

NEVA MAKGETLA: Inequality still at the heart of SA agriculture

From 1994 to 2019 remuneration was a third of value added, compared to half in the rest of the economy

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Picture: REUTERS/PASCAL ROSSIGNOL

SA agriculture encapsulates why reconstructing the apartheid economy has proven so hard. On the one hand it is deeply inequitable, with an unusually low share of income going to farmworkers and virtually all marketed produce coming from fewer than 50,000 commercial farms. On the other, it is a world-class producer of maize, meat, fruit and vegetables. The risk of disrupting that production has so far largely blocked efforts to bring about substantially greater equality.

It is easy to show the productivity of SA's agricultural sector. Production per

farmworker is 20% higher than the norm for upper-middle-income countries, according to World Bank data. Agriculture accounts for 2% of gross value added but 5% of SA's exports. SA exports more than twice as much foodstuffs as it imports.

The benefits of agricultural productivity are, however, inequitably distributed. That has been due to long-standing practices and policies of pricing, employment and ownership.

Most agricultural prices reflect not domestic costs, but international markets. As a result, when world markets surge, SA food prices go up, irrespective of local productivity. Meanwhile, tariffs set a lower bound on prices for many staples, including wheat and chicken. In effect, this system sets a floor but not a ceiling on food prices.

SA's 800,000 farmworkers still get a comparatively small share of the returns from agriculture. From 1994 to 2019 remuneration came to just more than a third of value added, compared to close to half in the rest of the economy. Labour force surveys find that the median wage in commercial agriculture is a third lower than in the rest of the formal economy. Only domestic and informal workers earn less.

Land ownership also remains deeply unequal, though data is hard to find. Stats SA's annual survey of formal agriculture does not unpack it by race or farm size, though it finds that the 100 largest farming enterprises by turnover get a quarter of agricultural revenue. Labour force surveys count 40,000 formal employers in agriculture, with about a third now black.

But the eye-catching issue is the near-absence of family farms. Labour surveys find just 20,000 self-employed people in agriculture, equal to 2.5% of all farm employment. Commercial farm owners make up another 4.5%. In the rest of the economy 10% of all employed people are self-employed, and 5.5% are employers. In other upper-middle-income countries family farms account for close to a fifth of total employment; in SA, the figure is less than 1%. That differential largely explains SA's high joblessness.

We get to a higher figure if we count vegetable gardens as family farms. The General Household Survey finds that about 2-million people do farming, though 20,000 say it is their main income source. Two out of five households in the historic labour-sending regions – the former “homelands” – do some kind of farming. But half say their income comes mostly from social grants, while almost all the rest depend on wages, including remittances. Similarly, labour force surveys find that three-

quarters of people with plots work on them for under an hour a day.

In short, the pillars of agricultural inequality – low pay for most workers, rents for owners when global prices are high, and concentrated land ownership – largely remain in place 30 years after the transition to democracy. The reason is clear: addressing these ills would necessarily disrupt a productive industry with a central role in food security, job creation and exports.

Still, far more could be done to support new smallholders, improve the position of farmworkers and moderate the price of basic foods. That would require rethinking the current master plan for agriculture, which focuses on fine-tuning support for commercial farms with limited measures to deal with the inequality at the heart of the industry.

• *Makgetla is a senior researcher with Trade & Industrial Policy Strategies.*

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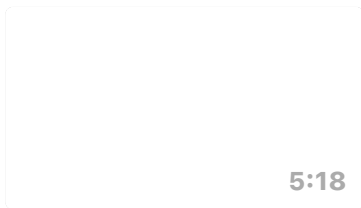


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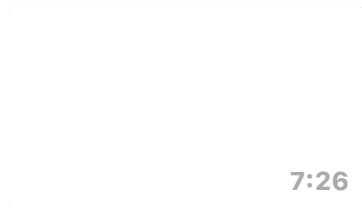
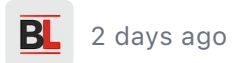
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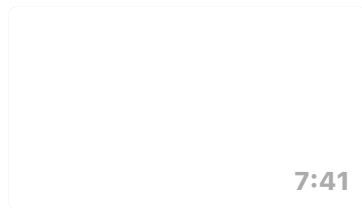
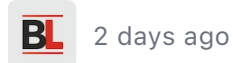
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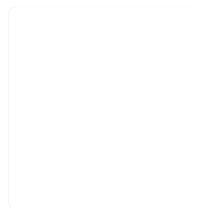
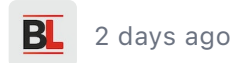
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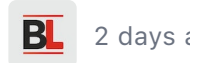
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