

# PLAAS

Institute for Poverty, Land and Agrarian Studies



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## ‘Patterns of accumulation in South Africa’s grain-livestock complex: raising questions of agrarian structure’

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# Introduction

- What is the grain-livestock ‘complex’ (GLC)?:
  - ‘Complex’ rests on the key **linkage** between **maize** and **soya** key **inputs** and central **cost** ingredients in production of **feed** for **intensive livestock** production (pigs, chickens beef).
  - Central to ‘**Food Regime**’ analyses, **linking agro-food capitals** in different countries/regions by **trade**, such as US and Europe (Friedman and McMichael), China and Argentina.
  - Also increasingly important to theorizations **hidden environmental cost** of agriculture and its centrality to agro-industrial accumulation (Weis; Moore)
  - Of growing centrality to the wider **social reproduction of labour** and **capitalist development**, e.g. ‘meatification’ of diets; ‘nutrition transition’

# Introduction

- **South Africa's** GLC characterized by (at least) two additional peculiarities:
  - 1. Historically, maize production has been orientated more towards **processing into maize meal** for direct consumption
  - 2. Animal and feed production is **domestically integrated** and orientated
- This presentation seeks to broadly and provisionally situate the ongoing development of South Africa's GLC within broader process of transformation



# South Africa's AQ of Capital



- South Africa's 'AQ' largely proceeded 'from above'
- In **transition**: Industrial capitalism preceded and prompted agricultural capitalism
  - **Minerals revolution** prompted capitalist relations by expanding **domestic market**, and linking farmers to world-price **competition** (Bernstein; Morris; Wilson).
  - Exacerbated **mass dispossession of Africans**, relied on **intensive exploitation** of labour-tenants, whose cost partially 'subsidized' with own-production & wage labour elsewhere (Wolpe, Morris)
- As a question of **further development** of 'white farming':
  - Ongoing import protection, heavy state subsidy for credit, price support and capitalization, relied **minerals surpluses** (Kaplan et al, Vink and Kirsten, Trapido)

# SA's (emerging) AQ of Labour

- From at least the 1980s, **'white farming' interest increasingly subordinated** to gathering **crisis of South African capitalism** and social contradictions of apartheid
  - **Decline of mining** (esp. with US exit from the gold standard)
  - **'Overpopulation' of reserves**, urbanization, trade-unionism
- **'Rationalization', 'de-regulation' and liberalization** of South African agriculture proceeded aggressively, incl. by **incoming ANC govt.** eager to lower food prices, and de-racialize the countryside (frustrated).

# SA's (contemporary) AQ of labour

- The success of the strategy, from the perspective of 'national development' has been ambiguous
- In farming, world price discipline has seen:
  - Growing **capitalization of agriculture**, on the basis of inputs largely **imported** (fertilizer, tractors, harvesters) or **licensed** (seed, genetics) from **MNC**.
    - Offset to some degree by high-value fruit/wine export
  - Substantial increases in **agricultural productivity**:
    - E.g maize: 2.6 ton/ha → 4.2 ton/ha

# SA's (contemporary) AQ of labour

- (cont.):
  - Massive **decrease in agriculture employment**:
    - Dropping from approx. **1.3 million 1987** → **0.69 million in 2014** (StatsSA)
  - Growing **farm size and concentration**
    - In 1995 , approx. 60,000 farms, avg. 1,500 ha → by 2007, 30,000 farms avg. 2,100 ha (Liebenberg & Parley 2012)
  - Highly limited land reform (8% transfer), decline of 'Bantustan' production



# SA's (contemporary) AQ of labour

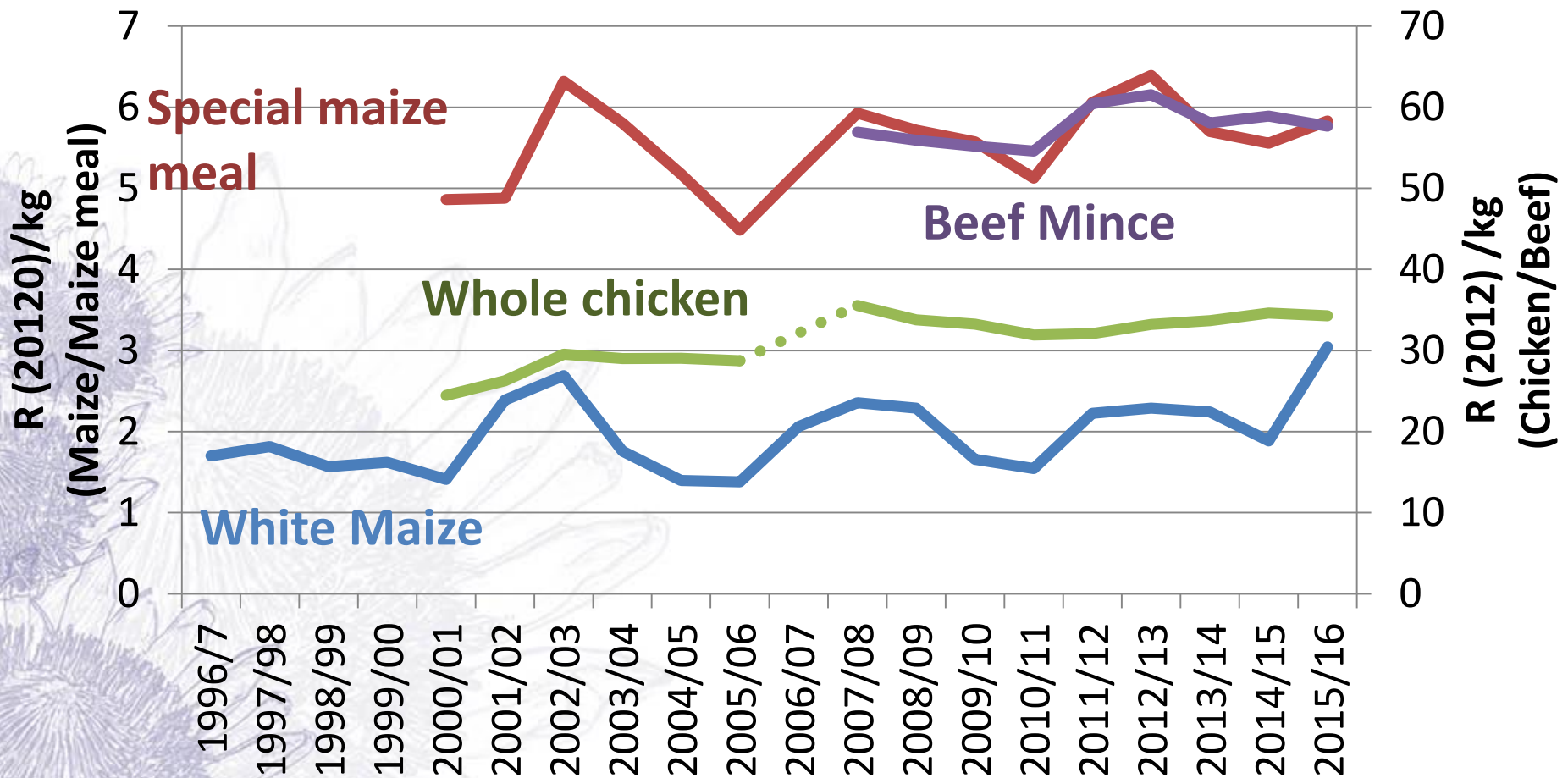
- **Agriculture is increasingly:**
  - (land) **'extensive'** and (capital) **'intensive'**
  - stands largely as a **'market'** for international capital, and producer of **'competitive'** but not **'cheap'** raw material (some high value export)
  - Seen a rapid decrease in direct contribution to **'livelihoods'**



# SA's (contemporary) AQ of labour

- The impact on **staple food pricing (& cost of labour-power)** has also been **ambiguous**
  - Staple agricultural **prices 'competitive'** sit between import and export parity pricing (Grain SA)
  - **Real retail** prices highly volatile, **slowly rising** (StatsSA, GrainSA).
  - **Critical to very poor**, but food = **low proportion** of consumption for others
  - Purchasing power **underpinned by state social grant** transfers in context of high unemployment (StatsSA)

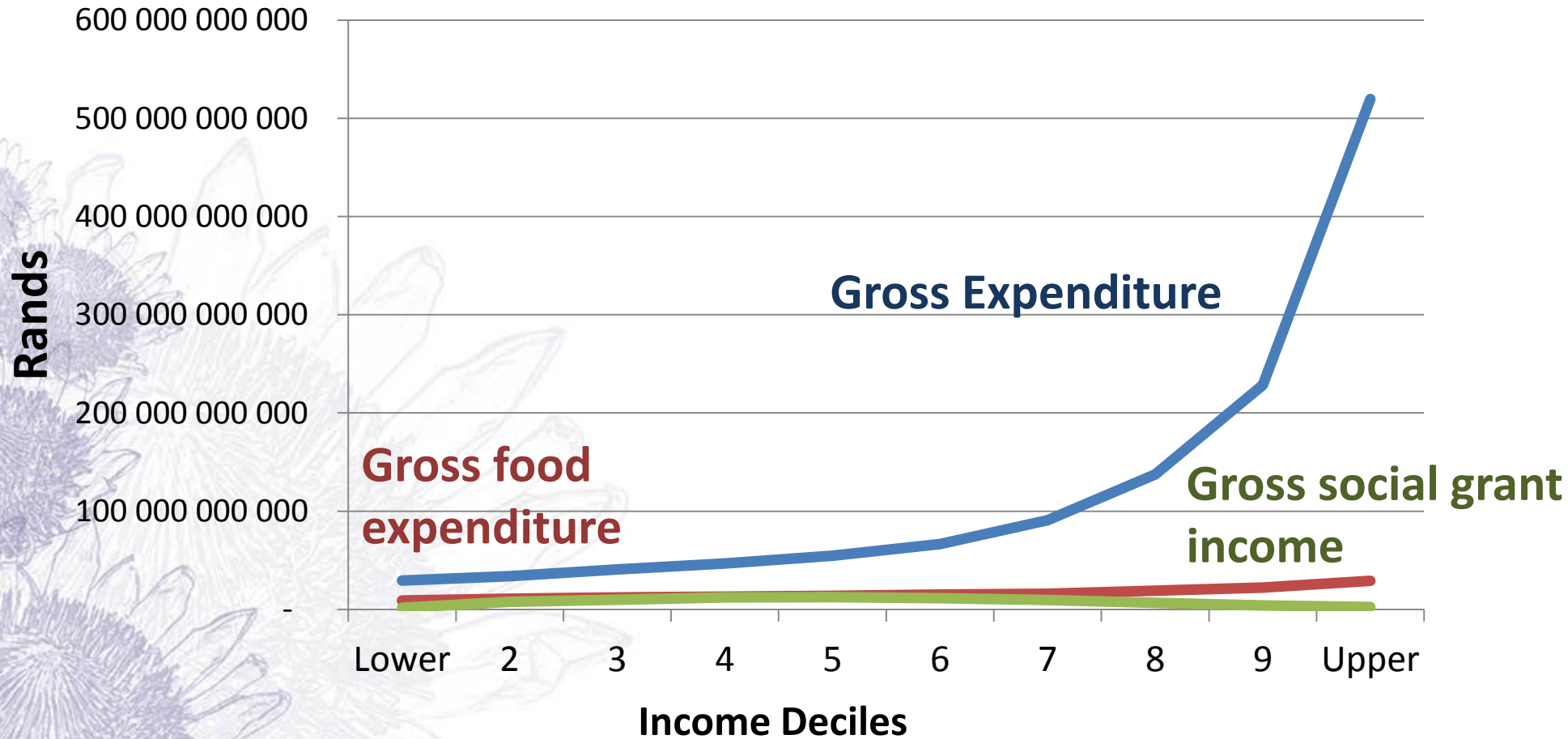
# Real (R 2012) prices of white maize, Special Maize, Whole chicken & beef mince



# Expenditure by income decile, 2010



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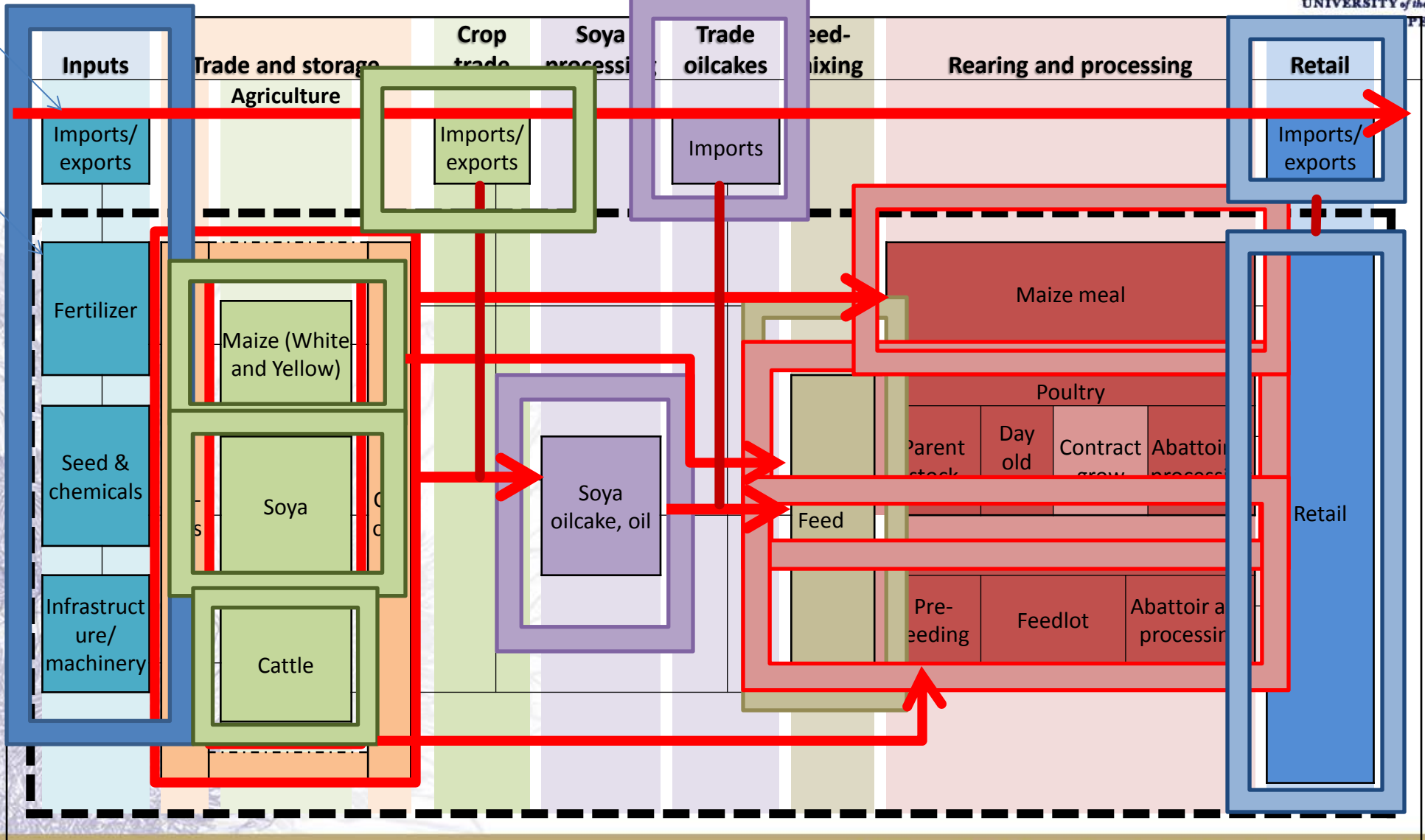
# Grain-Livestock

- Development of South African agro-accumulation (processing/livestock) heavily conditioned by 2 sets of pressures:
  - 1. Availability and ‘cheapness’ of agri-raw materials
    - Conditioning necessary industrial competitiveness
  - 2. A guaranteed but limited and price-sensitive consumer market

# Grain-Livestock



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# Provisional theoretical and political significance:



- **Agro-accumulation** in South Africa appears to remain driven by wider, weakened, **South African capitalism**.
- The **liberal** regime has been moderately **successful** in limiting the **cost of *barest* labour-power**, for whom **basic calories** represent a high proportion of their cost of living.
  - Includes pressure on few employed to support wider dependants ('Black tax')
- But it is **not clear** that this has been ***sufficient to*** renew **relative surplus appropriation** in the broader national economy as a whole.



# Provisional theoretical and political significance:



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- Demand (as purchasing power, not need) heavily underpinned by **public money** (through grants, state employment).
- Under-development and destruction of **domestic input production** further puts pressure on **foreign exchange**.
- Cost of ‘**labour-power**’ required by advanced **contemporary production** relies on other costs far more than food, e.g. **education**, housing, transport, IT.

# Toward a labour-centered program of agrarian reform?



- **Sender:** Subsidize high-value, labour-intensive, export-orientated agriculture (for jobs and for-ex), esp. fruit and wine.
  - Limited to **ecologically appropriate areas**, largely ignores question of **food-costs**.
- Food-price policy should be pursued *more* aggressively.

# Provocations

- Maize meal:
  - **Liberal price and competition** approach has based on the cost of maize prices within band of **import/export parity**.
  - Centralized urban processing necessary for **productive efficiency**, but prone to **collusive ‘squeeze’** by food corporations with few margins elsewhere. Comp. Comm. largely re-active.
  - Inflation adjusted **meal-price setting** may be **appropriate**:
    - 1. Fiscally sound insofar as lowered cost of mealie meal indirectly inflates purchasing power of govt. grants.
    - 2. Will not constitute barrier to trade
    - 3. Margin squeeze less likely to be ‘passed on’ to farmers capable of growing erstwhile higher-value yellow maize.



# Provocations

- **Chickens** clearly the **cheapest** source of **protein**
  - **Tariff and non-tariff barriers** constitute a **regressive** move, insofar as hurt purchasing power of poor/protein consumption
  - Domestic producers **technically efficient**, development of **local soya** to suppress high feed high costs **should continue**.
  - Contract growers?
- **Beef** is highly **resource intensive**, not cheapest form of protein...expendable?
  - But as relatively **high-cost** (viz. chicken) already **limits market growth**.
  - Question as to how to encourage more **'extensive' systems**, more ecologically but less value-efficient (Nguni breeds? protein feeds?) and more **germane to small-scale** market access

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# END!

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