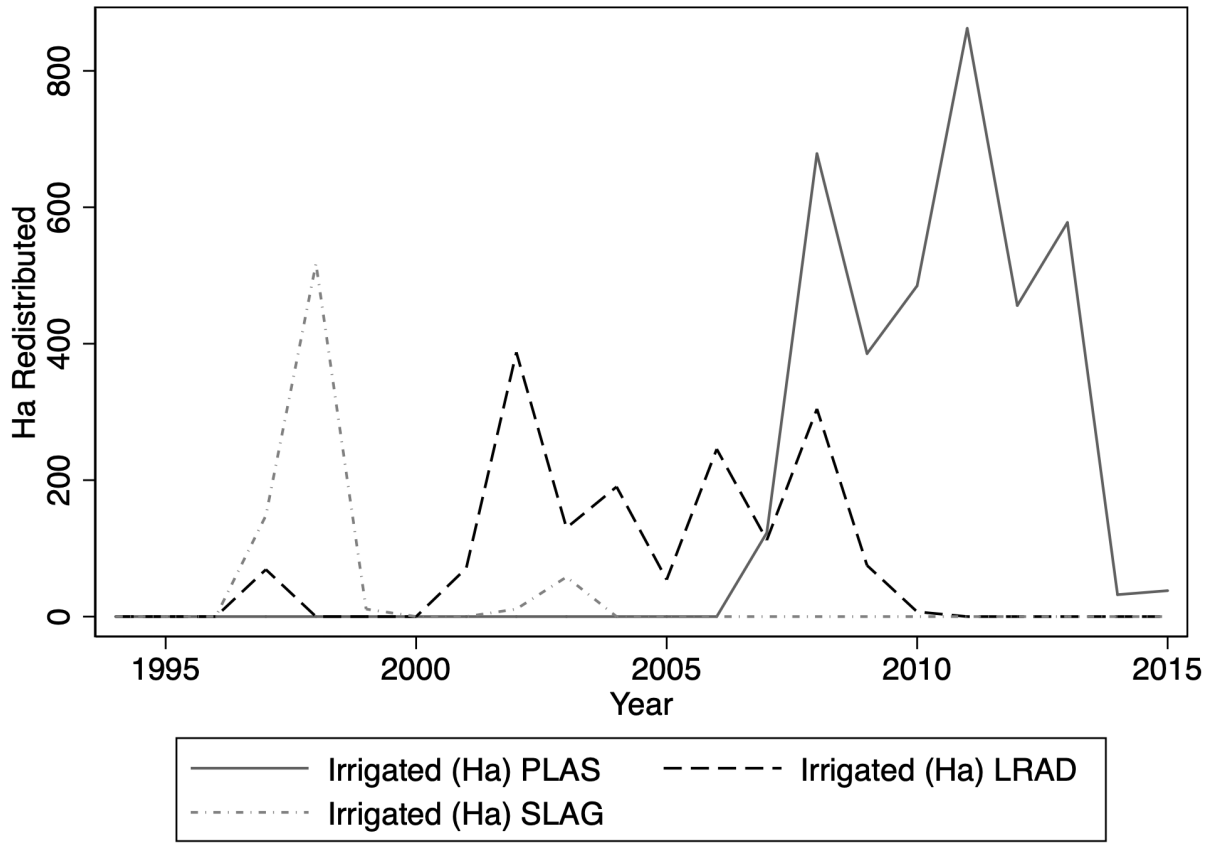

Figure 8.11: Land Reform Over Time on Irrigated Land by Program in the Free State, Parliamentary Data

Notably, while the state increased the number of hectares of field crop land through LRAD and PLAS, it still made minimal gains. There are many more hectares of rainfed land. In fact, 99.27% of the grain land in the Free State in 1990 was rainfed and 64.26% of that rainfed land is low rainfall. And the state seems–across programs and datasets–to have made a minimal dent in this kind of land for redistribution. Table 8.2 shows that by 2017, the state had only managed to redistribute 2.2% of cropland, and early redistribution efforts from Table 8.1 showed that the state struggled even more to buy higher rainfall land. Table 5.2 shows that more grainland was redistributed in KwaZulu Natal, but this number still fell well below what other sectors were doing and was largely rainfed land.

These findings indicate that land redistribution in the Free State systematically trans-

ferred low quality grain land to new farmers, which was especially problematic. Farmers were offloading land, but the only land that the state purchased in cropland areas was low quality cropland, which was either medium or low rainfall land. This land, while potentially useful for mixed farming where a rancher could grow a portion of the feed they need for their cattle, was not in the heartland of productive maize or wheat farming in the Free State. Instead, most redistributed land would have been in areas where state subsidies were now insufficient to support marginal grain farms, thus making much of this land de facto grassland. An experienced farmer would struggle in any year with low rainfall or a drought on these farms.

The decentralized nature of the sector created a further problem: producer dominated institutions provided limited support from the sector itself for marginal farmers. This dominance caused new entrant Black farmers to struggle to succeed as grain farmers. As one Black grain farmer described in detail, admission to a cooperative provided a basis for a private loan in the deregulated era. However, access to membership was hard to come by for Black farmers because they did not have access to the right networks for admission to cooperatives. Without the backing of cooperatives, Black farmers need to rely on private loans which depend on:

> "collateral, your personal assets and the land. [The lack of access to loans] leads to the collapse of land reform projects and contributes to the failure of land reform in South Africa. Even now if I had decided to take out a loan, I would have to pay 30% more than my white colleagues. All the insurance companies are white owned and Black farmers are seen as high risk."[33]

My interviewees across the racial line expressed this feeling. One white MP who represented a party strongly affiliated with conservative white farmers argued that "[Black

[33]Interview: Grain Farmer A, April 2020. Eastern Cape. (Remote)

farmers] are marginalized because they cannot become a part of organized agricultural communities...we have a lot if agricultural organizations, but people haven't had access to them".[34]

Another mixed-commodity farmer described how they struggled to get loans because they were part of "the first generation" and "as Blacks we never had the chance to accumulate assets...we are stuck..we cannot grow the farm, we cannot succeed".[35] Without these loans, the farmer struggled to buy inputs to make their farm "fully productive". While established and successful white farmers may be able to access discounted inputs from cooperatives, Black farmers reported that they were either implicitly or explicitly shut out from these. Black farmers could become members of the cooperatives for a small fee, but the main benefits of the cooperatives went to shareholders, a level of membership which most Black farmers could not afford to access because this status was reserved for large and profitable grain farms. Another Black farmer hammered home this exclusion, describing their experience with white-dominated cooperatives:

> "We are Black...I want to emphasize that because of the colour, we are not members of these big cooperatives...We are the new generation. We don't have the financial muscle of belonging to these big companies...These guys are looking after their members. We as Blacks we don't have our own [cooperatives]. We are expecting the government will assist us to have our own but they are very very slow."[36]

Additionally, the farmer reported the state support was minimal, slow and often came from inexperienced extension officers. While it helped keep the farm afloat, it did not help the farm grow into an enterprise that could compete with large established grain farmers. The interview with this farmer took place in the midst of the global fertilizer

[34]Interview: MP D, March 2020. Gauteng.
[35]Interview: Cattle Farmer C, March 2022. Free State. (Remote)
[36]Interview: Cattle Farmer C, March 2022. Free State. (Remote).

shortage caused by the war in Ukraine, which the farmer argued was a perfect example of the inequalities that characterized the grain sector. The farmer claimed that "white established farmers...are stockpiling fertilizer, they are buying chemicals, they are buying seeds," using their networks and purchasing power as shareholders in cooperatives, but Black farmers had to wait for the government to provide relief funds which were delayed. The "established white farmers still have the resources to prepare for disasters, like Covid-19, like the war in Ukraine and the fertilizer crisis, but if you are an emerging farmer your margins are so small and your capital is so limited that you can't necessarily do anything".[37]

The deregulation of the grain industry led to the removal of state-subsidized agricultural loans. Without support, land reform farmers had to rely on either admission to an old cooperative or private sector loans. As one agricultural economist argued, in addition to competing with other exporters or even imported goods in a liberalized market, new entrant Black farmers "[have] to compete with strong farmers that have been supported all these years" in "your dualistic system and your race based system which is all still maintained through the big cooperative or agbiz structures".[38] New land reform farmers do not have such networks and often struggle to gain access to the very institutions and capital that would allow them to succeed. An agricultural extension officer spoke of white farmers as being "7th generation" who have "established" networks and described farming as "almost in their blood".[39] In contrast, Black farmers stand out in white organizations and the "ability to engage in the value chain is what many [land reform] beneficiaries don't have".[40]

The deregulation of the sector is largely responsible for these obstacles. As one policy advisor and fruit farmer argued, in a context of withdrawn state support and interna-

[37]Interview: Cattle Farmer C, March 2022. Free State. (Remote).
[38]Interview: Agricultural Economist B, November 2019. Western Cape.
[39]Interview: Bureaucrat E, November 2019. Gauteng.
[40]Interview: Bureaucrat E, November 2019. Gauteng.

tional competition, there is not much hope for new entrant farmers. They went on to say that:

> "Deregulation had two assumptions. First, that efficient farmers would grow, export more and produce more. This is true. Second, that Black farmers who were introduced would have a package of support programs. But the majority of these programs have failed...Larger more efficient farms have got bigger and bigger and can compete with anyone in the world. But Black farmers have lost out".[41]

The exclusivity of cooperatives affects Black grain farmers in one final disadvantageous way. One of the few advantages of grain farming is that one can store one's produce in a silo, allowing a farmer to wait for a suitable price and make use of available markets. However, many Black farmers often cannot afford the fees to store their maize for extended periods and thus "cannot keep our produce–maize–for a long time to wait for the good price when it comes".[42] Instead, they must sell soon after harvest to recoup input and transfer costs.

There are nevertheless some agricultural support programs within the grain sector. In fact, I spoke to many people in cooperatives involved in programs that resembled initiatives in other sectors. However, these programs are often targeted at only the most successful farmers who have land and the farmers still struggle. One farmer on redistribution land described how they had marketing issues having to rely on the "SAFEX" and "international" prices, recounting how "you'll find that the challenges for the marketing...because of rent and all the...fluctuating and you find that the somewhere you are losing [money]".[43] Instead, because they farm on smaller plots of land, emerging farmers produce less and must compete with established white-owned farms who produce much

[41]Interview: Bureaucrat B, February 2020. Gauteng.
[42]Interview: Cattle Farmer C, March 2022. Free State. (Remote).
[43]Interview: Grain Farmer G, March 2022. Free State.

more per year. The farmer outlined how redistribution farmers' smaller scale means that "even if you have a quality...product...because...you don't have the market or the direct market...then you, you'll find that you have to accept whatever they [offer]... because the more you produce, the more you you get a better profit."[44]

Further, support from cooperatives was highly conditional. As one member of a support program recounted, one needed to be a highly promising farmer already to get support from grain cooperatives: "to become a member, you must have land...and then you must have some mechanization and livestock somewhere that will them that you have your starting your farm *to be a farm*," (author's emphasis)[45] while one consultant familiar with agriculture claimed that one cooperative "helps black farmers, but only if they have 200ha" as the cooperative considers anything smaller to be "subeconomical".[46] The farmer was reflective about the role of the cooperative that supported them, admitting that the organization was a "business" and had to only support farmers who would earn the cooperative money.

Thus, one can expect very little state support in these deregulated sectors. Yet in grain farming, what compounds this issue is the decentralization of power within the sector. New entrant farmers have limited support structures from both the state and the market, as the market's institutions have been reoriented to help large and profitable farms managed by experienced farmers with deep pre-existing networks. The state can only afford to purchase smaller farms or less productive farms. As nearly all redistribution farmers have limited commercial farming experience or networks given the racial exclusivity of those networks under apartheid, they are bound to struggle.

[44]Interview: Grain Farmer G, March 2022. Free State.
[45]Interview: Grain Farmer G, March 2022. Free State.
[46]Interview: Consultant D, February 2020. Gauteng.

8.4 Conclusion

Land reform in the grain sector lagged behind more than any other sector. In this chapter, I argue that this slow pace of land reform is in some way surprising given the difficulties faced by commercial grain farmers in the 1990s. With a degree of demand for grain land to farm maize and the struggles of white grain farmers amid deregulation, one might expect the state to redistribute large tracts of grain land.

What my analysis above shows clearly is that rather than leading to easier land reform, deregulation and decentralization worked in tandem to present serious obstacles to land reform. These two conditions led to a consolidation of farmland under white ownership. Powerful producer organizations, reacting to the pressures of deregulation with the removal of tariffs, pricing support and preferential policies, shaped the sector in a way that made it more exclusive.

With consolidating grain farms, the state land reform programs largely could not afford to purchase grain land because the farms were too large. Further, the deregulated nature of the sector meant that the state had limited leverage over landholders who sold their land at high rates to other white farmers rather than the state land reform program. These obstacles were compounded by decentralized, producer-dominated organizations, which shifted from helping all members to helping the successful 'shareholders' of their organizations.

Thus, the grain sector stands in stark contrast to the sugar sector, where the political economy of agriculture was conducive to land transfers. In the sugar sector, the regulated environment and the sector's relative centralization worked together to lead and led to higher rates of land transfer. But in the grain sector, the deregulated nature of actors' relationship with the state combined with the decentralized nature of the sector was an obstacle to purchasing grain land. The grain sector saw minimal land transfers relative to

the sugar sector and much of this land was the most marginal land.

Because land reform farmers often received marginal or small plots of land, the deregulated and decentralized nature of the grain sector to made life even harder for them. Without stronger regulatory or sector-level support, new entrant farmers struggled on their small and marginal plots of land. Further, the decentralized nature of the sector meant that few support programs existed to help new entrant farmers. Unlike in sugar and fruit, where centralization has led processor institutions to support new entrant farmers to ensure the viability of the sector, land reform farmers on small, marginal grain farms are left to fail. The free market logic of the sector leaves little room for error.

Likewise, in ranching, the decentralized nature of the sector decreased the amount of land that might have been redistributed in areas like the Free State. However, in KwaZulu Natal and in areas adjacent to homelands in the Free State, large tracts of ranching land were redistributed due to the need to maintain markets and regulatory frameworks around disease. In contrast, there were few impetuses to transfer land in the deregulated, decentralized grain sector as deregulation and decentralization put pressures on farmers that made them sell land through mechanisms outside of land reform. Instead, the land that was transferred in the Free State and across the country was largely low quality, marginal grain land that was transferred in plots that were too small to make a profit.

In conclusion, the grain sector shows what happens when actors have neither the incentive to redistribute nor the capacity to organize for redistribution. Their resistance does not lie necessarily in organization against the state-led redistribution effort. Instead, agricultural change has caused them to follow different incentives. It is not so much that actors within the grain sector fought against redistribution, but they have simply not engaged the program.

CHAPTER 9

CONCLUSION

9.1 The Future of Land Reform

As societies look to resolve past injustices, they often turn to the question of land dispossession. If they attempt to forge a path to a better society with both the dispossessed and the beneficiaries of dispossession conceived as equal, often the commonly arrived at 'just' result will be a compromise. This type of justice usually entails some form of voluntary, market-based or negotiated land redistribution. However, navigating this stage is more complicated than classical expropriative redistribution as the state must manage both the demands of the targets of redistributive purchases and the expectations of the hopeful beneficiaries. Justice based on market principles raises key questions about who will engage in redistribution, how will they do so and to what extent.

In this dissertation, I have found that the success of land claims is often determined by the structure of the rural economy and the institutional nature of the agricultural sector. To answer the question of how to resolve historical land dispossession under such parameters, one must also think about the conditions under which landholders will sell or transfer their land to the dispossessed. I have shown how land redistribution under market conditions has shifted the determinants of successful land reform in the contemporary era. Today, the drivers of land reform diverge drastically from the determinants just decades ago. While a classical view of the political economy of land sees land redistribution as driven by coalitional interests mediated by the politics of parties, elections and democracies, I argue that the political economy of agriculture plays an important role in contemporary land redistribution outcomes. Thus, the success of rural redistribution under a market system is subject to the institutions that govern private actors.

The power of private actors, however, is not a mere binary power where–as intuitions suggest–strong and rich actors resist land reform and the weak and less profitable actors must participate. My analysis shows that centralization does not inherently place a sector in opposition to the state-led redistribution program. Further, disorganization does not mean that a sector's land is easy pickings for a redistribution-oriented state.

In the chapters in this dissertation, I have shown that the relationship a sector has with the state determines whether the sector's degree of centralization works for or against land reform. In centralized sectors that rely on state regulation–like South Africa's sugar sector–key actors are compelled to opt into land reform and participate in the process because they have an incentive to ensure that state support continues. In contrast, when centralized actors–like fruit farmers–rely less on regulation to maintain profitability, then their organizational power works against redistribution. Without the incentive to work to negotiate with the state to transfer farmland, the sector will move away from land redistribution. Thus, while centralized, deregulated sectors will redistribute minimal land, centralized and regulated sectors may enthusiastically redistribute their land.

The relationship between decentralized sectors and the state produces more complicated outcomes. While regulated, decentralized sectors, like cattle farming, have many actors with an incentive to redistribute, they lack the capacity to do so. Thus, some actors may band together at a local level to follow various incentives they have to redistribute land, but there will be few sector-wide initiatives as no actors have top down control to institute redistribution across the sector.

In decentralized and deregulated sectors, as is the case for South Africa's grain sector, farmers have neither the incentive to redistribute nor the capacity to do so. Instead, any attempts at redistribution must compete with a vast array of incentives for decentralized actors, as is the case in the cattle sector, but none of those incentives directs actors towards land redistribution. Thus, much like farmers in the fruit sector, it is difficult for the state

to make any inroads in field crop areas. Further, the decentralized nature of the sector means that there is less support for emerging farmers, which leads them to struggle in these competitive areas. Unlike the centralized and liberalized sectors, decentralized liberalized sectors maintain higher levels of exclusivity for those farmers who manage to make their way into the sector.

9.2 South African Land Reform: Implications for Land Policy

Designers, observers and participants of South African land reform are composed of many stakeholders that each have their own critique of the process. Here, I summarize the critiques from both a state-centric left-leaning approach and the more conservative market-driven approach. My argument shows that both of these critiques describe part of the problem with land reform. Thus, if policy makers were to follow the prescriptions of only one of these camps, they would simply create further problems in land reform. Instead, there must be a compromise between these two approaches that more accurately reflect the different interests and positions of private actors without allowing private incentives to dictate the process.

The first camp argues that the issue with land reform is found in the state's concession of power to the market. Critics from the left see the willing buyer, willing seller program and the state's adherence to the property clause in the constitution as a sign that land reform policy is controlled and dictated by powerful white agricultural interests. These critics come from a wide range of places, including the Economic Freedom Fighters (South Africa's populist left wing party) and the Radical Economic Transformation faction within the ANC. As a solution, they propose greater expropriation powers and demand that the state should be able to expropriate land without compensating the existing owners.

This first critique is correct that, in some cases, agricultural sectors have been a serious stumbling block to land transfers. Many established and profitable farmers have opted against selling their land, while agricultural sectors have embraced agricultural reforms that make the sector more inaccessible to new entrant farmers. In my analyses of the grain and fruit sectors, I show that the state and land reform beneficiaries struggle to buy productive land. When emerging farmers do manage to gain a foothold in the sector, they then struggle to access the capital that they need to thrive. In the grain sector, these avenues are closed to new entrant farmers due to questions of farm size, capital, skills and networks. In both fruit and grain sectors, commercial farmers have adopted agricultural models that are inaccessible to new-entrant farmers given the training and capital available to them.

Additionally, this broad set of critiques point to the fact that many land reform farmers have received poor quality land. The proponents of this side of the debate correctly show that in many cases, white farmers have deliberately offloaded their worst land and failing farms onto unsuspecting new Black farmers. My analysis of land reform in the Free State's grain farms provides information to help sustain this criticism of South Africa's land reform. The Free State and KwaZulu Natal's field crop farmers redistributed negligible irrigated or high rainfall land, but transferred large swathes of low rainfall land and ranching land.

The second camp is made up of advocates from the private agricultural sphere and political parties that represent business interests, including the Democratic Alliance and the far right Freedom Front. They lay the blame for the failure of land reform at the feet of government and argue that the market is the solution to land reform. Proponents of this view hold that the state has been inefficient and wasteful, and argue that a greater reliance on the private sector could have yielded less corrupt and more productive results.

People within commercial agriculture maintain that they have always been willing

to engage in land reform. As an Agri SA representative outlined at a public conference, land reform must be "within the rule of law, be supported by good administrative practices and in accordance with free market principles... The cost of land reform cannot be born by private individuals".[1] Instead, he argued that "if government over the last 10 years had minimized corruption and waste...they could have bought every farm in South Africa...you can afford land reform and you can afford to pay us [i.e. white farmers]". This last point was a targeted critique of the concept of 'expropriation without compensation', or the idea that the state should seize indebted or unprofitable white-owned farms for redistribution without compensating the owner.

There is certainly merit to these claims. The fact that there has been minimal engagement with the agricultural realities of farming can probably account for the failure of some farms. One often cited statistic is that 90% of land reform farms have failed post-transfer.[2] Many interviewees reported to me that government grants to land reform farmers came at the wrong time,[3] thus scuppering the new farmer's ability to succeed before they even harvested. Others recounted stories of how only well-connected elites received farms or how bureaucrats diverted land reform money into their own pockets. This set of problems was compounded by the inefficiencies built into the ownership structure of LRAD farms, PLAS farms and restitution CPAs, none of which allow for competitive businesses to emerge on land reform farms.

[1] Speech by Ernest Pringle at the Agri SA Congress, Pretoria, Gauteng. October 11th, 2019.

[2] Interview: MP C, December 2019. Western Cape.

[3] For example, one interviewee (Interview: Commodity Sector Representative D, March 2020. Gauteng. (Remote)) recounted that some farmers had received grants for pesticides from the government months after harvesting their crop.

9.2.1 How to Speed up Land Reform: Divergent Sectoral Approaches

Each of these critiques assumes a uniformity of business behaviour. Farming enterprises are either dead set against land reform or–under better government management–all willing and able to participate. Yet my study shows that business behaviour is varied across sectors in ways that affects land transfers. Policy solutions must be based on an understanding of the institutional incentives and structure of commodity sectors.

The first critique of the market tends to portray agricultural organizations and farmers as anti-land reform. However, my chapters on the sugar and cattle sectors show that key actors in these sectors had incentives to engage in land reform. While the first critique of land reform in South Africa correctly diagnoses that many farmers have opted out of land reform, it cannot propose solutions to entice farmers to sell their land without first unpacking the conditions under which landholders have sold their land. Even in deregulated sectors, the benevolence of business is important. The fruit sectors have been much more supportive of new entrant farmers than the grain sectors, which should be factored into policy-making for redistribution.

The second critique that focuses on the disjuncture between state policy and agricultural realities makes mistakes where the first critique correctly diagnoses problems. By portraying the whole business community as willing and able to engage in redistribution but prevented from doing so by poor government policy, the pro-market approach paints market actors as benevolent actors thwarted by a corrupt state. But in reality, these agricultural actors have pursued strategies–such as trade liberalization, export-led development and new expensive varietals–that put their model out of reach of land reform claimants. This is not to say that the agricultural business community has intentionally excluded land reform claimants, but rather that certain sectors have had different institutions and incentives that led them to pursue these strategies. If one were to rely merely

on the existing incentives for agricultural actors, it is unlikely that many farmers in the grain and fruit sectors would sell their land.

What, then, is the way forward? If sectoral institutions play an over-sized role in determining land reform transfers, how does land reform occur? The market-proponents have argued that the state should focus on the market nature of willing buyer, willing seller. They are right to call attention to the fact that the state has neglected to think about market realities in its design of agricultural models. However, it is clear that handing over power to the market does not necessarily resolve this problem, especially when one takes into account the experiences described above and below of new entrant farmers' struggles after transfer has occurred.

My argument has implications for policy makers who want to speed up land reform. Policy makers can work to make land reform more successful by considering the two axes in my typological theory that determine sector willingness and capacity to redistribute. First, the state must build up regulatory capacity between its institutions and agricultural actors as well as capacity within sectors. It is unlikely that the state can bring back deregulated sectors (e.g. the grain and fruit sectors) into a fully regulated subsidy model as this is a difficult and complicated process. There are many powerful actors (e.g. producers, suppliers and processors) in both grain and fruit in South Africa who have profited from deregulation and want to continue to do so. In South Africa, the state would struggle to re-nationalize the productive cooperatives and companies upon which their agricultural export and domestic food economy relies and it is unclear whether state marketing boards and price controls would help farmers. However, the state may be able to revitalize sections of its agricultural support structure to give farmers a reason to engage with the government.

Such reforms would look different across sectors. In already regulated sectors, the state must maintain or repair mechanisms of regulation. The sugar tariff is crucial to the

state's leverage over the sector. However, the sector is struggling with rising costs and falling prices, especially with a new health tax imposed on many sugar products, like soft drinks. Further, despite the fact that the sugar sector is much more supportive of its producers than many other sectors, Black sugar farmers are struggling. One Black sugar farmer who had acquired their land through the LRAD program described to me how, while the price of sugar had stagnated or even dropped, their input costs had skyrocketed in 2021 by 80% and in 2022 by 130%. They laid the blame of much of their current woes on the fact that sugar prices were now "unstable", which meant that they could not cope with "sky high" input prices.[4] These shifts mean that once-sustainable agricultural models are now no longer profitable. Like many land reform farmers in the sugar sector, this farmer was smallscale as they farmed only 20ha of sugarcane land.[5]

This new government-imposed cost on the sector is driving many Black sugar farmers (both Black and white) out of the increasingly unprofitable sector and into areas like macadamia nuts.[6] However, the tax is prompting the corporatist mills to double down on transformation, with Tongaat Hulett leasing out its reserved development land to a new Black-owned sugar company led by leading Black sugar farmers.[7] The reaction of the sector to government-imposed costs to be more supportive of Black farmers shows that the Corporatist sugar sector is still responsive to state pressure and it could be a sector that might redistribute further land and assets to Black farmers. As one mill employee emphasized to me, while there has been a great deal of land transfers and support to small and medium scale Black farmers within the sugar sector, "we actually have not contributed meaningfully to the core element of transformation which is ownership"..."of the means of production".[8] Thus, the state can further promote agricultural support and

[4]Interview: Sugar Farmer B, February 2022. KwaZulu Natal. (Remote)

[5]The farmer had purchased their land from an independent white sugar farmer, which meant that they did not receive the 80-100ha plots allocated by the mills on miller-cum-planter land.

[6]Interview: Bureaucrat H, March 2022. KwaZulu Natal. (Remote)

[7]Interview: Mill Employee D, March 2022. KwaZulu Natal.

[8]Interview: Mill Employee D, March 2022. KwaZulu Natal.

transformation within the milling system.

While the land reform parcels in the sugar sector transferred what the sector considered to be viable economic units, dropping sugar prices, rising input prices, lower demand for sugar and foreign imports quickly made these plots less and less viable. As one government official recounted, at one point in the past "if you had 80 hectares of sugarcane [the size of many land reform plots], you could send your children private school, but today, if you have a hundred and sixty hectares of sugarcane, you're a marginal farmer."[9] The sugar sector transferred this land in an organized way because of the nature of the sector as a means to continue sugar supply and keep the sugar tariff in place. The sector's imperative to maintain state protections is stronger than ever given the pressures of international markets and domestic sugar taxes. Therefore, direct state leverage could prompt the mills to be more supportive of these struggling farmers.

The cattle sector, despite being regulated, is decentralized. In the absence of organized lobbying on the part of processors and producers, many of the benefits of coordination have eroded. A once vibrant system of veterinarians and extension officers who maintained bio-security and farmer support has fallen into disrepair, many extension officers are now poorly trained and inexperienced, and farmers are increasingly taking vaccination and dipping into their own hands as the state-sponsored programs have become less reliable.[10] If the state reinvested in veterinary services and farming associations it could improve conditions for existing land reform beneficiaries (Kirsten et al., 2022) in addition to raising the capacity to organize around redistribution, increasing the incentives to redistribute and encouraging farming communities to support new entrant farmers in the sector.

This point stretches across sectors and beyond extension services. In my conversa-

[9]Interview: Bureaucrat H, March 2022. KwaZulu Natal. (Remote)
[10]Interview: Cattle Farmer C, March 2022. Free State. (Remote)

tions with farmers, many reported that a key problem for both established and emerging farmers is the general deterioration of rural life. As railways and roads deteriorate, transport costs become higher for farmers (Sihlobo, 2022b). This leads to issues for all farmers—regardless of race–but it hurts new entrant farmers more. More marginal established farmers fail and sell to big agribusinesses, large farmers privately fund their own infrastructure projects–and thus move further away from the state–and new-entrant farmers struggle to get their foot in the door even more than they once did. If the state revitalized rural infrastructure, it could reinvigorate its relationship with agricultural producers across sectors (which would provide it with greater leverage), potentially slow the consolidation of farms and assist new entrant farmers.

The state will struggle to exert control over fully deregulated sectors. By definition, these sectors are less reliant on the state. However, there are key levers that the state has to encourage land reform in these sectors. In the fruit sector, where a centralized sector-level support system exists but the agricultural model preferred by the sector does not gel with the agricultural model promoted by land reform, the state's solution has been to try and adapt land reform to meet the model promoted by the sector. However, as my analysis has shown, new land reform models have struggled to meet the demands of a rapidly growing, export driven, dynamic and expensive sector.

Instead, to promote land reform, the state needs to apply pressure on the sector so that it uses its vast support networks to enable new agricultural models for emerging farmers. While the fruit sectors are financially powerful, centralized and liberalized, it does not mean they are entirely unregulated. The sectors do not rely on tariffs, research or support in part because they are so profitable that they can fund these ventures themselves. However, they do rely on the state to negotiate key trade deals with other countries.[11] This kind of relationship approximates the leverage that the state has over the sugar sector

[11]Interview: Commodity Sector Representative E, February 2022. Western Cape. (Remote)

because without these export deals, the fruit sectors' profits would be in jeopardy.

Thus, if the state pushed for land transfers by promising to quickly and efficiently facilitate trade deals, then they may make more progress in terms of land transfers in one of South Africa's profitable fruit export sector. In an era of growing protectionism (Sihlobo, 2022a), the state could leverage the need for new trade deals to push for more land transfers in the sector. While the various fruit sectors do not own large tracts of land, they may be able to use their top-down organization and in-depth knowledge of their farmers to identify plots for sale or plots with potential to grow fruit and ease the costs of transfer to the state–identifying beneficiaries, facilitating fast payment, providing capital–in a way that the sugar millers did in their own sector.

My findings on the role of regulation in land reform are an important factor for South African land reform as well as land reform around the world. A vibrant, agricultural support structure is not merely a necessary condition for farmers to succeed after they receive land. Instead, maintaining such a system ensures that existing land holders have something to lose in negotiations with the state for land redistribution.

But for many sectors, merely establishing more state control over agricultural processes may not actually work by itself to prompt land transfers. The grain sector exports much of its grain and could be made to sell off more land through a form of state leverage where the state promotes more export-oriented grain farming through trade deals. However, it is unclear what this tactic would accomplish without simultaneous reforms to the organization of grain farming. The decentralized, liberalized grain sectors are especially difficult sectors for new farmers.

Instead, my findings also suggest that the state should address issues of capacity within sectors to promote land reform. My analysis has shown that sectoral power is not always an impediment to land reform. Instead, having a centralized, powerful sec-

tor with a reason to engage in land reform can lead to high land transfers. One might question how much the state can change a commodity sector from decentralized to centralized given that the organization of the sector is rooted in the way in which a crop is farmed, but the state has the ability to encourage new forms of organization within existing landholding institutions that could encourage more redistribution.

Take, for example, the cattle sector. The erosion of many regulated institutions has left a lot of private initiatives to take up the slack. Employees of support system developed by the cattle organization discussed in Chapter 7 even included a training program for government extension officers as they noticed that extension officers were new and inexperienced.[12] Thus, there is a training gap within the government's own programs that they could address.

Further, the basis for state leverage for Besters-style local engagement on land reform rests on a reinvigoration of the Farming Association structure. As one employee of a marketing organization argued, farming associations allow for a relationship between government and coordination within a decentralized sector. They claimed that farming associations "[formalize]" the relationship between state and farmers "in order for any service to be rendered to the bigger group of farmers" and "[they provide] the government with some leverage" and a means to get support to farmers.[13]

In order to make use of this infrastructure, the state must work to build capacity within these organizations rather than leave them to the private sphere, where particularistic individual incentives may override the incentives to sell land for redistribution. The farming or livestock association structure may never get to the point of being as well organized as the centralized sugar sector because ranching does not require as intense organization on the part of processors, but stronger and more cohesive ranching associations

[12]Interview: Cattle Farmer E, March 2022. Free State.
[13]Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)

might deliver more comprehensive and successful land reform. While this may seem like a politically difficult task in that it could be seen as a move to give more resources to white farmers to encourage land redistribution, it is not necessarily so. Many areas in South Africa already have high proportions of Black cattle farmers on redistributed land, common grazing areas, restitution land or in communal areas adjacent to commercial areas (Hornby, 2014). Thus, any serious initiative to build local capacity of Black ranchers would reach many such farmers all over the country and help to institutionalize them within the commercial sector in a much more systematic way.

Grain farming presents a different issue for policy reforms. Many grain farming areas remain unequal and white-dominated. Large-scale agribusinesses and exclusive cooperatives are interested in supporting well-off farmers, who are majority white. Some have development schemes in communal areas for smallscale and unprofitable Black farmers as well as limited assistance and training schemes for a select few aspirant emerging commercial farmers. In the grain sector, the state might be best poised to assist and transfer land by creating new, state-run cooperatives aimed at building infrastructure and support for Black grain farmers. The state could also increase support to existing Black farming associations, like the African Farmers Association of South Africa and the South African Grain Farming Association, either through direct state funds or by compelling existing commercial grain farming associations (like Graan SA and the cooperatives) to support these initiatives. Finally, the state could work across sectors to smooth out market-induced bottlenecks that are especially prominent given issues around imports, exports and supply chains induced by the Covid-19 pandemic (Meyer et al., 2022).

Throughout my analysis, I have highlighted portions of interviews in which farmers and agricultural experts talk about the difficulties that new entrant, Black farmers have in South Africa. One implication of the above conclusions is that land reform outcomes–and often land reform problems–are potentially endogenous to the same institutional vari-

ables that led to the land transfer in the first place. These findings again suggest that agricultural assistance, relief and loan schemes must be tailored to sector-specific problems to tackle the different obstacles that new entrant farmers have experienced in their sector.

9.3 Implications for Land Reform around the World

South Africa's history of racially based land dispossession from a majority Black population to the advantage of European colonial settlers reflects aspects of different colonial histories around the world. Many have tried to separate South Africa from the study of Africa and colonialism more broadly. While South Africa had a much higher proportion of European settlers than most other African colonies, it never became a European majority settler state like many English territories (e.g. the United States, Canada and Australia) or Spanish territories in South America.

Of course there are few countries that are middle-income, former minority-European settler colonies with a history of highly regimented racial orders outside of African settler states. However, this does not mean that land reform in South Africa is a *sui generis* case from which we cannot draw broader conclusions and abstractions. In the section below I argue that the findings I present in the preceding chapters have important implications for many different contexts. South Africa can help us understand land reform, agriculture and transitional justice in other settler states on the African continent, which had similar dynamics of white minority rule followed by some form of land redistribution. Further, the South African case bears important lessons about the various obstacles to attempts to address historical colonial injustices in settler states in the Americas and the Pacific. Finally, this study shines a light on the role of agricultural institutions in land reform worldwide during an era of increased agricultural liberalization and market-based

redistribution.

9.3.1 Other African Settler States

Many states in Africa had some form of European settler presence. These are perhaps the most obvious direct comparison cases to South Africa. While South Africa and Algeria had by far the highest land dispossession and European settlement of the continent's settler colonies, Zimbabwe, Angola, Mozambique, Kenya, Tunisia, Libya, Eritrea and Morocco all saw substantial European settlement and land dispossession. Namibia, once a de facto province of South Africa as "South West Africa", was also a settler colony.

At independence each of these countries undertook some form of land redistribution program to correct colonial land dispossession and racial land inequality. In many instances, Europeans left fearing forced dispossession and violence, especially after brutal conflicts in places like French Algeria and Portuguese Mozambique and Angola. But a more negotiated, market-based transition determined the redistribution of land in the French colonies of Morocco and Tunisia, the English settler colonies of Zimbabwe and Kenya and the South African controlled Namibia.

Importantly, these transitions largely occurred before the era of agricultural industrialization, urbanization and the creation of a smaller, but more efficient, agricultural sector, which affects how regulation and centralization interact to lead to land transfers. Even today, South Africa has a much more modernized agricultural system than many other former African settler states. While some argue that African and other developing states were all too eager to prioritize protectionism of urban industry over agricultural producers (Bates, 1981), many of these settler states were islands of agricultural protectionism given the dominance of small, European farming communities within the limited suffrage politics of the settler colonies (Bates, 1983).

Therefore, the situation in many former African settler states is different from South Africa given the era in which they decolonized and redistributed their land. Below, I discuss Kenya as a case of this form of market-based land redistribution. I show that in spite of the differences in agricultural structures, the structure and organization of agricultural interests created variation in land redistribution across sectors under market conditions.

9.3.2 Kenya: Inverted Outcomes in a Different Era

The key lesson I draw from my study of land reform in South Africa is that the structure of the rural political economy determines what land is redistributed and why. Below, I argue that this insight helps us to better understand land reform in Kenya. However, while South Africa's land reform was most successful in centralized and regulated sectors, the different agricultural models in 1960s Kenya made land redistribution more successful in decentralized sectors. In fact, Kenya's land reform program managed to redistribute nearly all of European-held land by 1980, which was primarily medium-large sized farms and some plantations. However, the large tea estates, which were regulated and centralized outgrower institutions, stayed largely untouched.

Like South Africa's white farmers, Kenya's European farmers farmed a diverse set of crops. Many chose to go into grain farming and became a major supplier of large amounts of maize and wheat to neighbouring markets (Bates, 1983). Others, however, were involved in larger scale corporate plantation style agriculture of tea, coffee and sisal.

At independence, many white Kenyans were given the option of taking Kenyan citizenship, but most returned to England or moved elsewhere. Part of the reason they could do this was because Kenya undertook a willing-buyer, willing-seller program to purchase back the land from these farmers. The money for this program came from a mix of loans

to the Kenyan Government from the British Government and World Bank. In turn, Black Kenyans took out loans to pay the Kenyan Government back the money in exchange for their title deed over time.

Tea in Kenya is an industrial crop that can be grown in an outgrower, smallholder model. Kenya's tea authority has a close relationship with the government, with the state-controlled Kenyan Tea Board regulating the growth and processing of tea. And just as sugar is a regulated and centralized crop, tea provides a comprehensive research and extension service, while the state protects the local tea sector from imports with a high tariff.

Yet despite these conditions that led to high redistribution in South Africa's sugar sector, Kenya's large tea estates are still owned and are dominated by two largescale multinationals which operate tea estates that range from 3000-5000ha in size. While many Kenyans now farm tea in tea growing regions as small-scale or large-scale farmers, these two large multinationals (alongside the smaller companies) preserved their largescale holdings after colonial rule. Like sugar in South Africa, the tea companies had invested in Black smallholder development during the colonial era in the former communal areas to increase their profits (Swainson, 1977). Yet unlike South Africa's sugar sector, Kenya's tea sector did not volunteer land. Instead, the government saw plantations "as central to export earnings, too expensive to take-over, and intensively employing African workers" (Wasserman, 1973a, 134) and thus did not want to disrupt their economies of scale through land redistribution. While the industrial, regulated nature of sugar in South Africa meant that the sugar sector redistributed its land, the industrial, regulated nature of tea led the Kenyan state to avoid targeting these areas.

Kenya also contrasts with South Africa based on its more decentralized sectors. More decentralized farmers in grain and cattle in South Africa do not organize to resist or engage with redistribution. But in Kenya, ranchers and and field crop farmers actively

engaged the land reform process. Through the Kenya National Farmers' Union (KNFU), European farmers used intense lobbying to ensure that any land reform program would maintain land prices and pay them market value (Wasserman, 1973b). After ensuring that these conditions were met, many settlers sold their land.

How did these decentralized farmers do this and why did they redistribute their land? First one must recall that decentralization does not mean that landholders lack power, but rather that power is dispersed. Second, the decentralized farmers in Kenya were not yet deregulated. They had retained their relationship with the state marketing structures and had a distinct and entrenched regulatory framework. Without the Kenyan colonial state's support, these farmers would not be able to be profitable (Okoth-Ogendo, 1991). This was in part because, worldwide, the 1960s was characterized by more intense state-agricultural collaboration, corporatism and clientelism (Sheingate, 2003).

In Kenya, white farmers were the clients of the British state. They had served as a crucial lynch pin of the British Empire's war efforts in World War II, providing grain for the war effort. Because of this, farmers had developed and oversized influence in the metropole and in the Kenya Colony (Bates, 1989). During the negotiations for independence, European farmers were themselves negotiating with the British government to shape Kenya's post-independence dispensation and ensure that the Kenyan government would have sufficient loans to pay market value for European settlers' land (Wasserman, 1973b). As such, Kenyan farmers had the option to negotiate a better deal to ensure that they could sell their land and did not have to trade with a new, Black-led government that might want to expropriate their land or change agricultural policies.

In contrast, grain farmers in South Africa had a much weaker bargaining position and thus opted for liberalization of their sector to avoid control of the state. They had rebelled against state-led attempts to liberalize their sectors in the 1980s by voting for new, fringe conservative parties (Bernstein, 2004a; Trapido, 1971). Thus, they moved outside of a

clientelistic relationship with the state, which made further liberalization a more viable option for farmers than negotiation for redistribution.

This case study has a key implication for the argument presented in this dissertation. Importantly, the factors that I have presented (e.g. centralization and regulation) are not determinative. As the Kenyan case shows, is not always the case that centralized, regulated sectors will redistribute their land and more decentralized actors in higher sunk cost sectors will resist. Instead, the participation of these sectors is dependent on the political context of agriculture. As Sheingate (2003) demonstrates, agricultural actors' relationship with the state changes depending on various political contexts and incentives for the sector. But what holds true from my theory in the Kenyan case is that the relationship between the sector and the state and the sector's ability to act collectively determines how and when land is redistributed and in which sectors redistribution occurs.

9.4 Implications for Redistributive Politics

Early on in my field research, I discussed my project with a representative of a Black South African focused farmer's union at the end of an interview. My interlocuter warned me to pay attention to the market. They summed up the issues with a market based approach, saying that "the market dictates that land reform *does not* happen" and that to understand why land reform has worked or failed, "you need to be mindful of the market economy".[14] Over the months as I spoke to more people, I could not help but remember this advice as I learned about how different kinds of markets across commodity sectors had created variation in land transfers.

Restorative justice around the world is about making up for past wrongs, but our solu-

[14]Interview: Farmer's Representative A, December 2019. Gauteng.

tions for these issues are very much embedded in an institutional context that could continue to frustrate restoration. In South Africa, the structure of the rural economy and of specific commodity markets were at times obstacles to land reform, but at times enabled it. I have argued in this dissertation that to understand obstacles to restorative justice, we must focus on the institutions and politics that govern these economies. Some of these institutions may continue to perpetuate inequality, but others may actually advance the cause of justice by transferring resources.

While land transfers are a crucial first step in restorative justice, they cannot be called just if farmers are set up to fail. As I have discussed, sectoral and state support are crucial components of the land reform program, but have been lacking in many areas and many sectors. My conclusions lead to further considerations beyond land transfer.

Specifically, I have left unanswered questions of the effects of these obstacles on the beneficiaries of restorative justice. In my dissertation, I have laid out a number of examples in which commodity sectors have been more more supportive of those who receive land, but also many where commodity sectors have not supported struggling farmers. To some extent, these issues are endogenous to the sector. What is clear is that people have been impacted in vastly different ways by land reform in South Africa. Further work should examine how sectoral differences in land reform and farmer support have affected land reform beneficiaries in terms of their views on justice, fairness and redistribution as well as their own financial success.

Land redistribution is intended to address inequality, poverty and historical injustices in rural settings. But despite these lofty goals, land reform is not a silver bullet for rural development. Instead, many have argued that land redistribution programs may actually hamper the attempts of rural citizens to become wealthier. Albertus (2022) shows that land redistribution in Italy trapped people in agriculture and lowered the chances that people might urbanize, thus hindering their potential future economic gains. In Peru,

land reform decreased human capital development by keeping people in agriculture, reducing political competition and decreasing educational attainment (Albertus et al., 2020; Albertus and Popescu, 2020).

Questions of restorative justice and the experience of those who receive this justice are of serious importance to many contemporary societies even if they do not share the same minority-settler dynamic that South Africa presents. Many countries are grappling with their historical dispossession of indigenous territories even when settlers are in the majority (Yashar, 2005; Lu, 2017). For example, in Canada, the state is undertaking a massive negotiation of treaties with Inuit and First Nations peoples.

In the appendix, I make the observation that different types of treaties (e.g. the generous Comprehensive Claims Process and the less expansive Specific Claims Process (Alcantara, 2013)) overlap with distinct commodity sectors. The more generous treaty process that allows for First Nations groups to create new and fairer treaties overlaps with centralized and regulated sectors, like mining, forestry and hydroelectric power. In contrast, people who can claim land under the more restrictive Specific Claims process are located mainly in areas that farm commercially in a decentralized and deregulated environment. Therefore, the structure of the rural economy is deeply intertwined with the types of claims First Nations people can make. The modern day agricultural sector imposes further limitations on any potential gains that First Nations groups can achieve just as the land reform program in South Africa is oriented towards supporting commercial rather than subsistence farmers (see Cousins (2013) for a discussion of smallholder focuses in South Africa's land reform).

Similarly, many states are faced with rural inequalities that do not involve dispossession of indigenous peoples, but still fall along racial or ethnic lines. My second case study in the appendix involves the United States, a country that is currently grappling with historical inequalities in land ownership and farming profitability along racial lines (Daniel,

2013; Gilbert et al., 2002). Much of the decline of African American rural farms stems from liberalization, which removed the few support structures on which already marginalized African American farmers relied (Johnson, 2011). Like in South Africa, questions of capital and access to networks determine the success of racially marginalized farmers.

The erosion of a regulated and managed private sphere prompts campaigns for greater rights from the marginalized in order retain their benefits and sense of community (Yashar, 2005). My study shows that deregulation also shapes the power of the privileged upon whom the marginalized make their claim, limiting the effectiveness of claims to redistribution and restorative justice. The experience of South Africa indicates that when regulatory regimes erode in contexts of high and legalized racial inequality, the very erosion of those regimes makes it harder for the marginalized to make claims.

APPENDIX A

APPENDIX A: INTERVIEWS

A.1 Interview Metadata

I present meta-data on my respondents below. In Table D.1 I detail the full list of each informant, which includes the date interviewed, province interviewed, whether the interview was in-person or remote, what the general descriptor of each interviewee was and how many times I cite that interview in the dissertation. Then, I present a set of descriptive statistics for the broader pool of interviews I conducted versus those I included in the paper. These tables also include my full sample including non-respondents. Interviews lasted anywhere between 25 and 120 minutes.

A.1.1 Race and Gender

In Table A.1, I show the demographic breakdown of my interviewees. Of my 67 interviews that I used, I rely on a disproportionate number of men and a slightly higher proportion of white respondents in comparison to Black respondents. I attribute this difference in part to the nature of commercial agriculture in South Africa, which is still largely male and white-dominated and therefore relatively unrepresentative of both women and Black South Africans. As one interviewee noted, land reform has yet to grapple with questions of gender in addition to questions of race.[1]

In Table A.2, one can see that the proportion of women and non-white[2] respondents is

[1] Interview: Commodity Sector Representative E, February 2022. Western Cape. (Remote)

[2] I measure non-white or people of colour rather than Black respondents due to the nature of apartheid-era persecution, which placed Indian and Coloured South Africans at a disadvantage in terms of agriculture. I use this term to refer to historically marginalized South Africans rather than other groups who might classify as people of colour.

	Women	Men	Total
Non-White	7	23	30
White	5	32	37
Total	12	55	67

Table A.1: Interview Sample by Race and Gender

higher if one includes non-responses in the full sample. Table A.5 demonstrates that my response rate was higher for both men and white respondents than it was for women and people of colour.

Table A.2 shows that the sample employed in this paper is marginally less diverse in terms of both race and gender than my full sample. While 44.8% of my cited interviewees were people of colour, only 17.9% were women. This even affected my full interview sample, which, while more representative, still did not meet national demographics due to the nature of the agricultural sector.

A.1.2 Sectors

I also include statistics for non-responses for interviews. In total, I contacted 54 respondents with whom I did not have an interview. Three of these non-responses, however, were directed at generic companies without a specific person in mind and therefore are not included in the demographic data below. While many of these cold calls received no response, at other times my attempt to set up an interview failed as we went back and forth to find a time slot.

Table A.3 outlines my interviews by the sector in which the interviewee was mainly active in my sample in the dissertation, in my full sample of interviews and in the total sample of everyone I spoke to. This table shows that I relied heavily in this dissertation on people within agricultural support, which I define broadly as being part of the agricul-

	Used	Full Sample	+ Non Responses	National Average
Pr Non-white	44.8%	48.0%	54.7%	91%
PR Women	17.9%	24.0%	27.3%	51%
Pr Remote	44.8%	32.0%	N/A	N/A
Total	67	100	151	N/A

Table A.2: Interviews by Race, Gender and Remote Status, Use in the Dissertation and Response Status

Sector	Interviews Used	Full Interview Sample	Including Non Responses
Academia	3.0%	12%	9.9%
Ag Support	49.3%	37%	33.1%
Civil Society	1.5%	4%	5.3%
Farming	22.4%	15%	13.9%
Government	9.0%	10%	18.5%
Law	3.0%	4%	5.3%
Land Claimants	0%	7%	2.7%
Politics	6.0%	4%	6.0%
Private Sector	6.0%	7%	5.3%
Total	67	100	151

Table A.3: Interviews by Sector, Use in the Dissertation and Response Status

tural value chain outside of farming. However, I was unable to access many bureaucrats and politicians, who had a higher non-response rate than other sectors.

My access to sectors such government bureaucrats and politicians was limited. However, I made an effort to contact people from all political parties and from state bureaucracies despite the low response rate of people in these sectors (see A.4. Table A.3 indicates that many of my interviews with academics, lawyers, civil society activists and land claimants did not make it into the dissertation. This is in part because some of these interviews with academics became more informational and conversational than a semi-structured interview, while interviews with lawyers and land claimants are more important for a second project about the claims process.

Sector	Response Rate
Academia	80%
Ag Support	74%
Civil Society	50%
Farming	71.4%
Government	35.7%
Land Claimants	100%
Law	87.5%
Politics	44.4%
Private Sector	87.5%

Table A.4: Interview Response Rates By Sector

Demographic	Response Rate
Women	58.5%
Men	69.7%
Non-white	58.5%
White	76.5%

Table A.5: Response Rate by Demographic

A.1.3 A Note on Remote Interviews as a Research Methodology

While the practice of remote interviews existed before the SARS-Cov-19 pandemic, the various lockdowns and travel restrictions thrust the realities of this methodology into our research practices whether it was a methodological choice or not. Given that qualitative research will likely keep using remote interviews due to constraints in funding–especially as the cost of international travel skyrockets–or potential future lockdowns, I draw some insights below from my own experience in conducting interviews for scholars who want to use this method going forward.

I had some success in organizing remote interviews. However, I found a large difference in my ability to recruit interviewees for my study depending on my presence in-country. Many of the interviews I did during my fully remote study period were only possible due to the "in-person" fieldwork that I had conducted in late 2019 and early 2020. In effect, I wrapped up my existing planned interviews. While I recruited some new par-

ticipants into the study, my snowball sampling tailed off more quickly than it would have in-country.

Thus, it is unlikely that a purely remote interview process would have yielded the same success in recruitment as an in-person method given the necessity of in-person contacts. The ability of a researcher to signal their commitment to the project by physical presence is important. Further, it is crucial to have the ability to call and text potential respondents on a cell phone. While this is possible using internet calling and texting abilities, I have always found that having an in-country phone and presence is a more useful way of contacting people than messaging apps or internet calling. Finally, in contexts where the researcher's home institution is in a different time zone, it is harder to find a convenient time to contact potential interviewees or to schedule a mutually convenient time to meet up. This extends the process of arranging an interview to the extent that often the process peters out due to the difficulty in setting up an interview.

There were two key differences in recruitment between in-person and virtual interviews. First, I struggled to access government officials when conducting remote research. This could have been because they were more reluctant to speak over the internet. One government respondent avoided a remote interview several times before I saw their name crop as someone arrested in a land reform-related corruption inquiry. In all of my attempts to set up a meeting with this bureaucrat, they seemed suspicious of me despite the fact that I had been given their number by a close acquaintance as if I was snooping.

Often, I felt that state officials were harder to pin down due to their distrust of "research" and "activism". One in-person interviewee spending most of our discussion on a tangent about how NGOs who criticize the government were the ones who were holding back land reform. Remote research may well have exacerbated this mistrust by depriving me of key moments to build trust with interviewees.

A second explanation stems from government bureaucrats' likely increase in work over the course of lockdowns. South Africa struggled financially during lockdown, with tourism taking an especially hard hit. With lockdown-related unemployment skyrocketing, agriculture was one of the few economic success stories in the country. However, the state had to step in with grants to assist farmers, especially those who were marginalized or subsistence farmers. Thus, government actors may have have not had as much time during the lockdown period due to the stress of their work, while those involved in the NGO and agricultural support sector were working from home during the initial lockdown before case counts rose.

Further, I noticed that remote interviews from Canada skewed more heavily white than in-person interviews. This speaks to my positionality as an interviewer and the benefits of in-person research. As a foreign, white interlocuter with some existing networks within law, agriculture and business in South Africa, interviews with white farmers and people involved in land and agriculture came more easily.

But when I was in-country, I was able to do more easily reach across these divides by building new networks. Further, during my return to interview research in 2022, I found that people were more willing to talk over the phone. Of the additional 19 interviews I conducted in 2022, I conducted nine of these over video-conference or telephone call. As an interesting methodological note, the adoption of remote work allowed for greater interviewee flexibility and willingness to discuss issues outside a one-on-one, in-person context. This minimized the inconvenience incurred on both the researcher and the subject and allowed both parties to fit the interview in best with their schedule. The same racial divide did not exist in these interviews. Instead, because I was able to use virtual interviews while I was in-country allowed me to talk to many people of colour who were in remote areas that I could not easily access.

I ended up relying on a higher proportion of remote interviews in my dissertation in

part because these interviews came later in the research process.

A.2 Research Ethics

I obtained an IRB exemption (Protocol 1908009022 from Cornell University's IRB board) from my university to undertake the data collection and qualitative interviews in this paper. Each respondent was over 18 and I undertook a pre-interview protocol as stated in my IRB. I ensured anonymity for each respondent given the sensitive nature of land redistribution in South Africa. There has been vast corruption in many land reform projects in South Africa (Beinart et al., 2017; Mtero et al., 2019; Hall and Kepe, 2017) and thus I did not wish to draw attention to my interviewees in any form of publication. Thus, I have referred generally to the role in the land reform process that each of my interviewees has played and I have removed identifying information to ensure the safety of their employment and general well-being. While I recorded many interviews, I left some unrecorded and relied on my notes to ensure that my subjects were at ease. I successfully filed for a change to this protocol to fully remote interviews in 2021 before returning to a mixed in-person/virtual format for my return to in-person research in 2022.

APPENDIX B

APPENDIX B: DESCRIPTIVE DATA

B.1 Land Transfer Data from SPLUM

First, I use data from the Spatial Planning and Land Use Management (SPLUM) branch of the Department of Land Reform, Agriculture and Rural Development. This data contains spatial coordinates and other locations for land reform parcels in the Free State and KwaZulu Natal provinces, where SPLUM kept the best data records of land transfers.

This allows me to look at two provinces that cover most forms of agriculture in the country. The Free State is largely ranching and grain field crop land. And while KwaZulu Natal contains both of these farming practices, it is also where the majority of the country's sugar farms are located in addition to many forestry farms and also contains burgeoning subtropical and citrus fruit sectors.

To ascertain the amount of redistributed land in each area, I was able to calculate the approximate hectarage of land of each type within the two provinces and within land reform parcels using the Land Use Coverage raster file from the Department of Forestry, Fisheries and the Environment for 1990 to get as accurate a measure of the types of land before redistribution began. While rasters exist for later dates (e.g. 2013 and 2018), these would capture post-transfer change (e.g land degradation) rather than the sectors that existed in the 1990s. This raster data contains 72 classes, including six categories for field crops on two axes (1) pivot vs. rainfed and 2) high vs. medium vs. low), six categories for sugar (1) fallow vs. planted, which is broken down by either 2) pivot vs. rainfed or 3) commercial vs. subsistence), four categories for fruits (orchards at high, medium or low and pineapples as a separate category) and multiple categories of potential grazing land.

Using QGIS, I then calculated the full hectarage of different land types in each province (absent the communal areas, which I calculated by excluding the former homelands using shapefiles provided by SPLUM). I also calculated the hectarage of each type of land in the land reform areas described below. Because South Africa lies at a southerly latitude, I took readings of 10 pixels near the centre of my study area to generate a more accurate area beyond the 30x30m default, which left me with with each pixel equating 991.25 square metres each rather than 900 square metres as they would be at the equator.

B.1.1 Free State SPLUM Data

The Free State SPLUM data includes land transfer data from early land reform programs (e.g. before the start of the formal land redistribution program and including some restitution grants) to the end of the LRAD program. This covers the years between 1990 and 2007 and includes 1094 individual parcels of land. It outlines four different types of land transfers: LRAD, 'Old Land Reform Policy' (e.g. SLAG, Commonage and SPLAG), Land Restitution and Private Acquisitions.[1] However, the SPLUM dataset for the Free State does not include dates, land type or costs affiliated with the program, but it does include the original farm name, number, subdivision number and district and local municipalities, which allows me to verify these farms against other land transfer data (see below). One note on the maps with the Free State's SPLUM data is that these parcels often seem to overlap with my shapefile on former homelands. This is because early land reform programs added parcels on to the former homelands (Murray, 1996, 1997), which were then included in subsequent maps.

The Free State SPLUM data also contained a number of data points from the Agricultural Research Council that were not in the KwaZulu Natal data. These included the

[1] See Chapter 4 for a detailed description of these programs.

number of grain silos (countrywide), the number of slaughterhouses (in the Free State), the distribution of irrigation schemes, grazing capacity and town location.

B.1.2 KwaZulu Natal SPLUM Data

The data on KwaZulu Natal from SPLUM accounts for both redistribution and restitution separately. For land redistribution, the data captures 2,435 land reform parcels from 1994-2020. 8 parcels missing dates. In addition to the year of transfer, the data also has program type. However, duplicate and overlapping parcels make farm-level data unreliable. Because of this issue, I rely on data for all merged polygons rather than individual transfer data.

For the land restitution data, there are 4,206 settled claims from 2000-2021. Of these claims 2,889 have a year of settlement attached to the data, while the others are missing this information. Further, like the land redistribution data, there are a number of duplicate or overlapping parcels. Once again, I merge polygons and work off of this data. To go with the data in KwaZulu Natal, I created a point shapefile to represent the 14 sugar mills in the province using google maps.

B.2 Free State Parliamentary Data

Due to the temporal limitations of the Free State SPLUM data, I rely on a second source of data obtained from the researchers at the Institute for Poverty, Land and Agrarian Studies at the University of the Western Cape. This data shows detailed information on 862 land redistribution farms in the Free State from 1995-2017. However, it does not include spatial information, which makes it impossible to map without further cleaning that would link

every parcel to a farm portion from the national cadaster.

The Parliamentary data was provided by the Free State to parliament and subsequently shared with researchers. It shows the price of land, the date transferred, hectares transferred and a number of extra statistics. Most importantly, it contains a breakdown of number of hectares on each farm of four types of land: arable land, grazing land, irrigation land and unproductive land. These statistics allow me to accurately estimate the amount of different types of land transferred without being able to do the spatial analysis.

B.3 Land Transfer Data

I received data on land transfers between 1994 and 2017 on all private rural land transfers in South Africa which includes some administrative location data, the cost of the land, the hectarage of the land and the month and date of transfer. For this, I coded the data by district municipality and local municipality in the Free State.

However, two problems exist within the data. First, there is clearly an error in the data, with collection methods changing after the year 1999. In the data, the years between 2000 and 2002 show almost no land transfers across the country, after which there is a massive surge in land transfers and a new addition to the data of "1 Rand land transfers", which were not counted before 1999. Second, for the Free State, there is no inclusion of the Metsimaholo Local Municipality, so I combine it with the neighbouring Ngwathe Local Municipality in my figures on land transfers.

APPENDIX C

APPENDIX C: OTHER CASE DISCUSSIONS

Below I provide some comparative context for two cases that I mention in the conclusion: First Nations land claims in Canada and racial rural inequality in the United States. These areas are interesting as future comparison cases of markets and restorative justice even if many of the characteristics of these countries differ from South Africa on key variables.

C.1 Other (Majority) Settler States Worldwide

Majority European settler states, like Canada, Australia and the United States, are currently engaged in debates about reparations for various colonial-era injustices especially around the dispossession of the lands of indigenous peoples. The key difference between these majority European settler states and South Africa is that it is unlikely that the dispossessed will win elected office in a way to influence government land policy. Thus, the state will have few incentives to take up ambitious land redistribution or restitution programs. Instead, the state would rather deal with restorative justice issues that are narrower in scope and geography.

Because these states are majority-European, they will also be reluctant to expropriate the land of the majority European population. Thus, the process is likely to be market based. I believe that one can draw some critical insights from the South Africa case into how to understand these claims depending on what kind of entities hold the land. Below, I discuss a few implications for cases of land reform in Canada.

In Canada, First Nations and Inuit groups have campaigned for land rights. While First Nations groups maintain that full justice involves serious land custodianship and environmental reforms, the main means by which First Nations communities can formally

make claims on land is by taking issue with the colonial treaty process (Alcantara, 2008; Miller, 2009). In areas colonized earlier, First Nations groups must make claims within their treaty structures. They make "specific claims" about violations of treaty conditions by settler communities and governments. In later colonized areas, like the West Coast and northern Territories, First Nations and Inuit communities can make more expansive land claims ("comprehensive claims") because the government did not make treaties with these people when it dispossessed them of their lands. Instead, the state chose to nullify entire communities' rights to land without a treaty.

This distinction means that communities in these areas have the ability to claim large tracts of once dispossessed land through a "Comprehensive Claims" process. However, their First Nations counterparts East of the Rockies can only quibble over tracts of reservation land that they believe have been illegally occupied by non-First Nations communities using the "Specific Claims" process. Thus, there are large swathes of the country where First Nations communities can claim large tracts of new land to add to their existing reserves and negotiate new governance regimes that might give them greater control over land and their own polities, while other groups are limited to the reserve land that unfair 18th, 19th and 20th century treaties allocated them.

My study of land reform in South Africa has important lessons for these sorts of land claims. In South Africa, the structure of the rural economy was decisive in determining whether and how land reform took place. There were actors who had regulated relationships with governments that made land transfers easier and others who were capable of doing so. These conclusions provide a potential explanation as to why the Canadian government might be able to make more allowances for Comprehensive Claims.

Alcantara (2008) argues that power is structured in Canada's treaty processes in a way that means that the relevant settler or government actors must get their way, especially when the negotiations involve natural resources. The federal and provincial governments

are concerned largely with maintaining economic development in terms of forestry, mining and hydroelectric power projects in any treaty negotiation (Alcantara, 2013). Due to geography and patterns of colonization, Canada's West and North are sparsely populated. Much of the agricultural land in these areas consists of forestry, while other potential economic pursuits relate to tourism through national parks or extractive industries like diamond mining. In these parts of the country, land is often federally governed Crown Land. In contrast, the areas of the "Specific Claims" processes contain more privately owned land under traditional agriculture, such as grains, oilseeds and fruit as well as the majority of built up, urban areas.

These differences in rural economies are important for land reform because they lead to variation in appetite or desire for land transfers. In the north and west, there is potential for largescale transfers. Mines, Forestry and National Parks are all centralized, regulated ventures. T Mines can come up with (highly imperfect and often environmentally damaging) land sharing agreements, while forestry and tourism can easily be a joint venture between First Nations groups and private corporations or state-owned parks. In contrast, land ownership in urban areas and farms in the Central and Eastern parts–e.g. the grain farming prairies or the mixed farming areas in Ontario, Quebec and the Maritimes–of the country resembles South Africa's fruit and grain sectors more closely. Here, largescale agriculture is more consolidated and thus land transfers become more zero-sum. Therefore, there may be more willingness on the part of landowners in the Comprehensive Claims areas to transfer land than there is in areas where claimants must make a Specific Claim.

For example, in South Africa, the forestry sector showed many similar characteristics to sugar. Trees were an industrial crop that relied heavily on state-market regulatory frameworks and was highly centralized under two large companies, SAPPI and MONDI. Each of these companies was more concerned with supplying pulp to the mills than it

was about owning land because their business model centralized power at the top of a highly coordinated sector. Further, forestry sectors were able to work out land sharing agreements by which they leased transferred land back for tree growing, while the beneficiaries earned money from the leases, accrued some of the profits from the business and were able to graze cattle underneath the trees.[1] This agricultural model allowed the forestry sector to continue supply to its mills, rid itself of the risk of owning land and maintain good relations with the state.[2]

The difference in claims processes in Canada is very much due to legal issues and court battles. However, it may also be the case that these sorts of concessions are only possible because of the types of industries and agricultural activities that overlap the legal space of what the state sees as ceded land in the East and unceded land in the West and North. This difference might also explain the frustrations that many First Nations groups have had protesting extractive industries in Canada.

C.2 Race and Rural Inequality

One final area in which my findings apply is in understanding and addressing rural inequality. There is a renewed discussion around reparations for slavery and rural racial inequalities in the United States for which one can draw conclusions from the South African case. This inequality is itself structured by sectoral institutions from the days of emancipation, with the cotton sector playing an oversized role in African American agriculture and Black farmers across both contexts struggling to access credit in a deregulated era. One cannot understand the obstacles faced by African American farmers without turning to 1) the sectoral organization of cotton and 2) the context of deregulation and race.

[1] Interview: Cattle Farmer B, March 2022. KwaZulu Natal.
[2] Interview: Consultant A, April 2020. Eastern Cape. (Remote)

In the United States, there is a massive inequality in land ownership between Black and white farmers that is only worsening (Daniel, 2013; Gilbert et al., 2002). Conservative estimates put Black land loss in the 20th century (between 1920 and 1997) at around 326 billion USD (Francis et al., 2022). Few African Americans own their land. They make up a disproportionately low number of farmers and only around 600 commercial farmers in the entirety of the United States are African American (Gilbert et al., 2002; Francis et al., 2022).

The African American experience with land and agriculture is strikingly similar to the problems faced by Black South Africans. Black farmers face serious obstacles to obtaining credit (Daniel, 2013) and have been increasingly excluded from farming due to agricultural liberalization, deregulation and consolidation (Johnson, 2011). With rapid agricultural liberalization and change that benefited large scale farmers through direct payments rather than extension services (Sheingate, 2003), Black farmers lost out, struggled and dropped out of agriculture (Johnson, 2011).

The late 19th century and early 20th century South shared certain characteristics with South Africa (Fredrickson, 1981). For example, despite large barriers, a nascent Black farmer class had emerged (Bundy, 1972). The main difference is that the Black South African farmer ran up against laws that outright excluded them from land ownership, extension services and agricultural credit in the form of then 1913 Land Act and various apartheid laws. This meant that agricultural liberalization and modernization largely affected marginal white farmers, as Black farmers were mostly excluded from commercial agriculture due to the dualistic nature of South Africa's agricultural system.

While the extension service in the United States was dualistic, African Americans farmers, were not excluded as comprehensively by agriculture as Black South African farmers, who were forbidden from owning most farmland under the 1913 Land Act. Instead, African Americans won initial victories after the civil war and gained land rights,

before losing them to white farmers or share-cropping arrangements (Couto, 1992). Further, while Black South African farmers under apartheid were given minimal agricultural resources, American extension services did make resources available to African American farmers for a time (Johnson, 2011) and a thriving–if limited–network of independent co-operatives was crucial in maintaining a Black farming class within the country (Reynolds et al., 2002).

While both America and South Africa had strict, white supremacist racial regimes, the situation of white labour determined who could be in agriculture. In America, the competition with white working class Americans excluded African Americans from many factory jobs in the 19th century, while the minority white South Africans relied on Black labour in such positions (Fredrickson, 1981, p.209). As I discuss in Chapter 4, the need for urban labour and pressures from white South African farmers led to the exclusion of Black South Africans from agricultural production.

Despite this difference, the struggles of new entrant grain farmers in South Africa show how any attempt at rural redistribution must take into account these past issues. In my case studies, the deregulated nature of farming made land transfers more difficult because they raised the bar for successful farmer in terms of hectarage and capital required. In the United States, the deregulation of agriculture did the same for Black farmers by removing the support systems on which they relied and placing credit out of their reach (Johnson, 2011).

What is striking about the sectoral organization of African American farming is how dependent it was on cotton. Many Black farmers in the South farmed cotton, and even up until the 1960s it was estimated that over half of Black farmers were engaged in cotton farming (Reynolds et al., 2002). This meant that they were dependent on fluctuating cotton prices (Reynolds et al., 2002; Zabawa and Warren, 1998), much like South Africa's sugar farmers are now.

More importantly, the prevalence of cotton farming for African American farmers comes in large part from the establishment of sharecropping to maintain the structures of enslavement through sharecropping models (Ochiltree, 1998). Like sugar, cotton works as an outgrower model where processors of the cotton work to maintain an integrated value chain and rely on state-market coordination (Bingen, 1998). While sharecropping in early colonial South Africa was a threat to emerging white grain farmers and the state worked to undermine this through the 1913 Land Act, sharecropping in the South was used as a means by white landowners to replace land redistribution and stunt the productivity of a new class of Black landowners (Ochiltree, 1998). Therefore, one can understand early re-distribution attempts in the post-civil war United States and the turn to to sharecropping as initiatives that followed the logic of the political economy of agriculture.

APPENDIX D

APPENDIX C: INTERVIEW LIST

Table D.1: Interview List

Citation	Times Cited
Interview: Consultant E, October 2019. Western Cape. (Remote)	1
Interview: Farmer's Representative C, February 2020. Free State	1
Interview: Bureaucrat A, October 2019. KwaZulu Natal. (Remote)	1
Interview: Bureaucrat D, October 2019. Gauteng.	2
Interview: Agricultural Economist D, November 2019. Gauteng.	2
Interview: Consultant B, November 2019. Gauteng.	2
Interview: Lawyer A, November 2019. Gauteng.	1
Interview: Bureaucrat E, November 2019. Gauteng.	4
Interview: Agricultural Economist C, November 2019. Gauteng.	1
Interview: Agricultural Economist A, November 2019. Western Cape.	1
Interview: Agricultural Economist B, November 2019. Western Cape.	2
Interview: Civil Society Activist A, December 2019. Western Cape.	1
Interview: MP C, December 2019. Western Cape.	1
Interview: Commodity Sector Representative C, December 2019. Western Cape. (Remote)	5
Interview: Farmer's Representative D, December 2019. Gauteng.	1
Interview: Farmer's Representative A, December 2019. Gauteng.	2
Interview: Extension Officer A, December 2019. Gauteng.	1
Interview: Commodity Sector Representative L, January 2020. Gauteng.	2
Interview: Fruit Farmer B, February 2020. Western Cape.	3

Interview: MP A, February 2020. Western Cape.	3
Interview: Fruit Farmer A, February 2020, Gauteng.	3
Interview: Commodity Sector Representative F, February 2020. Gauteng.	1
Interview: Bureaucrat B, February 2020. Gauteng.	6
Interview: Consultant D, February 2020. Gauteng.	5
Interview: Cattle Farmer A, February 2020. Gauteng.	4
Interview: Commodity Sector Representative A, March 2020. KwaZulu Natal.	2
Interview: Cane Growers Representative A, March 2020. KwaZulu Natal.	2
Interview: Bureaucrat C, March 2020. Gauteng.	3
Interview: Bureaucrat G, March 2020. Gauteng.	1
Interview: MP D, March 2020. Gauteng.	1
Interview: Lawyer B, April 2020. KwaZulu Natal. (Remote)	1
Interview: Mill Employee A, April 2020., KwaZulu Natal. (Remote)	5
Interview: Commodity Sector Representative D, March 2020. Gauteng. (Remote)	4
Interview: Grain Farmer D, April 2020. North West. (Remote)	5
Interview: Cattle Farmer D, May 2020. Free State. (Remote)	2
Interview: Grain Farmer A, April 2020. Eastern Cape. (Remote)	4
Interview: Consultant A, April 2020. Eastern Cape. (Remote)	2
Interview: Grain Farmer E, April 2020. Free State. (Remote)	2
Interview: MP B, May 2020. Free State. (Remote)	1
Interview: Grain Farmer C. May 2020. Free State (Remote)	3

Interview: Commodity Sector Representative M, May 2020. Free State. (Remote)	1
Interview: Cane Growers Representative C, May 2020. KwaZulu Natal. (remote)	1
Interview: Grain Farmer B, May 2020. Free State. (Remote)	1
Interview: Cattle Farmer E, May 2020. Free State. (Remote)	6
Interview: Farmer's Representative B, May 2020. KwaZulu Natal. (Remote)	1
Interview: Mill Employee B, June 2020. Mpumalanga. (Remote)	1
Interview: Commodity Sector Representative E, February 2022. Western Cape. (Remote)	2
Interview: Sugar Farmer B, February 2022. KwaZulu Natal. (Remote)	1
Interview: Bureaucrat F, February 2022. Free State. (Remote)	1
Interview: Commodity Sector Representative I, February 2022. Gauteng. (Remote)	5
Interview: Commodity Sector Representative K, March 2022. Free State.	2
Interview: Bureaucrat H, March 2022. KwaZulu Natal. (Remote)	2
Interview: Commodity Sector Representative G, March 2022. Gauteng. (Remote)	3
Interview: Grain Farmer G, March 2022. Free State.	3
Interview: Cattle Farmer B, March 2022. KwaZulu Natal.	12
Interview: Grain Farmer F, March 2022. Free State. (Remote)	1
Interview: Commodity Sector Representative H, March 2022. KwaZulu Natal. (Remote)	10
Interview: Mill Employee D, March 2022. KwaZulu Natal.	5
Interview: Mill Employee E, March 2022. KwaZulu Natal.	2

Interview: Mill Employee C, March 2022. KwaZulu Natal.	2
Interview: Cane Growers Representative B, March 2022. KwaZulu Natal.	4
Interview: Sugar Farmer A, March 2022. KwaZulu Natal.	4
Interview: Cattle Farmer C, March 2022. Free State. (Remote)	9
Interview: Commodity Sector Representative B, April 2022. Western Cape.	5
Interview: Cattle Farmer F, March 2022. Free State. (Remote)	1
Interview: Cane Growers Representative D, July 2020. Mpumalanga. (Remote)	2
Interview: Consultant C, November 2019. Gauteng	1

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