

Dynamics of Agrarian Change in the Sugar Industry and Implications for Land and Agrarian Reform

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List of Acronyms

BIC	Bantu Investment Corporation
BTI	Board of Trade and Industry
CED	Corporation for Economic Development
CTS	Cane Transport System
DoP	Division of Proceeds
DTI	Department of Trade and Industry
FAF/UAF	Financial Aid Fund/Umthombo Agricultural Finance
GATT	General Agreement on Tariffs and Trade
GSO	Grower Support Officer
ISA	International Sugar Agreement
KFC	KwaZulu Finance Corporation
LZ	Loading Zone
MAFISA	Micro Agriculture Finance Institute of South Africa
MCC	Mill Cane Committee
NAD	Department of Native Affairs
PSF	Price Stabilization Fund
SACGA	South African Cane Growers' Association
SAMA	South African Millers' Association
SASA	South African Sugar Association
SASRI	South African Sugar Research Institute
SGDT	Small Grower Development Trust
SGE	Small Grower Entitlement
SIA	Sugar Industry Agreement
SPF	Supplementary Payment Fund
SSG	Small-Scale Sugarcane Growers
UCOSP	Umfolozi Sugar Planters Ltd
USM	Umfolozi Sugar Mill
WTO	World Trade Organization

Introduction

While the post-apartheid ANC government inherited a (white) commercial agricultural sector defined by high levels of concentration and capital intensity, further exposure to global competition in the wake of widespread deregulation has seen the emergence of an agrarian structure and agro-food complexes increasingly integrated and industrial in character. Meanwhile, government has been frustrated in attempts to incorporate black farmers into this emergent regime, and been heavily criticised for the failure of land reform. Seemingly apart from these trends, the South African sugar industry not only remains subject to tariff protection and a complex, privately administered regulatory regime, but also features a large number of black, small-scale sugarcane growers (SSGs) farming on 'communal' land. Since the late 1990s, however, the number of SSGs has declined precipitously from 48,000 to about 30,000, of which less than 14,000 delivered cane in 2011, a trend attributed by many to enduring drought. Simultaneously, South Africa's largest sugar millers have been investing heavily in countries to the north. As calls for increased government support to the industry increase, from struggling growers and from millers eager to stabilize and expand their cane supply, a re-appraisal of the structural character of the industry and the role of SSGs within it is overdue.

This paper argues that both the development of SSG production and its current decline must be historically located within a changing structural relationship with miller-processors, in turn conditioned by shifts in the industry's regulatory framework. Critically, the emergence of SSG production in the late-1970s-80s can be traced to industry-subsidized initiatives disguised as micro-credit which brought commercially inalienable Bantustan land into cane production with strong miller oversight. From the late 1980-90s, however, the elimination of these subsidies encouraged millers to withdraw from direct oversight and to subcontract support to SSGs themselves, while simultaneously instigating an increase in SSG numbers by removing restrictions on grower registration. Enduring drought must certainly be understood as a central proximal factor in the rapid decline of SSGs, but understanding this decline first requires a critical examination of the structurally fragile nature of their rapid increase. This paper further strives to provide insight into the shifting class dynamics of SSGs under constrained conditions of production, utilizing survey data from 74 SSG homesteads and life-history interviews in two rural wards of the Umfolozi region. Although proceeds from sugarcane have represented an important source of cash-income for homesteads, deteriorating terms of exchange and barriers to expansion in land and capital have placed a greater emphasis on sparse off-farm income opportunities for stabilizing consumption and enabling limited re-investment in production. The centrality of income-diversification for simple reproduction and limited accumulation has rendered the dynamics of social differentiation both unstable and reversible. The paper concludes by exploring the implications for agrarian reform policy.

Much ado about FAF

At the centre of the story of the rapid growth of small-scale sugarcane growers (SSGs) in South Africa has always been the sugar industry's Financial Aid Fund (FAF), a self-described 'development agency' which extended small-scale loans for sugarcane production. The story of this early success as put forth by the industry is a fairly straightforward one: owing to a lack of infrastructure, agricultural equipment and education, KwaZulu farmers were largely subsistence orientated. Moreover, owing to the prevailing system of tribal tenure, potential farmers were unable to place their land as collateral for credit towards the procurement of inputs or capital. FAF would intervene with a system of revolving credit, taking a potential grower's crop as collateral for extending loans at low interest rates

over a 10 year period.¹ If measured by the increase in SSGs following FAF's establishment, the figures are certainly compelling. In 1973, the year before its inception, there were 3,455 growers who delivered 376,986 tons of cane; 7 years later those figures had more than doubled, with 8,070 growers submitting 873,023 tons from an estimated area of around 38,000 ha.²

'The Fund' itself comprised a central committee of industry personnel (its first included four members each from South African Cane Growers' Association (SACGA) and the South African Millers' Association (SAMA), and chaired by a former Bantu Affairs Commissioner, A.L Schaffer), but 'decentralized' local oversight and implementation to local mill group committees comprising volunteer grower and miller representatives.³⁴ In some areas mill-subsidary 'development companies', such as Tongaat's Sukumani (est. 1976) and C.G Smith's Inkanyezi (est. 1980), were further created to focus exclusively on the 'development' of black farmers, deploying some 60+ extension officers to this end. Moreover, in addition to the experienced stewardship of white growers and millers, 3 training centres were constructed by the industry (at a cost of R600,000) to help bequeath the benefits of the latest scientific cane-farming practices.⁵⁶ With just a little institutional innovation, subsistence-based farmers could thus be transformed or 'developed' into scaled-down commercial farmers utilizing the latest agronomical information and methods, and stimulating an otherwise dormant local economy.

As observed by Vaughan (1992), the objective of shaping black farmers in the ideal image of a self-sufficient 'yeoman' farmer was a feature of state-developmental thinking at least since the Tomlinson Commission in 1955.⁷ Though the recommendations of the Commission were ultimately not adopted, its vision persisted. Under the aegis of the Native Affairs Department (NAD), government had established a small assistance program for SSGs in the 1950s by providing finance for fertilizer, seedcane and ploughing. As a result of such assistance, a total of 1,060 new SSGs on 4,409 ha began sugarcane cultivation, increasing the total area under SSG production to 7,616 ha.⁸ Indeed, though ultimately not a centre-plank of state-policy, the Tomlinson Commission's ideal black farmer certainly permeated into the construction of such schemes. As said by one such NAD official:

*"Our whole aim is to make the Bantu self-sufficient, but experience has shown that this is not achieved by giving everything for nothing. At the same time we appreciate that the Bantu lacks capital. For that reason we will help in the initial stages of the scheme. We hope eventually that the tribal authorities for the area will take over complete management."*⁹

In principle, the impetus behind FAF did not differ radically from such a vision. From its inception the Fund considered itself as "not simply a provider of monetary aid [but a] a development agency" and favoured a policy to pursue the "establishment of fulltime farmers on viable land units". Much to the frustration of the Fund, however, both of these conditions would prove difficult to achieve. One obstacle was the prevailing patterns of land distribution in KwaZulu, which were found to be "fragmented" in "uneconomic" sizes. According to their own early estimates, 32.6% of occupied lands did not exceed 1.5 ha; 15.3% varied between 1.6 and 3 ha; 44.8% had between 3.1 and 4 ha; and only 7.3% exceed 4ha.¹⁰ Furthermore, with Bantustan economies largely characterised by patterns of

¹ Interest rates were initially structured as 3% for the first 4 years and 5% for the remaining 6, though later these were raised to 8% and then 12%, before ultimately being flexibly adjusted to prevailing market rates.

² Rorich, A. J. V. 1982. *Report of the Committee of Inquiry into the Sugar Industry*, Republic of South Africa. p.8

³ SASYB. 1972/3. *The South African Sugar yearbook, 1972/3*. Durban: The South African Sugar Journal. p. 21

⁴ SASYB. 1974/5. *The South African Sugar yearbook, 1974/5*. Durban: The South African Sugar Journal. p. 34

⁵ SASYB. 1984/5. *The South African Sugar yearbook, 1984/5*. Durban: The South African Sugar Journal. p.157

⁶ SASYB. 1981/2. *The South African Sugar yearbook, 1981/2*. Durban: The South African Sugar Journal. p.48

⁷ Vaughan, Anne. 1992a. "Commercial Cane Production in KwaZulu: A Modernising Initiative?". Paper presented at the Seventh Biennial Conference of the Economic History Society of Southern Africa, University of Natal. p.2

⁸ Bates, R. and Sokhela, P. 2003. "The Development of Small-Scale Sugar Cane Growers: A Success Story?" in Nieuwoudt, L. and Groenewald, J. (eds.) *The Challenge of Change: Agriculture, Land and the South African Economy*. University of Natal Press: Pietermaritzburg. p.107

⁹ Vaughn, Anne. 1992a. "Commercial Cane Production in KwaZulu: A Modernising Initiative?" p.3

¹⁰ SASYB. 1974/5. *The South African Sugar yearbook, 1974/5*. Durban: The South African Sugar Journal. p.50

migrant labour, the Fund's policy of seeking 'full-time' farmers and not extending support to those seeking to augment off-farm income was similarly problematic; exacerbated by a general shortage of labour and interest in agriculture, particularly by young men. Although the Fund had initially devised a two-phase strategy, where Phase II would aim to establish consolidated blocks of "agricultural settlements of full-time cane farmers on large, sparsely populated tracts of land in KwaZulu...acceptable to [the KwaZulu] government in principle", this scheme was largely abandoned.¹¹

Despite these constraints, in 1982 representatives of KwaZulu, KaNgwane and SAMA were making representations to government's Rorich Commission of Inquiry to motivate for a considerable expansion in sugarcane production, about half of which was to come from SSGs. Approximate projections had targeted an additional 33,200 ha and 6,330 ha in KwaZulu and KaNgwane respectively, each capable of providing an estimated 116,000 and 32,000 tons of sugar.¹² The ultimate expansion was immense, despite the failure of SSGs to fit the 'yeoman' characterization. Sokhela and Bates (2003) note that by the early 1990s, SSGs had increased their total share of the national area under cane from 1.3% to 20%; by 2001-2 the number of SSGs had increased to 50,000, and their share of production had doubled to 14%.¹³

However, by the mid-2000s, FAF (which had been re-dubbed Umthombo Agricultural Finance) had revoked its credit offering facilities, citing widespread grower fraud and writing-off millions in loans. Moreover, by the late 2000s, a terrible drought had seemingly instigated the widespread drop-out of SSGs and a massive decrease in production. By 2011/12 only 13,871 registered SSGs delivered cane, producing 8.59% of the total crop.¹⁴ This tremendous decline is made further curious by the fact that significant droughts in the 1980s, while resulting in a brief and dramatic drop in production, did little to stem the tide of overall SSG growth. Understanding why FAF/UAF was compelled to terminate its credit services when it did and why SSG production was so drastically impacted by drought requires a critical examination of the conventional narrative of SSG growth as a product of the extension of small-scale credit and characterizations of SSGs as independent commercial farmers. Of central importance is the material and institutional articulation of FAF with milling capital and the KwaZulu government, and thus as one component of a wider regime governing SSG production; a relationship founded within the industry's particular regulatory structure and ultimately undermined by its restructuring.

Between State and Industry: Relocating FAF and SSG Production

While early attempts to regulate the sugar industry can be traced at least to the 1920s, it was with the passing of the Sugar Act in 1936 that the industry became completely subsumed within a national regulatory framework. Unlike other agricultural commodities largely governed by the Marketing Act of 1937, sugar was considered to require an independent framework owing to the exceptional conditions of its production. One of these unique qualities was sugarcane's requirement for immediate processing, which necessarily entailed either full vertical integration between processing and cultivation (as embodied by the Natal estates and miller-cum-planters) or tight contractual governance over independent sugarcane growers supplying a centralized miller. A second chief concern was the volatile nature of the world price in sugar, fluctuating between massive peaks and troughs and largely attributed to the protection and subsidization of sugar production in other countries.

¹¹ SASYB. 1975/6. *The South African Sugar yearbook, 1975/6*. Durban: The South African Sugar Journal. p.49

¹² Rorich, A. J. V. 1982. *Report of the Committee of Inquiry into the Sugar Industry* p.14

¹³ Bates, R. and Sokhela, P. 2003. "The Development of Small-Scale Sugar Cane Growers: A Success Story?" p. 107

¹⁴ SASA. 2011/12. *South African Sugar Industry Directory 2011/12*. Durban. p.13

Essentially, the Sugar Act empowered the Minister to set the maximum industrial, wholesale, and retail prices of sugar, and subjected the industry to statutory self-regulation by the South African Sugar Association (SASA), itself composed equally of miller and grower delegates, under the terms of a gazetted Sugar Agreement.¹⁵ Early forms of regulation were heavily influenced by government's Board of Trade Industries (BTI) and their successive investigations into the structure of the industry. The BTI's chief concerns were threefold. Firstly, while a formal relationship between sugarcane planters and millers was necessary, a common anxiety of government was that planters were not receiving a sufficient share of the sugar surplus, particularly smaller planters and to some extent smaller millers. This was exacerbated by millers' effective powers of monopsony, due both to the high concentration of milling capital and the perishability of the crop's sucrose content. Another concern regarded weighing returns to the industry as a whole against the imperative of providing cheap sugar both for direct consumption by the populace and of sugar-using food manufacturers, particularly canners and later, soft-drink manufacturers. Finally, the instability of the world-price made the industry particularly prone to crises of 'overproduction' and threatened the stability of both industry agents and consumers.¹⁶

Although adjusted at various times in response largely to crises engendered by the World Wars and Great Depression and to shifting conditions in the post-war consumption boom, by 1970 the regulatory environment primary consisted of 3 main pillars:

1. Single-channel export/Shared export obligation

In order to ensure equal exposure to the world market, all sugar manufacturers would be required to contribute to the export market pro-rata to their share of national production. This effectively meant that if a mill's production accounted for 10% of national production it would be compelled to contribute 10% of total exports. The imperative to quantitative control was bolstered in the 1960s when South Africa became wholly dependent on the world market (particularly Japan and Canada) to absorb surplus production.¹⁷

2. A sectional cost-based Division of Proceeds (DoP)

In order to ensure an equitable split of proceeds between millers and growers, the average costs of each section were used to calculate the proportion of proceeds owing to each section after levies and, importantly, refining costs had been deducted as first charge. Thus if average grower costs amounted to 60% of the price of a ton of sugar, 60% of proceeds after first charges would be allocated to the growing section by dividing this amount by the total tons of sucrose produced to arrive at a per-ton of sucrose price. 40% would thus similarly be allocated to millers, divided per ton of sugar. The total proceeds would include domestic and export sales, further ensuring that growers shared in the risk of export. Moreover, the use of 'average' costs (rather than actual costs) would ensure a measure of competition for efficiency.¹⁸

From 1972, a second tier was added to the DoP. Following the deduction of refiners costs, each sections' average costs were then first amalgamated and deducted from the DoP, and the balance then divided according to each sections' calculated 'Return on Capital'.¹⁹

¹⁵ Board of Trade and Industries. 1947. *The South African Sugar Industry: Review*. Report No. 298. Government Printer: Pretoria. p.30

¹⁶ Board of Trade and Industries. 1926. *The South African Sugar Industry: Review*. Report No. 66. Government Printer: Pretoria. p. 6

¹⁷ Board of Trade and Industries. 1947. *The South African Sugar Industry: Review*. p.10

¹⁸ Board of Trade and Industries. 1931. *The Sugar Industry: Review*. Report No. 119. Government Printer: Pretoria. p.25

¹⁹ Board of Trade and Industries. 1976. *Investigation into the division of proceeds of the Sugar Industry in South Africa*. Republic of South Africa. p.8-9

3. Quantitative control of production/shared local market

In order to mitigate overt reliance on the world market, SASA's Central Board would be responsible for compiling estimates of domestic demand, which would then be converted into domestic market quotas. As sugar production by millers was largely premised on the amount of cane crushed, mill quotas would be converted into cane quotas for growers based on average production, themselves divided into European, Indian, Mangete and Bantu sections. Any shortfall in production would be first counted against the export obligation, and any surplus would be counted as surplus production receiving exclusive export prices. Notably, small growers were permitted to expand production beyond their average production if possible.²⁰

Although rarely considered pillars of the regulatory framework, additional notable features included:

4. A Price Stabilization Fund (PSF)

In the wake of a faltering expansion strategy in the 1960s, the industry agreed to set aside earnings garnered in good export years to stabilize proceeds during periods of low export prices.²¹

5. Absorption of transport costs to port towns and rebates to manufactures

A notable additional feature was that the industry was compelled to absorb the cost of freight and rail to coastal cities as well as provide rebates to manufacturers for export. While the rebate obligation would eventually be extended to non-exporting sugar-using manufactures, during periods where the world price exceeded the domestic price this obligation was usually repealed. Absorption of freight costs came to an end in 1966.²²

6. A controlled marketing environment

From 1937 the wholesaling of sugar was limited to members of several official Sugar Exchanges in all major cities in order to control price under-cutting and thus ensure close to maximum retail price sales. By 1969, however, parliament had abolished re-sale price maintenance, and the power of wholesalers was critically curtailed as supermarkets began purchasing pre-packed sugar directly from the industry.²³

7. Exceptionally long crushing season

South African mills remain open for crushing sugar much longer than most countries, meaning that pro-rata grower cane deliveries are stretched out over a longer period. Pro-rata deliveries entail proportional deliveries over the course of a crushing season, and the longer the season the more deliveries would have to be made further from peak-sucrose months. This remained a source of frustration for growers, although somewhat ameliorated by the introduction of a relative payment system in the 1970s.²⁴

8. Subsidization of Small Growers and Millers

²⁰ Board of Trade and Industries. 1947. *The South African Sugar Industry: Review*. p.43-9

²¹ Board of Trade and Industries. 1976. *Investigation into the division of proceeds of the Sugar Industry in South Africa*. p.9

²² Van Biljon, F.J. 1970. *Commission of inquiry Into the Sugar Industry*. Republic of South Africa p.23

²³ Ibid, p.64

²⁴ SASYB. 1974/5. *The South African Sugar yearbook, 1974/5*. p.57; 64

From the 1930s a series of equalisation funds financed by total industry proceeds were instituted to augment prices received by small growers producing below 15,000 tons, with payments administered on a sliding scale. Similarly, small millers producing less than 18,000 tons of sugar were also permitted exemption from export obligation, thus receiving exclusively higher domestic prices. A process of phasing out these subsidies was initiated in 1970 upon the recommendation of the Department of Industries.²⁵

9. Grade 2 sugar production

During the great depression, government compelled the industry to produce a lower quality cheaper grade of sugar for poorer consumers. Grade-2 sugar accounted for the prime increases in direct domestic consumption, though the obligation was abolished in the 1960s and 'grade-2' replaced with brown sugar.²⁶

The early 1970s, however, were a period of considerable flux for the sugar industry. In the late 1960s the industry had undergone a calculated risk to increase its international quota under the International Sugar Agreement (ISA), witnessing a massive expansion in capital capacity and area under cane. However, the high world prices which had spurred these investments faltered, and by 1968 the industry was compelled to seek government-backed loans of R16 million to stabilize cane prices and interest payments.²⁷ Nonetheless, the industry's fortunes improved following the US embargo of Cuba and its consequent turn to the world market to meet consumption, which resulted in a spike in export prices in the early 1970s and generated record export earnings for the industry.²⁸ Emboldened by windfall earnings, millers in particular began re-awakening hopes of increasing cane supply to meet the increased throughput requirements of their capital investments. Simultaneously, however, the formation of 'independent homelands' by the apartheid state threatened to impinge on cane lands earmarked for consolidation into the Bantustans, particularly KwaZulu.

Established with R5 million from the industry's export earnings, the origin of FAF in 1974 was thus rooted in the miller's ambition to augment the high throughput requirements of a capital intensive and concentrated milling sector at a time when cane-supply itself was threatened by the consolidation of the 'independent homelands'. Nonetheless, despite the precipitous decline of export prices throughout the mid-late 1970s, coupled with rising oil prices and mounting inflation, FAF continued to expand. Indeed, while the Fund operated under tighter conditions its largest problem seemed to be the attraction of sufficient funds to pursue expansion. From the onset, the original calculations of around R200 for the development of each new hectare proved to be insufficient. By 1975 the figure had been raised to a maximum of R550 but was anticipated to rise further to R630 by 1977, to which the original R5 million was insufficient to finance and was consequently raised to R10 million.²⁹ As full recessionary pressures accelerated and average annual lending exceeded R1 million, the Fund found it increasingly necessary to attract external assistance. In 1978 the Fund was granted a further R1 million through the industry's development fund, as well as a concessionary loan of R500,000 from Barclays at an interest rate of 3% for five years.³⁰ By 1980, the fund had implemented a new policy of augmenting funds through financial markets, and had increased their lending rate to 8% at a flexible level according to prevailing market rates.³¹

²⁵ Van Biljon, F.J. 1970. *Commission of inquiry Into the Sugar Industry*. Republic of South Africa p.14; 19; 29; 49

²⁶ *Ibid*, p.25

²⁷ *Ibid*, p. 9

²⁸ Nedbank. 1974. *Sugar and the South African Sugar industry: A Critical Assessment*. Nedsual Economic Unit: Johannesburg. p.28

²⁹ SASYB. 1972/3. *The South African Sugar yearbook, 1972/3*. Durban: The South African Sugar Journal. p.49

³⁰ SASYB. 1978/9. *The South African Sugar yearbook, 1978/9*. Durban: The South African Sugar Journal. p.49

³¹ SASYB. 1980/1. *The South African Sugar yearbook, 1980/1*. Durban: The South African Sugar Journal.

Despite sufficient industry motivation to expand supply, the adoption of more flexible or market-related mechanisms in lending and sourcing funding, does not sufficiently explain how FAF might have continued to grow amidst such wider recessionary conditions. One critical explanatory factor concerns the articulation of the ‘development agency’, materially, institutionally and ideologically within the emergent programme of ‘separate development’ inaugurated by the establishment of the ‘independent’ Bantustans. Although content to “take credit for a large amount of the stimulus which has given rise to increased production”, the industry admitted that “the Fund cannot claim that the total increase in production... is solely due to its efforts”³². At least some of the credit would have to be reserved for other players, most notably to the ‘developmental partnership’ forged with the recently formed KwaZulu state.

The most basic institutional dimension of this relationship concerned legitimating the extension of sugar production in KwaZulu. Previously, SSG sugarcane quotas had been held in ‘trust’ by SASA’s Central Board. However, with the establishment of KwaZulu as the ultimate authority over ‘tribal’ tenure, SSG sugar quotas were similarly effectively placed within the jurisdiction of the new ‘state’. Cooperation and liaison with the KwaZulu government in both locating physical grounds and negotiating the political terrain of tenure was thus essential, and indeed Chief Sithole, acting Executive Councillor of the KwaZulu Department of Agriculture and Forestry, along with five officials from his department, were approached early to ‘assist’ in the design of FAF.³³ More directly, initiating cane production in any particular area in the first instance required approaching and establishing a rapport with the local ‘tribal Inkosi’, with particular care being taken to assure him that neither cane production nor farmers’ associations would impinge on his authority. As observed by Vaughan (1992a):

“Because land is allocated through the tribal authorities, and it is access to the parts of this land which are suitable for cane production which is the major consideration for the milling companies wishing to expand production, they are obliged to use these traditional structures reconstituted by the apartheid state”³⁴

In regards to material assistance, the KwaZulu state was similarly involved directly from an early stage, with early references noting the government’s involvement in the construction of infrastructure and the provision of 50 extension officers for sugarcane development. However, less pronounced in such asides was the degree of articulation between FAF, miller-owned ‘development’ companies, and the financial arms of the KwaZulu state. As early as 1974, FAF was already seeking ‘cooperative action’ with the Bantu Investment Corporation (BIC) in regard to developing infrastructure.³⁵ Itself having been involved in sugar funding for several years, the BIC was replaced by the Corporation for Economic Development (CED) in 1977, but following the recommendations of the 1978 McCrystal Report, its duties were delegated to the new KwaZulu Development Corporation, and six years later, the KwaZulu Finance Corporation (KFC). The CED had always supported the establishment of miller owned ‘development companies’ to facilitate a ‘tripartite alliance’ between the KwaZulu Department of Agriculture, millers and small-scale black farmers, and to this end the CED and later KFC provided soft loans for the purposes of on-lending to SSGs, contractors and capital works such as the building of cane depots and bases.³⁶ Although precise figures are not available as to the extent of such financial support, in 1982 the SASA chairman made a public aside on the substantive extent of contributions by the KwaZulu government and ‘developing companies:

³² SASYB. 1978/9. *The South African Sugar yearbook, 1978/9*. Durban: The South African Sugar Journal. p.49

³³ SASYB. 1972/3. *The South African Sugar yearbook, 1972/3*. p.21

³⁴ Vaughan, Anne. 1992a. “Commercial Cane Production in KwaZulu: A Modernising Initiative?” p.14

³⁵ SASYB. 1974/5. *The South African Sugar yearbook, 1974/5*. p.50

³⁶ Rahman, Shafiur. 1997. *Aspects of Deregulation in the South African Sugar Industry: Implications for Small Holders*. Unpublished paper. p.8

“With regard to the backing that the Fund receives, I must pay tribute to the tremendous role played by the KwaZulu Department of Agriculture and Forestry, which together with millers and growers have provided all the infrastructure and extension services necessary for the development of sugarcane lands in KwaZulu. It is estimated that the infrastructure provided by KwaZulu has to date matched in value the loans advanced by the Fund.”³⁷[emphasis added]

The nexus between the KwaZulu government and miller ‘development’ companies such as Sukumani and Inkanyezi, however, is only part of the picture. A further critical component of this relationship regards the position of development companies within the industry itself. As has been observed, a central mechanism within the sugar industry’s regulatory structure was the DoP. In the first instance, the DoP operated by first establishing the average costs of grower and miller sections, which represented their first respective claims on proceeds after refining costs and contributions to the price stabilization fund had first been deducted. Costing procedures themselves would take place only every four years so as to maximize the difference between a concentrated milling sector’s average costs and its actual costs, and thus mitigate the possibility of millers undertaking riskless investments. The second step entailed dividing the resulting balance according to each section’s estimated Return on Capital. However, as the costs of operating the development companies were recorded as millers’ costs within the DoP, pursuing SSG production effectively increased millers’ claims on total industry proceeds. By the mid-1980s, this claim would further be accentuated by the introduction of two-pool payment system whereby quota production would receive high domestic ‘A-pool’ prices and surplus ‘B-pool’ production would fetch lower world market prices. As SSG production categorically received ‘A-pool’ prices, millers receiving SSG production would also hence receive ‘A-pool’ sugar returns. Thus by increasing the SSG proportion of their supply base, millers would simultaneously increase their share of returns from the domestic market. Consequently, in addition to expanding a base of throughput to highly capitalized mills, as noted by Rahman (1997), development companies enjoyed three bonuses:

“The first involved political and financial backing by state agencies, the second concerned the operation of the FAF credit system which came tied with their services; the third is the attribution of their overheads and variable costs as milling costs by their miller parents. As milling costs, though they are in reality sugar growing costs, they went towards the cost based division of proceeds! These development companies not only did profitable business with smallholders, they recouped their overheads and variable costs in the division of proceeds”³⁸

A notable political corollary of this intersection between the KwaZulu ‘state’ and millers was the political leverage it offered in negotiations with the apartheid government, and within the industry itself. The Rorich Commission of Inquiry, held in the early 1980s is illuminating in this regard. On the heels of both a tremendous drought and a second peak in export prices comparable to 1974 levels, the Commission’s focus was on the amending the complicated system of prevailing transport subsidies represented by the existing Cane Transport System (CTS) and assessing the potential for further horizontal expansion (that is in terms of increasing acreage rather than yields). In terms of the latter, while a number of potential new white growers would have benefitted from proposals to expand, its impetus largely came from the milling sector seeking to expand cane supply for their increasingly capital intensive and consolidated mills. SASA, however, had remained sceptical about the potential for expansion: despite recently increased export earnings, the international market remained volatile, and SASA expected that steady growth in the domestic market could largely be met by increasing yields per hectare among existing growers. SACGA’s ranks meanwhile seem to have been divided on the issue. While in the 1970s they had expressed concern about the tendency of fewer larger mills drawing cane supplies over larger distances discriminating against distant growers, the

³⁷ SASYB. 1981/2. *The South African Sugar yearbook, 1981/2*. Durban: The South African Sugar Journal. p.39

³⁸ Shafiur. 1997. *Aspects of Deregulation in the South African Sugar Industry*. p.23

system of transport subsidies had provoked a backlash from growers closer to mills who felt their competitive advantage being eroded.^{39 40}

Representations by made by millers and KwaZulu stressed both the positive economic impact or ‘development’ afforded by small-scale cane production by the usual measures of ‘success’ (numbers of black farmers registered, area under cane etc.) and further argued that a failure to expand would “cause scepticism among the KwaZulu people regarding statements by leaders of the sugar industry that it is in the interests of the country to ensure positive economic development for Black people”⁴¹. Similar arguments were expounded for the erection of an irrigation project at KaNgwane near the Tsb mill and the expansion of white cane production, emphasising the “gravity of the potential danger to South Africa if border regions should become depopulated”⁴². Millers also contested SASA’s claim that increases in yield would progress at a steady rate, arguing instead that recent increases had been once-off innovations that could not be expected to be held constant. KwaZulu authorities similarly argued that new small-holders were being discriminated against by subsidies enjoyed by existing growers, and that subsidies only applied to rates from loading zones (LZs), regardless of the growers proximity to those zones, or whether zones themselves were relocated.

The final recommendations of the Committee largely reflected the submissions of KwaZulu and millers, agreeing that expansion should take place and prioritise the ‘developing’ Bantustans. Similarly, the Commission recommended that the system of transport subsidies be universally abolished, and all costs be absorbed by growers (as opposed to millers, or a sharing of costs between the two). While it remained equivocal about the size of mills, an interesting part of this rationale was not only a presumption of the exit of growers at uneconomical distances, but also that it would incentivise growers to economise in transport, particularly in choosing the most cost-effective method.⁴³ That such ‘choices’ would not be within the range of SSGs, however, did not seem to be considered.

Indeed, with sanction from government, the recommendations of the Rorich Commission were largely observed. By the late 1980s the CTS was completely dismantled, with growers now fully responsible for their own transport costs (a fact somewhat ameliorated by their inclusion in the DoP as grower costs). Similarly expansion of SSG production and the consolidation of milling continued apace throughout the 1980s and early 1990s. This was perhaps most conspicuous in Huletts’ replacement of its Felixton and Empangeni mills with a new larger mill (‘Felixton II’) with an output capacity greater than the previous mills combined, and which was expected to enjoy considerably increased throughput from SSGs.

The intersection of interest between milling capital, KwaZulu and the apartheid state in small-scale sugarcane farming, however, had always been subsumed within a discourse of ‘development’. Indeed, despite the difficulties of small plot sizes and patterns of migrant labour, FAF’s rhetorical commitment to development had largely been based on counter posing the income-benefit of sugarcane farming among supposedly independent producers against stereotypes of ‘traditional’ largely subsistence farming. However its indicators of success rarely qualitatively exposed what ‘development’ meant substantively to flesh and blood farmers, preferring to represent progress in terms of general quantitative measures such as total area under cane, number of registered quota holders, and tons of sugar produced.

Independent studies into the qualitative nature of sugarcane farming in the 1980s, however, complicated the notion of an emergent independent class of sugarcane farmers implied by industry

³⁹SASYB. *The South African Sugar yearbook, 1974/5*. p.57, 64

⁴⁰ Shafiq. 1997. *Aspects of Deregulation in the South African Sugar Industry*. p.21

⁴¹ Rorich, A. J. V. 1982. *Report of the Committee of Inquiry into the Sugar Industry*. p.10

⁴² Ibid, p. 12

⁴³ Rorich, A. J. V. 1982. *Report of the Committee of Inquiry into the Sugar Industry*. p.21, 24, 32

claims to 'development'. One of the earliest, and much cited, studies of the qualitative nature of small-scale sugarcane farming came from Cobbett (1984), who investigated sugarcane farming in two 'communities' 100km from Pietermaritzburg: Nqunquma supplying the Noodsberg mill, where sugarcane had been farmed since the 1960s, and Newspaper, supplying the Glendale mill, which had only started in the 1970s. The picture which emerged from Cobbett's study however, differed significantly from the image of SSGs as independent commercial farmers. Amidst small and unequal land-holdings (particularly at Newspaper), only about 14% of homesteads at Newspaper with more than 4ha under sugarcane were able to meet basic subsistence requirements from sugarcane earnings, and none did at Nqunquma.⁴⁴ With the widespread displacement of both food cropping and cattle grazing, both communities thus came to become particularly dependant on a mixture of cash-income from sugarcane and migrant labour earnings, a finding replicated by Vaughan (1991).⁴⁵

A significant aspect of the production process itself found by Cobbett was that at Newspaper, a condition of the loan finance was control over its use and application, effectively leaving only the task of weeding to the applicant homestead. Moreover, concerns over trajectory could be inferred by the fact that many sugarcane homesteads in Nqunquma had found themselves in a viscous spiral of decreasing returns, input purchases and yields following the repayment of their loan. Vaughan (1992b) similarly observed at the Sezela and Maidstone area that a substantial proportion of cane establishment was undertaken by the mill, whereby "teams of labourers employed by the mill weed and fertilize for growers on request"⁴⁶, a process replicated at the level of ratoon management. The attitude of the Sezela mill staff reflected this attitude, asserting "We must stop trying to make farmers out of growers who own 'postage stamps' [insignificant parcels of land]"⁴⁷. Rather than inspiring a class of independent farmers, as observed by Vaughan, "the relationship between grower and company may, in these cases, resemble that between lessor and lessee"⁴⁸. While Vaughan found a difference of attitude at the Felixton and Amatikulu mills, where authorities stressed their "objective is to develop people not land", it was admitted that such attitudes were contingent on an "expanded and refined" extension system, intensified "to maximize cane supply through very close monitoring of the production process".⁴⁹

For Rahman (1997), the differences in such developmental philosophies were by and large conditioned by the relative levels of urbanization, particularly the availability of non-agricultural employment opportunities and population pressures resulting in residential land-leasing, or 'shack-farming', which would compel milling development companies to adopt as much of the development process as possible. In 'more rural' areas with less population pressure and fewer employment opportunities, Rahman observed that miller intervention was less of a 'military operation' with millers performing little of the physical operations themselves, and much fewer uptakes of FAF loans.⁵⁰

Moreover, in many sugarcane growing-areas, millers had purposefully sought to introduce a new intermediary class with the encouraged emergence of small black 'contractors'. Within a discourse of benefitting 'entrepreneurs' miller development companies and/or KwaZulu development institutions adopted a policy of extending loans for the purchase of tractors by selected individuals within sugarcane growing areas to provide short-hauling and land preparation/ploughing services. Though such initiatives pre-date the 'rationalization' of the CTS, i.e. the removal of miller transport

⁴⁴ Cobbett, M. 1984. "Sugarcane farming in KwaZulu: two communities investigated". *Issue 58 of Carnegie Conference paper*. SALDRU, School of Economics, University of Cape Town. p.11

⁴⁵ Vaughan, A. 1991. *Cane, Class and Credit: Report on Fieldwork – Glendale Mill Area*. Institute for Social and Economic Research: University of Durban-Westville. p.8

⁴⁶ Vaughan, Anne. 1992b. "Options for rural restructuring" in Robert Schire (ed) *Wealth or Poverty? Critical Choices for South Africa*. Oxford University Press Southern Africa: Cape Town. p.441

⁴⁷ Vaughan, Anne. 1992a. "Commercial Cane Production in KwaZulu: A Modernising Initiative?" p.13

⁴⁸ Vaughan, Anne. 1992b. "Options for rural restructuring". p.428

⁴⁹ Ibid, p.440

⁵⁰ Shafiq. 1997. *Aspects of Deregulation in the South African Sugar Industry*. p.9

subsidies and ‘transport costs’ from miller cost claims on the DoP, that they gained new emphasis afterwards is surely not coincidental. In Cobbet’s study, local business elites took up the opportunity at Newspaper, creating cartels to control pricing and to some extent reinforcing existing stratification of wealth, while in Nqunquma a plethora of initial contractors quickly went out of business.⁵¹ Vaughan (1992a) cited similar instances of contractors facing severe difficulties in the sourcing and management of labour, equipment failure, and general disorganization. While the decision to foster this class of black intermediating contractors would often be located within a notion of fostering ‘employment’ opportunities, the empirical evidence suggested that small-scale contracting was at best profitable for a small elite capable of organizing to prevent competition, thus at the expense of small-holders, and at worst a economically volatile and ultimately unprofitable operation.⁵²

The characterisation of the growth of SSG production in KwaZulu as a product of a beneficent private-sector micro-credit system designed to overcome the limits of a system of tribal tenure, or that SSGs could be characterized as independent, albeit ‘developing’, farmers is thus profoundly misleading. As has been argued, while FAF operated as an important institutional central mechanism, its effective function was necessarily embedded both within a material and political relationship with the KwaZulu state, and the particular regulatory structure of the industry; a structure which not only differentially awarded millers for SSG production but further allowed them to lay greater claim on total industry proceeds. This was further exacerbated by a tendency towards corporate consolidation of milling capital and an imperative to secure as much throughput by ‘chasing cane’ wherever possible. Thus millers were not only incentivised to pursue the establishment of SSG production by commercial imperatives, but differentially rewarded by the industry and effectively subsidized by the KwaZulu state to do so.

The net effect was that the appearance of SSGs as independent farmers facilitated by innovative credit facilities masked the nature of their relationship with the mill. In more rural areas, these dynamics more closely resembled that between employer and employee, with particular SSGS selected (‘hired’) according to particular attributes and with extension staff acting largely as managers, lending close oversight over production and transport operations of SSGs responsible for the procurement of labour. In more urban areas, the facade of independence was further undermined by the reality that little of the production process was actually carried out by growers themselves; a relationship that ultimately manifested more as one between lessor-lessee than supplier-purchaser. In such a context, FAF itself less resembled micro-credit as normally conceived so much as a forward-purchase procurement system whereby effective ‘employees’ and ‘lessors’ become ultimately responsible for the payment of the raw materials used in production. This relationship was further obscured, however by the introduction of small-scale contractors, themselves ultimately reliant on competing for, or colluding to extract more of, the small surplus product of disparate producers.

Changing the Rules: de-regulation and the shifting basis of SSG production

From the late 1980 through to 2000, however, the regulatory mechanisms which underpinned this system of SSG production would undergo a series of significant shifts. One of the earliest changes was the relaxation of entry. As observed above, small-holders wishing to supply sugarcane were largely screened in order to access a quota known as Small Grower Entitlement (SGE) and FAF credit. Despite the strictures of production, the dearth of opportunities for cash income within the Bantustans saw the emergence of a plethora of ‘illegal’ producers without formal SGE augmenting the supply of registered growers and sharing the proceeds. By 1989 a decision was made to abandon

⁵¹ Cobbett, M. 1984. “Sugarcane farming n KwaZulu: two communities investigated”. p.13

⁵² Vaughan, Anne. 1992a. “Commercial Cane Production in KwaZulu: A Modernising Initiative?”. p.7

restrictions on registration, facilitating the immediate entry of a further 7,500 previously illegal growers and bringing the total number of SSGs to over 30,000, which by 1992 had grown to 42,313.⁵³

A more fundamental change, however, would come in 1994. Just a few weeks before South Africa enjoyed its first free elections, revision to the prevailing sugar agreement introduced new radical de-regulatory measures. Most conspicuous was the henceforth removal of all quota restrictions and regulations, thus allowing free entry into the industry for all potential millers and growers. Moreover, a new measure of competition between millers was created by removing price regulation on sugar-packed in less than 25 kg packs.⁵⁴ With the removal of price regulation, an attendant change to the DoP was also made, largely in response to disgruntlement from SACGA. At the core of grower discontentment was what seemed to be the manipulated escalation of miller average costs: millers, they contended, were failing to close down uneconomic mills; attributing development company costs as milling rather than growing costs; enjoying full refinery costs and return on capital as a first charge; and generally enjoyed an unfair advantage in their fixed-variable cost ratio, effectively meaning that even in poor crop years millers would retain a large claim on industry proceeds. Moreover, with the impending discussions revolving around GATT (and eventually the WTO), it was argued that a system of controlled subsidies, fixed prices and guaranteed profits was non-compatible with imperatives to efficiency. By April 1994, SACGA's concerns were met with a fundamental change to the DoP: The system of splitting total proceeds according to average costs and return on capital was hence replaced by a fixed proportional division between millers/refiners and growers (approximately 36%:64% respectively).⁵⁵

The most immediate effect of this change was the closure of the mill at Mount Edgecombe mill and the relocation of the mill at Eston. Further notably, no longer enjoying the claim of SSG costs from the DoP, the Glendale mill which had relied on SSGs for over 40% of its supply closed in 1997. Similarly, 'development' companies were prompted to take a

*"hard look" at their small growers, their circumstances (especially grower debt levels and bad debts) and their importance to the mill concerned...the costs of development (establishment), re-planting and ratoon management...a procedure to manage withdrawal... [and] whether there is local capacity to provide the services formerly provided by the development companies...mills may need to subsidise contractors, transport costs etc."*⁵⁶

The changing nature of the relationship between millers and SSGs was then further exacerbated in 1998 with the dismantlement of the two-pool system, and the effective removal of this further incentive to miller small-scale production systems.

By 2000, the elimination of quota restrictions and the transition to a fixed-division of proceeds was accompanied by a radically new Sugar Industry Agreement (SIA) initiating a total overhaul of the regulatory frame-work which had hence underpinned sugar production. The pillars of SIA 2000 were as follows:

1. Free entry/exit into the sugar industry and the end of direct quantitative control

Following the elimination of sugarcane quotas the industry's Central board was dissolved, effectually relieving SASA of the direct quantitative control over production it had held since the 1940s. By dissolving the quota system, SASA effectively no longer had any

⁵³ Vaughan, A. and McIntosh. 1993. "State and Capital in the Regeneration of a South African Peasantry" *Canadian Journal of African Studies*, 27, 3. p. 447

⁵⁴ Department of Trade and Industry. 2003? *A discussion document on the review of the Sugar Act. Pretoria?* p.7

⁵⁵ Rahman, Shafiur. 1997. *Aspects of Deregulation in the South African Sugar Industry*. p.23

⁵⁶ *Ibid*, p.23

direct control over the entry or exit of sugar or sugarcane-producers, and growers would no longer be contractually obliged to supply any particular mill.⁵⁷

2. The abolition of government price control and implementation of a ‘notional’ price

Previously, industrial, retail and wholesale sugar prices had been published by government as stipulated in the Sugar Act. This power was rescinded by government in the 1990s, with maximum prices instead prescribed by SASA. Now this in turn was replaced by SASA’s implementation of a ‘notional’ price for cane-payment purposes based on average prices of actual sales in previous years. While millers would receive the proceeds for actual sales, grower proceeds would be determined by calculating total sales against the ‘notional’ price; apportioning to growers their share of this amount according to the new fixed-proportion DoP, and dividing this amount by grower production. The pricing of production according to sucrose values was itself further replaced with a new stricter system of measurement known as Recoverable Value (RV).

The DTI has expressed reservations about the use of the effect of ‘notional’ price. As grower proceeds are reflected according to notional price, and RV payments reflect the major variable cost of all mills, any difference in sale between the notional price and actual sales is for the account of the miller, thus dissuading price competition.⁵⁸

3. The implementation of ‘flexible market shares’

Prior fixed domestic and export quotas were hence replaced by a system of ‘flexible’ market shares. Similar to the quota system, an individual miller’s share of the domestic and export obligation is determined proportionately to its share of total national production. Thus if a miller produces 10% of national production, they are entitled to the value of 10% of the proceeds of domestic sales, but as priced in terms of SASA’s average ‘notional’ price. Should a miller over-sell, however, they would be bound to redistribute proceeds in excess of their ‘market share’, minus a manufacturing allowance, to ‘under-sellers’. However, as the redistributed proceeds are priced in terms of the averaged ‘notional’ price, an element of competition is introduced to over-sellers seeking to maximise the difference between actual sales and the notional price, particularly in terms of storage and transport-cost advantages. This is accentuated by the elimination of the system of pricing sugar nationally as a free-on-rail Durban price, introducing a level of geographical competition for sales on an ex-mill basis.

The DTI, however, has expressed reservations regarding the effect of redistributions on a quarterly (rather than annual) basis somewhat mitigating the systems’ competitive impact.⁵⁹

4. Single Channel Export

At the commencement of every season, an estimate of local demand is made by SASA and weighed against total estimated production, with the difference being allocated for export. Close monitoring of both production and sales are effected throughout the season, and adjustments made accordingly. Effectively however, a given mill may not physically

⁵⁷ Department of Trade and Industry. 2003? *A discussion document on the review of the Sugar Act*. p.7

⁵⁸ Department of Trade and Industry. 2003? *A discussion document on the review of the Sugar Act*. p.14

⁵⁹ *Ibid*, p.14

export any of its production, and rather pursue correction via the inter-mill redistribution of proceeds.

The DTI has expressed some reservations that SASA might effectively manipulate domestic prices by artificially increasing the proportion of production exported (and thus the supply and actual price of sugar on the domestic market). The sugar industry strongly disagrees, stating that the domestic market is already lucrative and is subject to competitive discipline from SADC imports.⁶⁰

5. Flexible Tariff Protection

Import protection is now based on a 'flexible' tariff according which only comes into effect when international prices fall below a dollar reference price of \$358 per ton, adjusted for changes in the exchange rate.⁶¹

Thus within the space of ten years, the entire regulatory framework upon which SSG production systems had been based underwent a dramatic change. No longer could millers simply claim their overheads from a cost-based division of proceeds, and no longer did SSGs earn them a disproportionate share of the domestic market. As a consequence, the vast resources which had been committed to ensuring small scale production, including the large teams of extension personnel were slowly revoked, particularly in peri-urban areas where direct interventions in production by milling companies were more intensive. Moreover, SSGs began to face a general squeeze between declining real cane prices and increases in the cost of fertilizer, contractual services in ploughing and transport.⁶² Nonetheless, with the relaxing of registration restrictions, the numbers of SSGs paradoxically continued to increase, rising to approximately 50,000 by 2003. Faced with a growing number of SSGs and the effective dismantling of the conventional apparatuses which had fostered SSG growth SACGA, millers, and government attempted to institutionally adapt to the new circumstances. While the old industry rhetoric of 'developing' SSGs was rendered somewhat hollow by varying levels of direct intervention in the production process, the general dismantlement of the system of subsidies which supported this structure now placed a new imperative to develop institutional systems which would promote SSG self-management, and in the process, it was hoped, foster a new level of independence.

One early such institution the Small Grower Development Trust (SGDT), established in 1992 to "promote economic empowerment of SSGs and...develop viable and independent cane growing communities". With an initial R21.6 million provided by the industry, its main focus was on the training of elected SSG representatives, particularly in the highest MCC tier, and the funding of their operational activities. In addition, the trust would also sponsor SSG and contractor training. It was hoped that ultimately the subsidy could be phased out, and ultimately be sustained by SSG's own contributions.⁶³ However, while by 2007 more than 20,000 small scale growers had been trained with funding from the SGDT, it has not been able to attain financial self-sufficiency: indeed, by 2002 SSGs contributed only R2 million of the R27.2 million in costs incurred.^{64 65}

⁶⁰ Department of Trade and Industry. 2003? A discussion document on the review of the Sugar Act. p.11

⁶¹ International Trade Administration Commission. 2009. *Report No. 308: Increase in the Dollar Based Reference Price of Sugar From the Existing \$330/Ton to \$358/Ton*. Pretoria. p.17

⁶² Armitage, RM, Hurley, KM and Gillitt, GG. 2009. "Enhancing Support Measures To Small Scale Growers And New Freehold Growers In The South African Sugar Industry". Proceedings of the South African Sugar Technologists Association, 82. p.362-3

⁶³ Bates, R. and Sokhela, P. 2003. "The Development of Small-Scale Sugar Cane Growers: A Success Story?" p.116

⁶⁴ Ibid, p.116

⁶⁵ Armitage, RM, Hurley, KM and Gillitt, GG. 2009. "Enhancing Support Measures To Small Scale Growers And New Freehold Growers". p.359

Similarly, in 1996 a new ‘partnership’ or ‘joint-venture’ was launched between the South African Sugar Research Institute (SASRI) and the Department of Agriculture and Environment Affairs (DAEA).⁶⁶ While largely lauded for its work in relaying varietal and agronomic lessons, as well as dispatching over R60 million worth of fertilizer over 8 weeks, the nature of such services do not extend to the level of organizational oversight previously made by mill section managers, and there is little evidence to suggest that there exists the man-power to do so under the new regulatory dispensation. Additionally, following the formal subsumation of SSGs within its organizational structure, SACGA adopted a number of new administrative and advisory functions aimed at supporting SSG’s capacity to engage in new representational structures. Notable among these has been the institution of the ‘Grower Support Officer’ (GSO), tasked with institutional and technical support for SSGs by facilitating the functioning of their representative organisations, coordinating cane supply logistics in communal areas and conducting cane husbandry training.⁶⁷ Again, while often involving dedicated personnel providing important services to SSGs, GSOs tied to SACGA have been faced with the unenviable position of adopting responsibility for a wide range of tasks previously accomplished by entire teams of section managers, field officers, and mill and government extension officers for a larger number of growers.

Furthermore, in 2001 FAF was re-launched as Umthombo Agricultural Finance (UAF). While remaining committed to extending small-scale loans for inputs, establishment, equipment and ratoon management to applicants deemed ‘credit worthy’, Umthombo was also compelled to adjust to new operational conditions. Most importantly, the administration of loans and oversight over their productive application could no-longer be entrusted to teams of mill field staff since rescinded. Instead, UAF was compelled to rely on a total staff of 35, 18 of which would be stationed in mill areas, and 8 who operated as loan officers. Together with Mill Area Loans Committee, complimented by a mill and grower facilitator, Loan Officers were thus compelled to take a pre-emptive attitude, through a more stringent screening process.⁶⁸

While industry authorities hoped that the unfolding new ‘flexible’ regimen of open registration and less overt oversight and support in production would engender a more democratic developmental role for sugarcane production, adaption proved difficult. One disquieting trend was the uneven spread of production, Sokhela and Bates (2003) estimated that more than 50% of total production originated from only 20% of growers.⁶⁹ This was clearly closely related to a tendency of under-resourced/capacitated/willing growers to enter into a number of, often ultimately conflictual, lease-hold arrangements with other better resourced growers seeking to exceed their customary allocations.⁷⁰ Of particular concern to Umthombo, however was the growing tendency for fraud, whereby after receiving a loan a grower would submit his/her cane under a neighbour’s production code and enjoy the returns effectively without amortizing his/her debt.⁷² Despite a low default rate in the early 2000s, the growing prevalence of such activities eventually compelled Umthombo to close its credit facilities and write off millions in unrecovered loans.

Amidst a general rising cost-price squeeze and the end of the Umthombo’s credit services following the apparent chaos in lending, by the mid-2000s a serious drought had afflicted KZN. In addition to the aforementioned fertilizer scheme, SACGA ensured some effective redistribution of

⁶⁶ Eweg, M. 2009. *Defining Partnerships in South African Agriculture*. South African Sugarcane Research institute. p.7

⁶⁷ Armitage, RM, Hurley, KM and Gillitt, GG. 2009. “Enhancing Support Measures To Small Scale Growers And New Freehold Growers”. p.359

⁶⁸ Bates, R. and Sokhela, P. 2003. “The Development of Small-Scale Sugar Cane Growers: A Success Story?” p.113

⁶⁹ *Ibid*, p.109

⁷⁰ Munro, W.A. 1996. “Contract farming, community development and the politics of production among small-growers in KwaZulu-Natal” Seminar paper 392, presented at University of the Witwatersrand. Institute for Advanced Social Research. p.11

⁷¹ Such arrangements would often take the form of multi-year arrangements whereby the lessee would agree to cover the expense of establishing and maintaining the crop for a pre-agreed number of years, during which she/he would enjoy the proceeds, after which the lessor would enjoy the returns from the remaining ratoons.

⁷² Bates, R. and Sokhela, P. 2003. “The Development of Small-Scale Sugar Cane Growers: A Success Story?” p.114

proceeds through a Supplementary Payment Fund (SPF), 64% of which is effectively contributed by large-scale growers delivering more than 5,000 tons cane and 36% by the milling companies, along with a flat VAT and diesel rebate. SACGA estimates that this has more than quadrupled growers' net operating income, though with few hectares at their disposal, the effective returns remain small, ranging from R367 per ha to R1,654 per ha.⁷³ While certainly helping to arrest the rate of decline in SSG production, however, by 2011 the number of registered growers has dropped to 29,130 of which only 13,871 delivered cane, accounting for 8.59% of the national crop.⁷⁴

Although Umthombo still offers savings/retention services, the ultimate closure of its credit facilities in the wake of deregulation stands in opposition to the conventional narrative of the growth of SSG production as the product of the extension of small-scale credit facilities. Without the extensive intervention and oversight of millers in production, and the nexus of industry and state subsidy which supported it, FAF/UAF was suddenly exposed to both the economic vulnerability and commercial opportunism of its targeted beneficiaries. Attempts to institute more open and 'democratic' representational institutions, while in many ways important and laudable moments in their own right, however, were not a sufficient replacement for the material structural underpinnings of the previous regulatory dispensation, patrimonial as it was. The massive growth of SSG production following in the 1990s-2000s following the de-regulation of registration, itself characterised in part by prevalence of leasing agreements and fraudulent credit practices, was thus something of a 'bubble' not altogether different from those in financial markets, ultimately 'popped' by the harsh circumstances of drought which afflicted KwaZulu-Natal in the mid-2000s. In this sense, the critical question is less one of what were the proximal causes of the decline in SSG production, as what underpinned their rapid growth in the first place.

Since de-regulation, however, little official mention has been made of the rapid changes in the underlying structure of SSG production. Rather, the failure of SSGs themselves to attain the ideal of commercial sugarcane production has largely been interpreted by industry officials as a product of the characteristics of SSGs themselves, particularly low-levels of literacy and numeracy, failures to adopt appropriate agronomic methods, failure to harvest at appropriate times etc. Similar frustrations abound with local contractors further suffering from tight margins, frequent breakdowns, sometimes inflated pricing and dilapidated equipment. In short, after more than 40 years of so-called SSG 'development' the bulk of frustration by industry officials has been with the seeming failure of SSGs to actually 'develop' into ideal commercial farmers.

Insofar as wider constraining structural factors are considered, criticism is generally focused on prevailing systems of customary tenure and small 'uneconomic' land sizes. Customary tenure, it is often asserted, prevent SSGs from either selling their land; using it as collateral for access to credit; hinders incentives to investment (from a lack of formal titling as individual property); and further prevents 'market forces' from forcing the exit of unproductive users and ergo the consolidation and growth of more productive farmers. With little effective power to challenge this status quo, however, the industry has recently sought to 'cooperatize' growers, in continuity with government policy. Though sometimes extending to production itself, the prime notion behind this thinking is that cooperatized growers will be better situated to take advantage of economies of scale in non-production areas, such as input purchases, and importantly mutual debt-monitoring.⁷⁵ This seems to be the prime motivation behind the stipulation of co-operatization as a prerequisite for access to a new small-scale finance initiative, MAFISA currently in a pilot phase in various grower areas. However, while it is certainly true that small land sizes act as a severe deterrent to the emergence of independent

⁷³ Armitage, RM, Hurley, KM and Gillitt, GG. 2009. "Enhancing Support Measures To Small Scale Growers And New Freehold Growers". p.363

⁷⁴ SASA. 2011/12. South African Sugar Industry Directory 2011/12. p.13

⁷⁵ Nganwa, P; Lyne, M and Ferrer, S. 2010. "What will South Africa's new Cooperatives Act do for small producers? An analysis of three case studies in KwaZulu-Natal" *Agrekon*, 49, 1. p.40:45

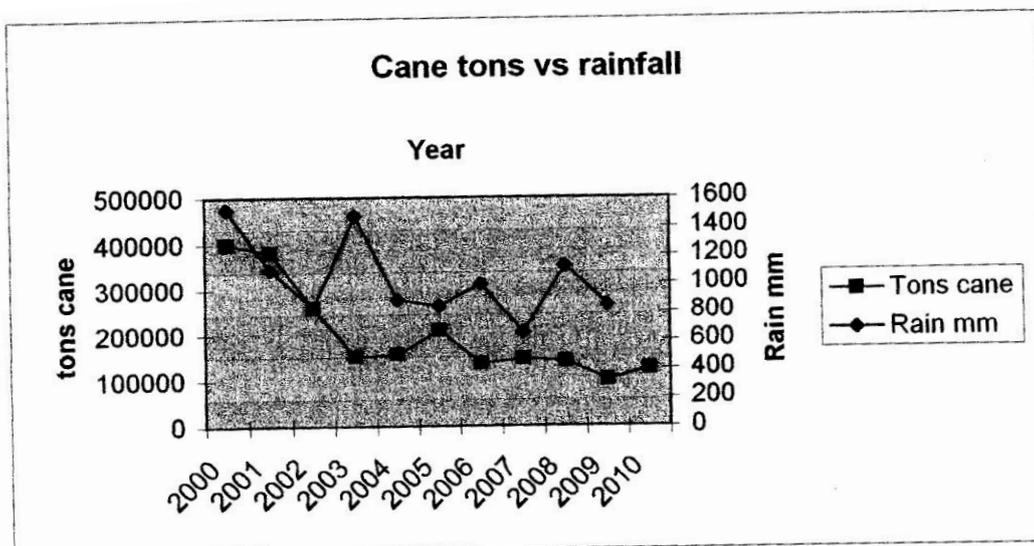
‘commercial’ farmers, this is effectively more a question of potential land redistribution than simply a question of inappropriate tenure. More importantly, however, the real potential weaknesses of the MAFISA scheme, and a likely limit to the ultimate aim of its extensive uptake, is a failure to critically engage with the changing regulatory and commercial circumstances under which SSGs are operating, and the differential characteristics and trajectories of SSGs themselves.

Report on fieldwork: SSGs in two rural wards of the Umfolozi supply area

My fieldwork, the bulk of which was conducted between the latter half of 2010 up to early 2012, has been concentrated in the two adjacent wards of Madwaleni and Shikishela within the Mpukunyoni tribal authority; two sugarcane growing ‘communities’ approximately 30+ km from Mtubatuba and the Umfolozi Sugar Mill (USM) which they supply. While being hosted by a former SSG in Madwaleni, the fieldwork itself consisted firstly of an ‘extensive’ phase of administering a survey of 70 registered sugarcane-growers in distinct homesteads, including 4 contractors, as well as a more ‘intensive’ phase of conducting supplementary ‘life history’ interviews with a selected 20 sugarcane grower homesteads; attending 3 Development Committee Meetings, 2 Local Association meetings, 1 MCC meeting, 1 Pest and Disease meeting, and associated interviews with mill and grower support staff.

In many ways the locus of my fieldwork must be placed within a particular context beyond the wider USM supply area and SSGs more broadly. In addition to being counted amongst the more ‘rural’ rain-fed SSG supply areas, USM has a particular history peculiar to the wider industry. Unlike the bulk of sugar mills owned by South Africa’s ‘big 3’ sugar companies, Tongaat-Hulett’s; C.G Smith/Illovo; and Tsb, for the bulk of its history USM has been cooperatively owned by its large-scale white commercial cane suppliers, most of whom are affiliated within Umfolozi Sugar Planters Ltd (UCOSP). This picture is complicated by the mills’ purchase by Illovo in 1992, the subsequent sale of the mill (minus refinery facilities) to Patrick Sokhela in 2005, its unwilling re-purchase by Illovo and ultimate sale in 2009 to a consortium including UCOSP; UVS; Charles Senekal and NCP Alcohols. Currently a scheme is underway to facilitate SSG purchase of a 7% interest in USM as well.

The contingent of SSGs supplying Umfolozi is not completely clear, though in 2010 SACGA recorded 7,494 registered SSGs, of which 2,779 delivered that year. Nonetheless, what has been clear has been the sharp decline in SSG production, which has since decreased from a peak of about 400,000 tons in 2000 to about 100,000 tons in 2010. The startling decline has largely been interpreted in terms of lower average and more volatile patterns of rainfall, as depicted in the graph below.



Results of Quantitative survey

Here I will confine myself to reporting the most salient features of my quantitative survey, moving from broad average measures of central tendency to more disaggregated socio-economic distributions based on an asset-wealth grouping procedure. It also must be noted that these results include 66 grower homesteads, and have not yet been adjusted to reflect another round of limited survey results with 4 contractor/transporters/growers, 2 cane-labouring homesteads without and 2 with land under sugarcane.

With reference to the above note about effective differences between the 'rural' and 'peri-urban' conditions of production highlighted by Rahman (1997), it is notable that the quantitative results are fairly consistent with such a broad characterization, summarized below:

- **Relatively low uptake of FAF credit**
Only 19 (28.8%) of homesteads had ever received credit, though 38 (57.6%) are knowing members of the retention scheme.
- **Relatively strong farmer organizations**
48 (72.7%) voted for a LZ representative in 2009;
47 (71.2%) viewed representatives as transparent in attending to grievances.
- **Extension confined largely to Training & Visit, and limited services**
53 homesteads (82.8%) of growers reported 'never' having had contact with an extension officer in the last 5 years.
- **Preponderance of 'contractor' land preparation and haulage services**
In both areas this was total.
- **Low homestead absenteeism**
The median for homestead members present all or most nights is 8.
- **Few off-farm employment opportunities**
6 (9.1%) of SSGs reported any kind of employment [this does not include employment of other homestead members].
- **Relatively larger plots**
Homestead Median/Mode land ownership 4 ha
41 (62.1%) of homesteads have a garden plot adjacent to homestead; 32 (48.5%) use it.
44 (66.7%) of homesteads own one type of agricultural land not under cane.

In terms of 'central tendency', the average (median) sugarcane growing homestead comprises 10 individuals spanning 3 generations including, 6 adults, comprising 3 men and three women and 3 children (<18). 62.1% (n=41) of homesteads have at least one member with a matric, and 6.7% (n=11) have at least one member with tertiary qualification. On average (median), homesteads draw on 4 different types of income sources, 2 of which are not social grants. The central tendency for SSG homesteads is thus fairly large, multigenerational, comprising a fairly even distribution of women and men, and dependant on a range of income sources of which social grants are particularly important. Of sugarcane growers themselves, 56% (n=37) are female, at a median age of 61.5 years, of which only 7.6% (n=5) have a matric and 48.5% (n=32) of which have no formal education at all. 72.7%

(n=48) of SSGs are also self-declared homestead-heads. 82.8% (n=24) of male SSGs are married to a living partner, and 32.4% (n=12) of female SSGs have never been married. SSGs themselves thus also tend to be fairly old, slightly feminized, under-educated, and married at some point in their lives.

As may be anticipated, however, few homesteads actually can be described as ‘average’ in these terms, and measures of central tendency taken alone can be as mystifying as they are illuminating, crucially veiling the distributional intersections of gender, land, employment and wealth. However, in an attempt to partially overcome this constraint in a context where information on homestead income was either unavailable or untrustworthy, I formulated and grouped homesteads into ‘asset quartiles’ based on the total number of pre-defined key domestic, communication, agricultural and transport assets reported. Part of the basis of the decision to group homesteads in this way was the relatively high Pearson correlations registered between total assets and other important socio-economic variables such as Land ownership (0.435; significant at the 0.01 level); number of permanent jobs (0.468; sig 0.01); Tractor ownership (0.435; sig 0.01) and Cattle ownership(0.312; sig 0.05). The distributional impacts of this grouping exercise are tabulated below:

Table 1: Asset Groups and Income Sources

Asset Group	Number of income source types in household excluding social grants	Number of social grants received in homestead	Number of homestead members earning income from		
			permanent job	temporary, contract job	non-agri income-earning activity w/out employees
1 Median	↓	2	0	0	0
Sum		62	1	4	1
Column Sum %		28.70%	3.30%	20.00%	6.20%
2 Median		3	0	0	0
Sum	61	5	5	8	
Column Sum %	28.20%	16.70%	25.00%	50.00%	
3 Median	2	3	0	0	0
Sum	49	9	8	3	
Column Sum %	22.70%	30.00%	40.00%	18.80%	
4 Median	3	3	1	0	0
Sum	44	15	3	4	
Column Sum %	20.40%	50.00%	15.00%	25.00%	

This table plots ascending asset groups in the left hand column (1 being the most ‘asset-poor’ and 4 the most ‘asset rich’) against a number of important socio-economic variables, namely the number of non-social grant forms of income in a homestead; the number of social grants received (pensions, child support grants, disability grants and foster care grants), along with the number of homestead members employed in either permanent or temporary job, or self-employed in a ‘non-agricultural income earning activity’ (typically sales of homemade crafts, small-scale retail etc.).

As can be observed, this table reveals firstly that the asset wealth of a homestead tends to slowly but steadily increase with higher median measures of income diversification, or different ‘types/sources’ of income. Secondly, despite the important role of social grants as a homestead income source, they are not statistically significant arbitrators of asset wealth, except perhaps in transition from the poorest to second poorest quartile. Thirdly, while the general dearth of employment opportunities is registered in the very low medians across employment types, the table also reveals a tendency for the bulk of absolute numbers of different qualitative types of employment to conglomerate in corresponding asset ranks: more than 50% of higher paying permanent jobs can be

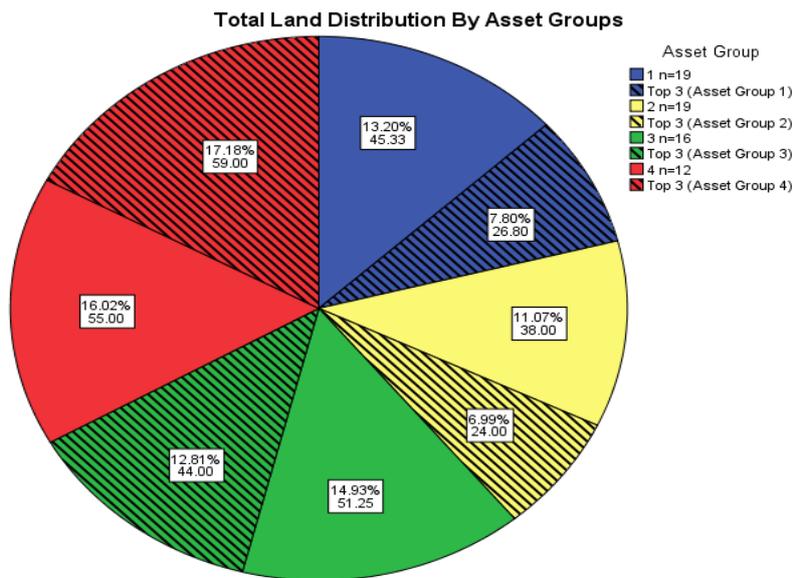
found in homesteads with the highest asset rank; 40% of lower-paying temporary jobs can be found concentrated one asset ranking below; 50% of small forms of self-employment below that, and almost nothing in the lowest quartile.

Table 2: Asset Groups, Homestead Land, Cattle and Tractor ownership

Asset Group	Total Homestead land (ha)	Land in use	Area under cane used	Homestead cattle	Tractor Ownership
1	Count	19	19	19	0
	Median	3.33	2.00	1.00	0
	Sum	72.13	53.13	32.80	70
	Column Sum %	21.0%	23.5%	19.7%	24.8%
2	Count	19	19	19	3
	Median	2.50	1.50	1.00	0
	Sum	62.00	30.75	29.25	34
	Column Sum %	18.1%	13.6%	17.6%	12.1%
3	Count	16	16	16	4
	Median	5.50	3.00	2.75	1
	Sum	95.25	53.50	48.50	52
	Column Sum %	27.7%	23.6%	29.1%	18.4%
4	Count	12	12	12	7
	Median	8.00	3.75	2.50	8
	Sum	14.00	89.00	56.00	126
	Column Sum %	33.2%	39.3%	33.6%	44.7%

This table retains the left hand grouping of ascending wealth quartiles, but is now plotted against total reported homestead land, land in use, area under cane, total number of homestead cattle, and tractor ownership. This table must also be viewed with a certain degree of caution: homesteads typically were only able to provide rough estimates of their land sizes, and generally land rights can be a hotly contested and thus politically infused domain. However, the prevalence of contractual services pricing in meters and the use of hectare measurements by mill authorities, and general knowledge of the relative size of one's own plot against neighbours, I think warrants use of these estimates as useful relational/proportional guides. A further point of possible distortion however is the unknown quantity of land under cane by at least one particularly large landholder (estimated 20 ha) in quartile 4, which has certainly distorted the results.

Still, the table is still instructive. The circles on the left indicate the relatively lower medians of total land ownership in the two-poorest quartiles against the higher; indicating a certain degree of correlation between wealth and total land ownership. Of this, however, it is notable that both the top and bottom quartiles have placed a larger proportion of their land to use (about 2/3) against the middle quartiles (about 1/2). Nonetheless, of land used under cane the middle quartiles have committed nearly all of their land to cane, against the slightly more diversified upper and lower-most quartiles. Absolute numbers of cattle owned in each quartile rise fairly directly with asset wealth, except in the bottom quartile, perhaps indicating that the use of asset wealth has disguised possible cattle-accumulators. Tractor ownership unsurprisingly features a direct ascension.



However, the degree of concentration of land ownership cuts across asset quartiles, and is somewhat disguised by this ranking, as the pie-chart above reveals. Land distribution is first divided according to the four colour-coded asset groups, ascending counter clockwise, to reveal a seemingly equal distribution. However, when the shares of land ownership of the top three land holders of each quartile are exposed, as identified by the cross-hatched section in each quartile, it is revealed that nearly 45% of land is held by 12 homesteads (about 18% total homesteads).

Table 3: Asset Groups, Gender of SSG and Homestead Head

	Asset Group	Sugar cane grower's gender		Homestead head's gender		Homestead size
		Male	Female	Male	Female	Median
		Count	Count	Count	Count	
1	7	12	9	10	9	
2	5	14	15	4	8	
3	8	8	9	7	10	
4	9	3	11	1	13	

Table 4: Asset Groups, Homestead Size and Gender Composition

	Asset Group	Homestead size	Number of adults	Number of adult men in homestead	Number of adult women in homestead	Number of children under 18
		Median	Median	Median	Median	Median
	1	9	5	2	4	3
	2	8	6	2	3	3
	3	10	6	3	3	3
	4	13	9	5	4	5

Ranking by asset quartiles similarly reveals certain disparities in the distribution of women, both within homesteads and as SSGs. As revealed in the first of the above tables, while the absolute number of male SSGs and male homestead heads is relatively evenly or randomly distributed, there is a clear concentration of female SSGs and homestead heads in the poorer quartiles. A similar trend is slight tendency for median homestead size to increase with wealth, though whether this can be attributed primarily as a factor of wealthier homesteads supporting more people, or more people attracting more income sources and contributing to overall wealth is not clear. In the second graph we see that the median composition is also affected by grouping into wealth quartiles, with wealthier homesteads boasting more adults, and a higher male: female ratio, with median numbers of children staying fairly stable until increasing in the last quartile.

Strictly speaking, the factual content of quantitative data, particularly the use of proxy variables such as pre-defined assets, should always be read critically. The numbers as represented above of course do not represent unimpeachable objective 'facts' about discrete and passive 'subjects'; to misquote Sartre, 'no man (or woman!) is a stone' and we cannot pretend that human beings or the social world can be so easily reduced. However, even if taken as broad tendencies, the results are rather striking. To the extent that 'wealth' can be measured by 'assets', it is clear that non-agricultural income sources, particularly varying grades of employment, are a key determinant of relative affluence. Moreover, social grants, while certainly a pivotal source of income for many homesteads, are not revealed as statistically relevant differentiating variable, casting considerable doubt on popular characterizations such as the 'welfare queen' or notions that social grants provide homesteads with a means by which to amass wealth.

Secondly, asset-poorest homesteads are revealed to use proportionately more of their smaller land holdings, but also to devote a considerable proportion of it to non-cane crops, while 'middle' ranking homesteads use proportionately less of their larger land-holdings, but devote almost all of it to cane. This may be an indication of a tendency of risk aversion among poorer homesteads, preferring to maintain a modicum of certain supplementary food production alongside more risky cash-crop production. For 'middle' homesteads, by contrast, most agricultural production undertaken is of cane, possibly due to relatively more secure conditions of consumption. While the top 'quartile' reveals a pattern closer to that of the bottom quartile, the absence of cropping data from one large land-owning homestead mitigates against any premature pronouncements. Importantly however, across asset quartiles, land ownership was revealed to be highly unequally distributed, with a majority of land-holdings concentrated within relatively few homesteads. Thirdly, there is a marked gendered dimension to wealth. Perhaps unsurprisingly in an area where patrilineal and patriarchal customs of land-ownership prevail, poorer homesteads display a greater tendency towards feminization, in both the composition of the homestead and tendency of a greater proportion of poorer homesteads to be female-headed.

Reconstructing a narrative of change

Nonetheless, while somewhat disaggregated statistical evidence might be more revealing than pure measures of central tendency, they remain static; ultimately incapable of alone providing cogent explanations of process, and do not elucidate who is doing what, or why they may be doing it. In order to help elucidate the question of how different SSGs got to where they are, I selected 23 homesteads from the above asset groups, including 4 contractor homesteads and 5 cane-labouring homesteads, for semi-structured interviews generally 1-2 hours long regarding their personal histories. As aforementioned, these were complemented by interviews with SACGA and mill employees, and transcriptions of various grower meetings.

One of the purposes of such an exercise is to try and identify the social and historical currents which individual respondents' were compelled to contend and navigate and which conditioned the

course of their lives. Ultimately, such recollection is perpetually beset by the perils of reconstruction; of nostalgia, of the forgotten, the omitted, the underplayed, and the exaggerated, purposeful or not. There are also dangers of reconstructing a social narrative which is based less in the memory of historical experience than in the political task of building a unifying narrative of the present. These risks are of course unavoidable, but despite such hazards I think the effort is valuable and revealing.

Coming to Madwaleni/Shikishela

Despite the air of 'traditional' permanence cultivated by many of the residents of Madwaleni and Shikishela, only four of the respondents I spoke to were born there; including the local induna his cousin and two women of the Zungu clan. While narratives of arrival were multifarious, some broad patterns were evident. For many growers, stories of arrival were premised prior dislocation, from which Madwaleni/Shikishela represented refuge. The causes of initial displacement were varied, but broadly could be grouped as being based in either homestead fragmentation or overt dispossession by government, particularly from the St. Lucia/Isimangaliso area. Nonetheless, not all stories of settlement were of trauma. For female growers in particular, coming to Madwaleni/Shikishela was a corollary of marriage in line with Zulu customs of patrilocality. Similarly, some male growers ultimately settled after leaving their natal homes while seeking a place to establish a conjugal homestead for existing or prospective wife/wives and children. Such settlement was almost always preceded by patterns of wage-work by both men and women, largely explained as being motivated by either the material needs or aspirations of the natal homestead (most commonly represented as 'food', 'clothes', 'cattle') or to amass sufficient funds in order to meet the material prerequisites for customary marriage; particularly lobola cattle by men, and 'clothes' by women.

Starting Sugarcane

Before the widespread uptake of sugarcane, patterns of cropping in the former Bantustans were widely described as being subsistence orientated. Homesteads found it exceedingly difficult to estimate the both historical and current production of food, with most describing such crops going from "the field to the pot". While homestead gardens (understood as cropping on <0.5 ha in my survey) included a wider variety of vegetables like tomatoes and cabbages, key crops produced on fields (>0.5 ha) both historically and currently typically included mealies, beans, peanuts, sweet potato, amabele and izindlubu. During life history interview, production was described as consisting of extended plantings of such crops and grazing land, since largely supplanted by sugarcane. Under intensifying unequal conditions of land-ownership few homesteads described own food-production as sufficient to feed their entire family or at least admitted that this was necessarily supplemented by seeking wage-work. Conversely, a limited number of homesteads with sufficient land reported selling produce to neighbours for cash in times of surplus above immediate requirements, with some also experimenting with cotton production under the auspices of a KFC forward input supply programme.

The earliest instance of sugarcane cultivation in Madwaleni/Shikishela area has been widely attributed to entrepreneurial activity of the self-titled 'Group of 7', at the centre of which was MPB and Mr S.⁷⁶ According to MPB, he began sugarcane cultivation in 1978 after consulting with Mr S, then working as a labour supervisor on a white commercial sugarcane farm. With Mr S' experience and MPB's access to his family's substantial land holdings, their initial planting of 2 ha quickly escalated to 20 ha. Initially, USM refused to accept their cane directly, which instead was submitted via a white commercial farmer. Following an investigation, the mill authorities ultimately decided to accept their cane if they were to form a registered cooperative through which to funnel payment, and thus with five other growers MPB and Mr S formed the 'Group of 7'. Although he claims the group

⁷⁶ Full names have been omitted to protect respondents' identity

never received any credit via FAF, the mill did provide ‘assistance’ in the procurement of fertilizer and transport. Within five years of this pioneering venture, the mill began offering FAF credit services, and loading zones were constructed to accommodate cane from other growers.

Despite the early pioneering initiatives of the ‘Group of 7’, however, the uptake of SSG production in Umfolozi appears to have been relatively gradual. Statistics provided by Minaar (1992) for instance indicate that whereas by 1978 the Felixton, Amatikulu and Ntumeni mills boasted 491, 1,622 and 13,777 registered SSGs, Umfolozi only had 4, and by 1989 this had only increased to 186.⁷⁷ It is almost certain that these numbers underestimate total SSG production; despite the sensitivity of the question, some growers admitted to submitting cane on a neighbour’s code before receiving their own. To some extent this corresponds to the conservative nature of early mill approaches to SSG production as recalled by extension officials:

“You see the industry was very clever. They could see the writing on the wall with this whole apartheid thing, [asking] ‘what is being done to assist the rural people out there?’ and then they said ‘okay, we can make money out there’. And each mill started saying hey, ‘we have to start changing our attitude, this isn’t just a white man’s business’. Around 1985-6 they started with extension out there. I’ll be honest with you, at one stage the mill actually did the work with a team of tractors and trailers, at Umfolozi too, though I think some other mills still operate like this. They charged the grower, but they did the ploughing, sent out teams of labourers to plant. And the grower just sat and watched, came into the office and said ‘where is my money?’ ... So the mill then thought ‘hey, we are force-feeding you guys, you don’t even care about the cane there’. This was from around 1980, and so they then stopped around 1986. They turned around and said “right, who wants to buy these tractors?” Guys put their hands up, sold them the tractors, and said there. And a lot of the guys I’m talking about took those tractors and worked out there, and they made some money, but they are all gone now”

The eventual devolvement of haulage and ploughing responsibilities to black contractors, followed by the de-regulation of registration certainly corresponds with the initial boom in SSG registration, with mill officials estimating the total to have stood at around 1,300 by 1992. However, while Minaar’s (1992) statistics indicate that in 1989, 186 registered growers accounted for 53,682 tons of cane, mill officials estimate that 1,300 growers in 1992 accounted for 80,000 tons of cane. In accounting for this vast disproportional discrepancy, several points are worth observing.

Firstly, some growers reported that prior to the removal of restrictions on registration they would submit sugarcane on a neighbour’s production code. It is thus likely that official numbers of registered growers in Umfolozi, as in other areas, underrepresented the actual number of homesteads growing cane. Secondly, black tractor owners now responsible for haulage and ploughing duties were instrumental in encouraging the uptake of sugarcane cultivation, and thereby expanding their client base. In addition to most new entrants first ‘hearing’ about the lucrative benefits of sugarcane production from black contractors, for many particularly small-plot owners sugarcane cultivation was first initiated by way of the kinds of land-lease arrangements referred to earlier. In such cases, despite an increase in grower numbers, increases in production are more representative of the entrepreneurial activities of a smaller group of tractor owners. Finally, however, most growers interviewed reported pursuing conservative planting strategies, planting a small amount of land to cane and slowly expanding by reserving portions of each cutting for new plantings. Very few growers claimed to have sought assistance from FAF/UAF, preferring to use returns from cane to fund expansion rather than risk indebtedness and mill officials themselves estimate that credit was never extended to more than 25% of growers. Notably, those interviewed who did ultimately undertake credit assistance only did so after already establishing substantial plantings of >4 ha. Such conservative strategies thus may have also contributed to a ‘lag’ in production behind numbers of growers actually registered.

Shifting relations and conditions of production

⁷⁷ Minaar, A de V. 1992. UShukela: a history of the growth and development of the sugar industry in Zululand:1905 to the present. HSRC Press. p.162

Despite the retraction of direct mill intervention in production following the devolvement of responsibilities to black contractors, however, mill section managers and field officers continued to exert strong influence over logistics in transport and harvesting, as well as oversight over applicants for FAF/UAF credit assistance. Paradoxically, however, the de-regulation of registration was accompanied by mill directives to rescind such oversight responsibilities:

“Though we were employed as extension officers, 80% of our time was spent chasing contractors, hauliers and labourers, to make sure the cane is in the mill within three or four days. The tickets, that’s a full time job. And then the mill comes along says that’s not what you are employed to do.”

“They took that teaching away from me and told me to just go back and run my section. I had 3 guys underneath me. As the crop has gone down, they were pulled out from me, one by one. Eventually I was running the area on my own. As the estimate went down, they said it doesn’t pay us to keep these guys on.”

For mill extension staff, the eventual restriction of such services, despite increases in the number of SSGs, was bewildering. However, despite acknowledgement that this was influenced by the mill’s own commercial pressures, the origin of the retraction has largely been read as emanating from disgruntled growers seeking the relaxation of restrictive oversight, particularly in criteria for credit assistance. That widespread default and fraud ultimately led to the closure of FAF/UAF’s services has reinforced this viewpoint:

“FAF/UAF lent them money up front. The mill had the responsibility to manage that...Now when I started, this was in place. We the mill were the agents of FAF. We used to go out and say to this chap here, right ‘you want to borrow money?’...we used to inspect his land as extension officers, make sure agriculturally you can grow sugarcane, that the infrastructure is there for the drop off...that is what the mill used to do.... So we the mill...and Umfolozi was one of the best in ensuring the money was paid back, because of the discipline of the office. But they complained we were too authoritarian in deciding who could have a loan, asking ‘what right do you have to tell me if I can have a loan; you don’t live out here or know me?’ They then told FAF they wanted it changed. And they did.... So I backed off and told management, ‘how can I be part and parcel of the fun and games out there?’. Eventually, UAF got to the point where they had lent out R100,000,000... The chairperson and secretary were even ducking and diving. So what happened? The hand that was feeding them, they cut it off. The finance institution helping them; they screwed it up.”

For SSGs by contrast, narratives of change are significantly different. For those who have lived through such different institutional relations of production, the reduction in support has been interpreted as a corollary of democracy and the decline of the KwaZulu state. As a local grower chairperson and farmer from the original ‘Group of 7’ elaborated at a Local Association meeting:

“When myself, [MPB] and [Mr S] first got involved in the business of farming sugar it was under the apartheid government. I want to request, once again, that we go back to where we started under the apartheid regime... It was in 1979 that the first sugarcane farming business was established in Mpukunyoni. Just after we started, in 1980, there was a major drought which destroyed almost everything, including many cattle.... A white man by the name of Rosco who was the General Manager came and wanted to find out all those were had been affected by the drought the previous year. Some compensation funds were made available. We benefitted. I was given R15, 000 cash from the two hectares destroyed by the drought. This was not a loan. All one had to do was to go to the office, sign some documents and the money would be put into your bank account. I took the cash and used it for cultivation, buying grain. This was 1981, then it was ’82, ’83 and in ’84 drought came and, once again, destroyed all our crops. For this, there was, once again a compensation fund that was made available. By? The KwaZulu government. This time around I was given R7,800. I took the amount, fixed my sugarcane and used the rest for my family. Now that was a government which, I say, was sympathetic to the aspirations to the plight of farmers... I am sorry if there are some here who belong to political organisations. Then came 1994. The election came and we were made to believe the country was back to its rightful owners. We were told that the days of hunger and suffering for the black people were over. The years went by, and it seems as if they have forgotten about us as sugarcane farmers. I don’t even want to discuss the other many problems facing others, I am just talking here about sugarcane farming. They have forgotten about us. This contrasts sharply with 1981 and 1984. Ministers of Agriculture have come and gone and not a single one of them has been prepared to listen to the views and concerns of sugarcane farmers in this area.”

However, for the majority of farmers I interviewed, and for whom production only began in the 1990s, the experience of decline has been defined more by immediate pressures on production, including the considerable drought, high input labour and transport costs, and transport delays. The confluence of these factors has certainly been severe. Indeed of the 45 growers who gave me access to

their individual production data held by SACGA, mean sucrose content of cane was found to be 7.39% against an industry average of around 14% and with only 4 growers receiving greater than 8%. It must be observed, however, that this conflicts with USM's own quality records, which show the top 10 highest SSG sucrose percentages to be above 16%, and the lowest 10 to be around 11%.

Commonly, such productive pressures are transmitted into conflict, however socially sublimated, with those making the most proximate claims on a meagre surplus product. One common frustration is the sourcing, management and expense of labour. A typical explanation for such difficulties is the prevalence of social grants, understood to have rendered labour, both from within the homestead and of those hired in from 'neighbours', 'lazy': unwilling to work or demanding of seemingly unreasonable wages. A typical account from NS, a widow from a polygamous marriage exemplifies this:

"Now, however, [NS] only has 23 lines on about 1/8 ha (down from 3 ha of cane), and in 2011 only cut 1/2 ha. She says that the main reason for her drop in production was drought: as she received less money, she was unable to purchase enough fertilizer or hire enough labour for weeding. She doesn't know if things got more expensive because she would just buy things as they were needed, but she suspects that the tractors got more expensive, perhaps due to increased diesel costs. However, because she doesn't know how to use the cow for ploughing, she is dependent on the tractors, and because of decreased returns she couldn't afford to replant. Previously, she would use money from her Child Support Grant and Disability Grant to pay the tractor, while using the money from cane to cover other farming and consumption costs, but now she needs to use the grant for consumption. She said she would not take a loan for fear of debt, but still needs money to purchase fertilizer and to pay for labour, which she cannot get for free, even from her children. It is the same situation with her husband's other wives. Nonetheless, she hopes to slowly expand by using her current crop as seed cane."

Other than labour, the services provided by a limited number of local black contractors and outside hauliers are similarly cited as a chief concern. More than 40% of growers cited field to loading zone (LZ) transport delays from black contractors, and 60% of growers cited LZ to mill delays of more than five days. That such delays contribute to the deterioration of sucrose content and were reportedly almost universal almost certainly has contributed to the uniformly low sucrose values of growers of varying skill and capacity. Moreover, of the 28 growers who both allowed me to access their production codes for analysis and made available their transport receipts, transport costs accounted for a total average of 33% of revenue alone. The high costs of ploughing and transport, coupled with the negative quality impacts of poor services, exposes the ultimately antagonistic interests of contractors and exacerbates disgruntlement over their claim to proceeds. As observed by one grower:

"Contractors and hauliers are also expensive, and often provide substandard services. For instance, when they crack the soil they plough very shallow rows, which reduces the number of ratoons you can get from one planting, say 8 instead of 15. Also, they do not pack the rows tightly enough, say doing 60 lines instead of 100 per ha, which means you plant less cane and get more weeds. A further problem is that growers must pay for transport in tonnage of cane, but only get paid for sucrose content. So if the grower's sucrose value drops from drought or transport delays, the grower gets paid less, but the contractor gets paid the same amount, even if they are late."

When read together, these narratives complicate the conventional description of decline focused solely on the immutable factor of drought, and reveal that this was preceded by shifts in the basic relations of SSG production. More specifically, this has been a shift from a system defined by direct miller control and oversight over the production and logistics of a relatively small group of SSGs benefitting from moments of direct state assistance, to the gradual devolvement of near total productive and logistical responsibility to a much wider number of SSGs and contractors. However, the complimentary aspects of such varied experiential accounts are similarly prone to different, and sometimes contradictory, causal emphases and unifying interpretations, and thus require critical reflection.

In the first place, while many growers certainly actively avoided amortizing their debt, and many more were no-doubt frustrated by miller strictures, the argument that the retraction of miller support was due *primarily* to grower imprudence is dubious. Indeed, in regards to FAF/UAF it was already admitted that the vast majority of SSGs never utilised credit services at all. Furthermore,

while drought remains a devastating factor for dryland production, it is curious that little mention is made of supports during comparable droughts in the 1980s which did not result in declines in production of comparable persistence as in the 2000s. As has been argued earlier, the granting of greater 'independence' to growers cannot be divorced from wider structural/regulatory changes which undermined the system of effective subsidies to the expansion of SSG supply and disproportional returns from SSG production. To attribute the withdrawal of productive services and support following the removal of discriminatory regulatory subsidies to grower demands for independence is thus somewhat specious. Similarly, the *ex nihilo* creation of a new intermediary class of black contractors, while superficially pursued to promote entrepreneurial activity, occurred soon after the rationalisation of transport and the removal of 'transport costs' from calculations of millers costs in the DoP; a correlation which is unlikely coincidental. Furthermore, the devolvement of such services operated to simultaneously obscure an effective lease/piece-wage relationship and deflect conflict over transport/services away from the mill. That this move was ostensibly motivated to ensure that growers take greater personal responsibility over production, yet still required the perpetual active oversight of the mill-staff to maintain, belies a certain level of recognition of this reality. Moreover, that shifts to such arcane regulatory mechanisms remained obscure to growers (and likely many extension officers) is made all the more insidious by both their effective implementation immediately before and following the 1994 elections and their sublimation within a discourse of granting grower independence.

Grower narratives too, however, are similarly governed by contradictory representational impulses, most commonly in underplaying politics of social difference. Often such conflict or difference is subsumed within a discourse of cultural commonality, deviations from which are rooted in relative virtuosity or wickedness. In regards to labour, as seen above, this was most evident in grower characterizations of family and hired workers as 'lazy', and corrupted by social grants. In stabilizing consumption by enabling consistent food purchases from major retailers in Mtubatuba, it is likely that access to social grants has both mitigated the desperation of poor homesteads and contributed to the monetization of social relations of reciprocity more broadly. The irony of such contentions, however, is that all grower homesteads themselves remain dependant on social grants to varying degrees, and in stabilizing consumption have preserved aspirations and investment in continued cane production. Similarly, although the cost and quality of ploughing and transport services are a source of major contention, growers tend to be publically sympathetic to the constraints of local black contractors upon whom they depend and of which there remain few. Moreover, although delays in transport are in part attributable to both grower failures to timeously coordinate harvest estimates, collect delivery tickets, source harvesting labour, and schedule contractor transport, and contractor breakdowns and overextension; blame is most commonly deferred to hauliers by both growers and contractors. While hauliers are certainly complicit in logistical failures, growers broadly tend to be reluctant to either admit to organisational incapacity or risk open conflict in direct confrontation by apportioning blame.

Indeed, despite analytical and rhetorical tendencies to treat SSGs as a homogenous group, little current research exists to lend insight into how substantive differences between SSGs may have conditioned their productive capacities. Most conspicuously, despite the wide applicability of productive pressures such as drought and rising input costs, these constraints have not been received equally. Combining my survey data with life-histories administered with selected homesteads, the next section seeks to provide insight into the different productive trajectories being pursued within the new regulatory and commercial environment.

New trajectories

I initially selected 18 SSG homesteads for interview, including 3 homesteads which had dropped out of sugarcane production altogether. The selected homesteads were targeted based on the asset groupings made above, initially selecting 4 homesteads from each asset group, with an additional 2 from the poorest to supplement those who had dropped out. Intra-asset group selection was guided by an attempt to pick homesteads first broadly representational of quantitative patterns in order to yield some causal insight into these apparent trends and then select seeming statistical mavericks, or ‘outliers’, as counter examples. Wherever possible, homesteads which were considered to be open to interview were selected, but in practice 4 homesteads were either consistently unavailable or outright refused a second round of interview. In a subsequent trip I interviewed 8 more homesteads, including 4 contractors, and 4 confirmed labouring homesteads, 2 of which still had cane.

Taken together, some deviation from the original symmetry was thus necessitated with interviews from 7 homesteads from quartile 4, 7 from combined quartiles 2 and 3, and 8 from quartile 1. Nonetheless, the final 22 interviews have been revealing of a variety of different paths or trajectories which have been taken by different homesteads over the course of the decline. Such diversity obviously makes qualitative grouping a difficult procedure, with no single method universally revealing. Here I have chosen to focus on relative changes in cane production since the 2000s. To this end I have borrowed the typology offered by Scoones et al (2011), supplemented by two additional categories relevant to the context, to differentiate growers who are⁷⁸:

- **‘Stepping out’** - Growers who are advantageously diversifying out of sugarcane production
- **‘Stepping up’** – Expanding production/re-investing in sugarcane;
- **‘Hanging in’** - Growers who have managed to maintain a relatively stable level of production despite exacerbating constraints;
- **‘Stepping Down’** – Growers who are maintaining production but have been compelled to reduce the scale of their operations;
- **‘Dropping out/Dropped out’** - Growers who are being compelled to drastically reduce or abandon production;
- **‘Creeping Back?’** –Growers who had dropped out or faced severe reductions attempting to incrementally re-start or expand production

‘Stepping Out’: From sugarcane to employment (2 Homesteads)

The two homesteads identified as ‘stepping out’ are significantly both in the highest asset quartile and have significant land holdings of 8ha and 6ha. In both cases SSG homesteads expanded to full production after initiating production in 1991 and 1989, but have since dropped to 1ha and 2 ha respectively. In the first instance, initial production costs were afforded by the homestead head’s savings as a bus driver, including ploughing, fertilizer, chemicals, and the hiring of labour for most tasks. Furthermore, the homestead head further purchased a tractor 7 years later for exclusive use of the homestead from salary savings. The proceeds from sugarcane went largely to recurrent consumptive purchases of food and clothes, but further afforded college education and driving training for two children. In the second instance, initial production was carried out by teams of labourers and tractors employed by the mill, but outside of FAF. In this case the homestead initially eschewed purchased inputs and hired labour, favouring cattle dung and homestead labour.

⁷⁸ Scoones, I; Marongwe, N; Mavedzenge, B; Mahenehene, J; Murimbarimba, F; and Sukume, C. 2011. Zimbabwe’s Land Reform: Myths and Realities. Jacana Media: Auckland Park. p. 226-9

In both instances homesteads cited drought and a viscous cycle of declining returns-less inputs/labour as to explain the decrease in production, and both have come to be dependent on the wages of their children. Furthermore, in both cases the jobs were of particularly high quality, though in the first instance this was a result of training funded by sugarcane proceeds, and in the second of in-firm training (and notably the highest paying job surveyed at R280,000 per annum at BHP Biliton). Although employment has supplanted agricultural production in both instances, in the former the homestead head is seeking alternative options, such as broiler production (failed) and gumtree (prospective), whilst in the second instance the current son claims to have surplus savings available and is considering investing in cane.

‘Stepping up’: Expansion via contracting (4 Homesteads)

Three of the four homesteads in this section are in the highest asset quartile, are substantial land owners at (12ha, 11ha and 25 ha), and are contractors with no other employed homestead members. Two of these homesteads are directly related, with one contractor (11ha) being the grandson of another (12ha). The final homestead has 4ha but has recently purchased 2ha from a neighbour, is in the third asset quartile, owns and rents a tractor for ploughing purposes, and has 1 permanent and 2 temporary jobs within the homestead.

The most notable feature in all of these cases is that despite drought, they have all managed to maintain sugarcane holdings at high or full production (the 25 ha owner has 14ha under sugarcane) and are expanding. Reinvestment has notably occurred not just in terms of inputs and capital (tractors, trailers, ploughs), but furthermore in land purchases from neighbours. Openly, SSG/contractors have noted that contracting has been the key to maintaining sugarcane production, not simply in reducing own transport ploughing costs, but more importantly in keeping cash on hand for sustained input and labour purchases. Additionally, one longstanding contractor suggested that though only about 5 contractors remain of a peak of 12, that many of those who dropped out did not have sugarcane fields of their own, or bulk sugarcane proceeds to fund full tractor servicing at the beginning of each year. Thus although contracting reportedly generates far more income than sugarcane (R30-80,000 vs R10-40,000), accumulation of land and capital in all homesteads expanding production has been based on the cross-subsidisation of enterprises.

‘Hanging in’: By discipline and debt (2 Homesteads)

The two homesteads ‘hanging in’ are considerably different. The first, a female grower and homestead head in asset group 3, has maintained full production on 6ha despite a 2ha dip in 2011. She claims to have done so despite not hiring any outside labour, subsisting from social grants and selling reed mats, and reinvesting proceeds in inputs. Profits have largely been directed towards the now completed college education of her children, and who now require cattle for lobola purposes. The second homestead, a male grower and contractor in asset group 4, has also maintained full production on 12ha. There are no forms of direct employment in the homestead, although 4 homestead members engage in casual agricultural labour, and also run a small local tuck shop. Despite maintaining full cane production, his 3 tractors are currently in a state of disrepair, and he relies on loans with up to 30% interest from a local money lender to refurbish them annually.

While maintaining full production, it is unclear how long either of these two homesteads will remain in production. In the first instance, production has been contingent on apparently close management of homestead labour, limitation of consumption and the redirection of profits above reinvestment in the education of children. Presently lower returns and imperatives to both purchase and provide land for cattle may result in an ultimate scaling down of production. In the second instance,

the faltering of the contracting enterprise may inhibit the effective cross-subsidization which has bolstered other contracting homesteads. Though not inevitable, it appears the homestead is thus skirting close to the temporary loss of the contracting enterprise and a cycle of declining returns.

‘Stepping Down’: Adapting sources of investment and consumption (3 Homesteads)

For these three homesteads, cane production has been maintained despite a dramatic reduction in the scale of operations. The first homestead includes the local induna, in asset group 1, whose production has dropped from a high of 8ha to a low of 1ha. Another homestead includes the third wife of a large landowner in asset group 2 whose permitted land allotments have been reduced to 2ha, 1 of which is under cane, and who no longer receives assistance from other wives or her husband, though she has one employed son. The final homestead includes a large land owner of 15 ha, who was both a recipient of training, FAF lending and a tractor owner, but whose production dropped from 11ha to 4ha.

In all cases, the significant drops in production were conventionally explained as due to a cycle of declining returns and input/labour purchases in a context of drought. However several key differences apply. In the second case, declining production was accompanied by intra-homestead restrictions on land and financial support. The consumption of the wife’s fragmented home is now sustained largely by social grants, and production inputs subsidised by the wages of an employed son. In the final instance, sugarcane provided for all consumptive needs, and near full production was maintained with FAF loans, own-tractor ploughing, and extension support. The end of the credit scheme inhibited both extended input purchases and tractor maintenance. Although scaled down production has been maintained on 4ha, according to the grower, the decline necessitated application for social grants in 2010 for the first time.

Dropping/Dropped Out: Women without wages (7 Homesteads)

Although comprising the largest group, the basic characteristics of homesteads which have either dropped out of production completely or are currently in throws of terminal decline are remarkably similar. In addition to belonging to the bottom two asset quartiles, 5 of the 7 homesteads are effectively female headed, and all the growers are female. While 3 homesteads lay claim to land larger than 3 ha, 5 have no fields under any crops.

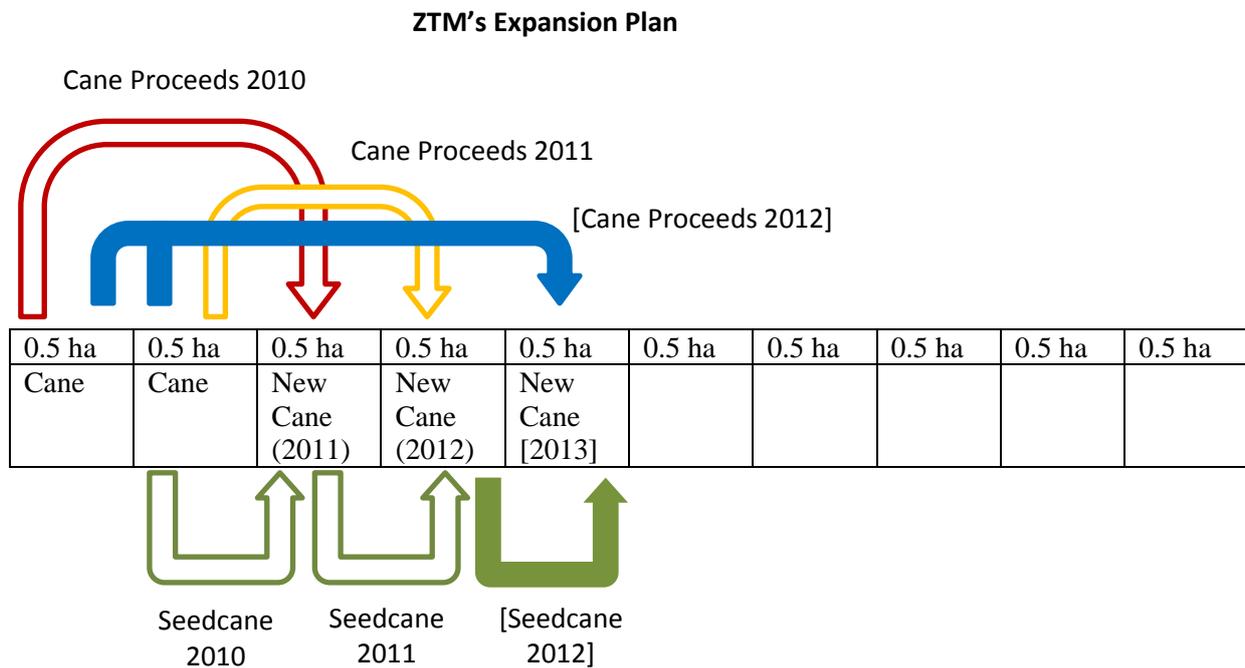
In 5 of the 7 cases, the initiation of sugarcane cultivation in these homesteads was premised on the contribution of wages or savings by a male partner, either in subsidizing consumption or through direct investment in inputs, labour and ploughing services. In each of these instances, production began to falter after the death or incapacitation of the male partner, usually the initial registered grower, and the effective termination of wage investments. In one case, the deceased husband was a contractor with 8ha under cane, and whose death coincided both with the drought and termination of FAF. In the other 2 instances, production began by renting land to a neighbour to establish sugarcane in return for proceeds from the first cutting in the absence of a male partner, and one other homestead was reliant on the mill services to establish the crop. In these cases, subsequent ratoons were utilized as a slight annual subsidy to consumption, with little effective capacity for reinvestment.

Nonetheless, falling out of cane production has had differential impact. For those homesteads with access to pensions basic consumption has remained fairly stable, a position augmented for two homesteads with access to income from stable employment. For those homesteads without access to either permanent jobs or pensions, however, the situation is more dire, compelling reliance on local casual agricultural labour. 3 of such cases notably have included attempts to restart production, 1 of

which includes an attempt to plant cane without fertilizer, with the 2 others entering into cane-establishment/land-lease arrangements to do so. However, without sustained labour and agricultural inputs, and amidst low rainfall however, such ratoons are unlikely to yield more than marginal proceeds.

Creeping Back (?): ‘Eating’ grants and investing cane (2 Homesteads)

Both in the lowest asset quartile with no access to employment income but with 5ha of land, these two homesteads are embarking on a strategy of re-establishment after all but completely dropping out of production. In contrast to the more stochastic attempts to restart production referred to above, both homesteads plan to incrementally expand production proportionate with marginal reinvestment from cane submissions. The essential strategy entails utilizing a portion of annual cuttings as seedcane and using proceeds from submitted balance of the harvest to finance input purchases, whilst relying exclusively on social grants to maintain consumption. In the first instance of a handicapped widow from a polygamous marriage with less than 0.5 ha currently under cane (and thus uneconomic to transport), the entire crop will be used as seedcane bolstered by input and labour purchases from social grants. In the second instance of a polygamous husband with 1 ha under production in 2010, half the crop will be utilized for seedcane and bolstered by input purchases with proceeds garnered from submission of the other half. The expansion strategy of this grower as of 2010 is graphically displayed below:



Whether or not such an expansion strategy will ultimately be sustainable in a context of high input/transport/labour costs is unclear. However, what is notable is the role of social grants in enabling/encouraging strategies of re-investment, however marginal, by stabilizing basic consumptive food purchases.

Discussion

Previously I argued that shifts in the sugar industry's regulatory structure fundamentally altered the conditions upon which miller initiatives to expand cane supply in the communal areas were initially premised. Thus while the subsequent massive decrease in SSG production is correctly attributed to rising costs in inputs, labour, ploughing services and transportation, further exacerbated by drought, this confluence of productive pressures must be understood as causally proximate to a rapid but structurally unsound growth in SSG production in wake of the de-regulation of grower registration. Nonetheless, as has been described above, within this new regulatory environment, the qualitative impacts of these pressures have not been felt evenly. In many cases such different trajectories reflect a differential capacity to manage these new pressures: to either maintain cane production at a reduced scale, re-divert resources to other economic activities, or ultimately succumb to an uncontrolled drop-out. Notably, however, within these new productive conditions some growers have been able to maintain or even expand production. However, attributing relative successes in cane production to individual growers' differential capacities or access to resources, while remaining descriptively accurate, is somewhat of a banal observation. Most deceptively, it tends towards a reductionist analysis in which distributional inequalities are denuded of their socio-political content and located within an ultimately static structural analysis. While the evidence presented cannot fully elucidate the shifting social contours of SSG production, the trajectories presented highlight several key dynamics.

Perhaps the most notable feature is the relatively subordinate role sugarcane production plays in the simple reproduction of most homesteads and the relative importance of social grants and employment. Old age and disability grants in particular, though supported by child support grants, have provided a locus for basic homestead consumption, typically centred on senior recipient members, with access to varying grades of employment by other homestead members operating as prime determinant of relative wealth. However, the impact of grants and employment is not simply quantitative, but are intimately related to wider social conditions and relations of SSG production. Here two features stand out.

In the first place, grants appear to have reduced the imperative to 'desperate' casual agricultural labour by local residents, who can count on being provided with basic food and shelter at home. It is notable that the two homesteads principally reliant on wages from local casual agricultural labour include young unmarried mothers without access to either old-age or disability grants. In all other cases, wages from casual agricultural labour represented a supplement to personal consumption, particularly for young men and school-going children. Despite the improved relative bargaining position of casual labour, however, the absolute value of wages remain too small to form a significant contribution to ceremonial funds such as lobola or sustain independent conjugal households. As agricultural wages are both less frequently necessary for basic consumption and an insufficient source of significant savings, sourcing labour for cane production remains difficult. This is particularly true of the most intensive task of harvesting, which must be done timeously to ensure prompt transportation. The relative dearth of 'desperate' labour is further exacerbated by difficulties in managing homestead labour, with youth frequently in school or seeking other opportunities. Frequently, mobilizing homestead labour requires a mix of familial discipline and enticement with equal or lower-than-average wages, and indeed hiring labour in many cases is a signal more of homestead fracture than accumulation. The high cost of labour thus compels many SSGs to either intensify self-exploitation either directly or via reciprocal, usually paid, labour arrangements with neighbouring homesteads, or to attempt investment in labour-saving inputs such as herbicides and top-dressing.

In the second place, by stabilizing a base level for homestead consumption and regularly providing cash-in-hand, social grants have also provided homesteads a greater opportunity to re-invest

in cane-production. For those without access to substantial non-grant or sugarcane income, such investment may be too marginal to cover labour, input and transport costs and avert a cycle of declining returns or may come at the expense of basic consumption, as is the case with many homesteads 'dropping out'. In some cases, however as we have seen, SSGs are attempting to 'creep-back' into production by keeping consumption within the bounds of grant income and marginally expanding production proportionate with crop proceeds. In homesteads with employed *and* contributing members, wage/salary income may be invested in sugarcane directly through input/labour purchases, or indirectly by contributing towards consumption, but may equally sustain cane 'drop outs', or alternative agricultural investments, as illustrated within the 'dropping out' and 'stepping out' sections. In other cases, non-agricultural employment is instead an object of investment from cane, particularly in funding the training or tertiary education of children, as illustrated by one of the 'hanging-in' cases.

However, the most striking feature of relative SSG trajectories has been the rising prominence of an intermediary class of contractor-growers, undoubtedly the big 'winners' who have emerged from the space afforded by the retraction of mill services and oversight in transport. In each of these cases, grower-contractors have not only maintained full production and rely chiefly on casual labour, but are continuing to expand both in terms of capital and land purchases, despite the supposed limitation on commercial transfer posed by customary tenure. In each case, as noted, contracting and sugarcane production operations are cross-subsidised: with recurrent sugarcane costs provided largely by contracting returns and annual tractor maintenance bulk sugarcane payments, though it must be noted that tractor breakdowns occur frequently. While tractor ownership may reduce the costs of transportation and ploughing costs, however, contracting proceeds far outstrip those of sugarcane, indicating that it is income from service provision which is the main vitalising component of these operations. Such services, however, categorically represent a claim on SSG proceeds and place contractors in opposition to their clients, a reality accentuated by muted competition amongst a small number of contractors servicing a wide area. One mill official observed for instance, that there is a lower price threshold which none go below, despite denial of such practices by contractors themselves. The full extent of such collusion is unknown, but with high costs of maintenance and with little competition, there is certainly incentive and opportunity for contractors to do so.

Conclusion and Implications for policy

Clearly then, current dynamics of socio-economic differentiation and class formation amongst SSGs in Madwaleni/Shikishela are intimately bound with non-cane sources of income. The retraction of direct mill oversight and interventions in production while nominally affording greater flexibility over productive decisions has certainly not given rise to a class of independent 'yeoman' commercial farmers. Indeed, engaging in cane production for *all* homesteads has been contingent on non-farm income sources, at the very least on social grants, not only to meet basic consumptive needs, but often on meeting the recurrent costs of cane production itself. Moreover, characterizations of small-scale agricultural production as inherently more labour-intensive and employment friendly, or of small-holders themselves as intrinsically labour abundant do not ring true in this context. That sugarcane largely does not provide a sufficient consumptive base upon which to rely, coupled with the general success of social grants in providing a base level of consumption, has inhibited the mobilization of labour both from within and without the homestead, and thus accentuated productive dependence on labor-saving inputs and hence non-farm income.

In homesteads where members regularly contribute substantial wage or salary income, under close management sugarcane production does offer the possibility of acting as something of an income-multiplier, but under poor productive conditions some homesteads with non-farm income

have chosen not to undertake such risk at all. The effective removal of non-farm income, as in cases where homestead wage earners have either died or been incapacitated, and even in homesteads with significant land endowments, has almost universally resulted in a cycle of near-terminal productive decline. For homesteads without any substantial employment income, sugarcane production represents something of a stochastic income supplement, the marginal stabilization of which is left to intermittent investments of labour and sacrifices from largely grant-based consumptive funds. Some homesteads, as we have seen, have nonetheless attempted to re-embark on expansion strategies proportionate to the bounds of such marginal investment.

It is further notable that SSG-contracting homesteads were the only ones to clearly exhibit trajectories of expanded reproduction. The accumulation path followed by contractors is also perhaps the only one rooted nearly exclusively in sugar production. In one sense, the relative success of contractors is premised on the greater potential compatibility between the cane and contracting enterprises, whether in the particular patterns of cross-subsidization referred to above or insofar that capital investments are mutually applicable. Pivotal, however, the contractor's profit is not only premised on claims to SSG surplus, but is indeed one of the greatest of such claims. In this sense, the contractor's success is based less on sugarcane production than extraction from sugarcane producers, a tension exacerbated by effective over-extension often resulting in delays and poor-quality services.

The empirical and secondary evidence presented highlights several key lessons for land and agrarian reform more broadly. As has been shown, engagement in commercial agricultural production was largely premised on the stabilization of consumption from non-farm income sources, and that a key determinant and object of agricultural investment was access to non-farm income opportunities. In the first instance, this problematizes policies founded on discrete characterizations of production as 'rural/agricultural' and 'urban/employment'. Secondly, even though sugarcane production did not cover basic subsistence requirements, it remains a critical site of potential investment for cash and labour, particularly for poorer homesteads. Thirdly, however, the importance of off-farm income is largely a function of not only 'uneconomic' land sizes, but declining terms of investment. Strengthening the position of small-holders thus cannot be reduced to attempts to alter the characteristics of SSGs themselves, but must also take the form of critical structural interventions to differentially adapt operating commercial context and social conditions of production.

In the sugar industry, current interventions to support SSG production largely remain implicitly premised on a vision of encouraging the emergence of independent commercial farmers democratically integrated into the sugar supply chain. Often constraints faced by SSGs are conceived in opposition to the advantages of large-scale commercial producers, particularly small-land sizes under customary tenure, illiteracy and innumeracy as inhibiting engagement with the market on advantageous terms. Driven largely by SACGA, interventions have tended to focus on institutional responses to overcome such constraints, such as access to small-scale credit through the new MAFISA initiative, achieving economies of scale through cooperatization, training etc., or in mobilizing discretionary support through SACGA, such as through SPF payments and the deployment of GSOs, or through government, such as the joint-ventures in extension or distribution of free fertilizer.

Such initiatives have certainly not been insubstantial. Moreover, efforts to inculcate a greater degree of representational inclusivity are certainly progressive improvements which, however inhibited, cannot be dismissed. Nonetheless, efforts have tended to somewhat ahistorically presume that institutional innovations might act as an effective substitute for the wide-range of direct and intensive supports, however draconian, which underpinned the initial growth of SSG production. This ultimately acts in the first place to side-step the social conditions of SSG production and its class character, to secondly misrepresent the relative contribution of income from sugarcane production, and thirdly rather apolitically treat the prevailing economic conditions as neutral and immutable. To

the contrary, however the origins of regulatory interventions in the South African sugar industry were based on the recognition that non-intervention is itself a political act favoring certain classes and fractions thereof over others.

Despite the phases of 'de-regulation' which occurred in the 1990s-2000s, however, the South African sugar industry remains subject to statutory self-regulation by a Sugar Agreement under the Sugar Act. Indeed, while the sugar industry can hardly be held responsible for the relative availability of non-farm employment, discriminatory regulatory interventions in the interest of increasing SSG share of national product should be possible, and considering their relatively low proportion of national production, should not come as a substantial shock to industry. However, considering that South Africa's milling capital is intertwined in international corporate structures of ownership, and is currently embarking on a continental expansion, the feasibility of any such interventions must account for such mobility and should seek regional consistency wherever possible. Ultimately regulatory changes of this nature would seek to shift emphasis towards adapting commercial conditions to the actual social conditions of production faced by SSGs rather than vice-versa. This should not be seen as a replacement of current initiatives or a reversion to the draconian production systems of the 1980s, but should consolidate existing initiatives without compromising democratic gains. While hardly comprehensive, I conclude here with three key interlocking areas of potential intervention which stand out for consideration:

1. Differential Pricing/Support; Industry Subsidization

As we have seen, the growth of SSG production was premised on the effective industry subsidization of SSG production, and for a brief period, discriminatory pricing of SSG product. Perhaps one of the most important aspects of these policies was that differential benefits to SSGs were accompanied by strong financial incentives to millers to pursue such production. Instituting discriminatory mechanisms to both raise SSG returns on cane and miller proceeds for sugar from SSG production would not only augment the income-multiplying impacts of cane for SSGs, but similarly give greater incentive and financial resources to either expand SSG production or enhance support measures to it. It would also enhance the bargaining position of SSG representatives to know that their cane attracted disproportionately high prices. A second possibly complimentary option would be for the overall industry to subsidize the overhead costs of support structures, particularly extension and administrative personnel, thus shifting some of the financial burden from SACGA alone and again create miller incentive to enhance support to SSGs. It must be noted, however, that such measures would effectively come at the expense of mills without substantial SSG supply and large-scale growers. In the absence of a cost based DoP, implementing such mechanisms might have to take the form of instituting a dual 'notional' price, effect distinct inter-mill transfers of proceeds, or somehow relate SSG product to the existing system of 'flexible' market shares to reflect a greater proportion of the domestic market.

2. Transportation

Transport undoubtedly represents one of the most onerous costs for SSG production, both directly in terms of service charges, and indirectly in terms of loss of-quality due to delay. In the 1982 Rorich Commission of Inquiry, one of the notable rationales for placing the total burden of transport costs on growers was the idea that they would be better placed to choose the most efficient method of transport and optimize their location accordingly. Such logic would certainly seem inapplicable to SSGs, who do not have the resources either to relocate or 'choose' between any varieties of transport methods. For all SSGs, the only option is to engage local contractors individually for short haul, and collectively pick one of three or four

private truck-hauliers. While grower absorption of transport costs would appear to incentivize prompt harvest, growers have great difficulty in both sourcing labour and administrating schedules, while local contractors are few in number, over-stretched, and likely charging high collusive rates. Currently, the direct cost of SSG transportation is subsidized by the SPF, but has little effect in adapting transportation systems.

Ultimately, both millers and growers have an interest in the efficient operation of transportation, and it would thus appear that millers must have a more direct stake in transportation systems. Three compatible options present themselves directly, but all notably rely on simultaneously increasing miller financial interests in SSG production or industry subsidization of overhead costs. The first is increasing miller capacity to employ personnel to oversee logistics, i.e. to specialize in ensuring the coordination of prompt harvest, short-haul and long-hauls. This option is already being somewhat pursued by certain long-hauliers with their own personnel. The second option is to phase-in a miller stake in transportation costs to incentivize more efficient transportation measures. This might include the mill absorption of haulier or contractor services, thus eliminating the profit-requisite of such operations which could then be run at cost-price. This would be in the interest of cheaper and more reliable services for SSGs, but would come at the expense of local contractor accumulators, a fact which might be somewhat offset by their direct employment. Should harvest services be similarly offered with the preferential employment of locals, this might further reduce the burn-harvest delays and optimize transport efficiency. A final option which has been given only passing mention by SASA and the DTI and would require more considerable research would be the possibility of de-centralizing initial processing of SSG cane. Small Scale Milling (SSM) in the form of Open Pans Sulphication (OPS) operations are widespread in India, but often rely on local sales of relatively unprocessed sugars such as jaggery. In South Africa where such markets do not exist, such operations might instead be tied to further processing or treatment at the central mill or 'organic' sugar sales. The potential benefits of such a system might be to both reduce transportation costs (which would be of sugar rather than cane) and/or give SSGs a share in value-adding.

3. Registration

As I have argued, the de-regulation of SSG registration which accompanied a reduction in miller interventions in production resulted in a rapid but structurally unsound entry into the industry, precipitating the current rapid decline. Currently, millers would be more inclined to extend the number of overall supplying SSGs in order to hedge the supply-risk of growers failing to submit, and which comes at little risk or cost to themselves. However, the considerable investments which would necessarily accompany a re-extension of services as proposed above would not be able to be extended to all growers at once, and if ultimately made categorical might result in a necessary consolidation of SSG production, and ultimate reduction in numbers. The emphasis would in a certain sense then shift from increasing the quantity of growers, to enhancing the quality of productive conditions for a smaller number of SSGs. In order to dampen such a shock, SSGs might undergo a process of additional re-registration corresponding to the slow extension of support services, with non-registered growers continuing to submit via existing systems. Ultimately, however, there would be limitations to such service extension, and this could possibly inculcate a tier of 'second-class' growers outside the ambit of such intensified services.

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