

The most recent agriculture census from Stats SA throws the spotlight on commercial agriculture in SA. High time – the focus on land reform on the one hand and the position of emerging farmers on the other has diverted attention from the position of the around 40 000 commercial farmers in SA for too long.

A quick review of the recent past is appropriate.

After decades of price regulation, protection and subsidization, agriculture was deregulated in the nineties, and protection and subsidies were withdrawn. The process was started by the De Klerk government. The agriculture control councils were stripped of the power to control prices. Free competition ensued.

The results were no less than revolutionary. In 1994 South Africa had an estimated 66 000 commercial farmers. Over the next ten years their numbers fell to an estimated 44 000. That means that the country lost about a third of its commercial farmers in the space of ten years. (The latest census estimates the number of farmers at around 40 000, which means the numbers have decreased even further.)

We do not know how many, but a few hundred thousand agricultural jobs probably vanished along with these farmers.

And yet, in 2004 agricultural production was more or less the same as in 1994. How on earth was that possible? One third fewer farmers, thousands fewer workers, but production about the same! The answer lies in rising productivity. The farmers who remained on the farms in 2004 clearly were much more productive.

Next to this picture, however, another process is unfolding. The government is doing its utmost to establish as many small farmers as possible. The latest budget provides a couple of hundred million rand for this purpose. This is not commercial farming in the usual sense of the word. It is closer to subsistence farming, aimed at warding off the worst poverty in the rural areas and helping households to produce their own food.

In this regard South Africa has a lot in common with India, where subsistence farming is culturally and politically highly regarded. Last year the Indian government even went as far as writing off subsistence farmers' debts, as too many small farmers committed suicide because of debt. (The tax payer carried the cost of the write-off – just as they are currently doing with the write-offs of banking debts in the West! Indeed, there is nothing new under the sun.)

Many of South Africa's subsistence farmers come into being as a result of land reform. The state buys land from existing (commercial) farmers, make it available to beneficiaries according to any of a number of formulae, and the latter can start farming. Some of these land transfers work, many don't. In the Western Cape 55% of transfers are alleged to be successful. That still leaves many which are not successful.

And herein lies the crux of South Africa's land and agriculture problem: "equity" versus "efficiency"; fairness versus effectiveness. We cannot wish away the need for fairness, pretending it is not important. Neither can we wish away the need for effectiveness. Both would lead to where Zimbabwe currently finds itself.

It is in partnerships between the private sector and emerging farmers that the balance between effectiveness and fairness is to be found. This is already happening in sectors like sugar and forestry, among others, but much more is needed.

A second partnership is needed: on policy. In reality, South Africa has two agriculture sectors. One consists of emerging farmers practicing in essence subsistence farming. The other consists of highly productive commercial farmers who provide food security and earn a large amount of foreign exchange for the country. For this reason, we also need two agriculture policies.

Think of science and technology. Commercial farmers cannot turn back to control and subsidies, but they can go forward to advanced technology and increased productivity. But then the state has to help with research.

SA remains a country of dualism and contradictions. In agriculture as in everything else. Let us admit that and have more than one agriculture policy.