

# **AGRICULTURE IN A DEVELOPMENTAL STATE:**

## **FINDING THE NEXUS FOR DEVELOPMENT(AL) AGRICULTURAL ECONOMISTS<sup>1</sup>**

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### **1. INTRODUCTION**

First of all, I feel very honoured and humbled to present this prestigious FR Tomlinson Memorial Lecture, particularly at my home Province of Limpopo where I cut my teeth of service as an agricultural economist. It all started in the early days of my primary schooling where I observed extension officers assisting farmers to manage their micro-farm enterprises at our Eldorado Village in Blouberg Municipality, a place well-endowed with underground water, good arable soil and sweet grazing land (though with less than normal rainfall). Years later, I had the opportunities to serve the profession through AEASA Management Committee at different (if not all) portfolios<sup>3</sup> when I persuaded the Association to open up to agricultural economists from different spaces, particularly the provinces. This year marks 25 years since I started practicing as an agricultural economist, and having attended the first AEASA event: FR Tomlinson Lecture presented by Prof Jan Groenewald in 1990. This

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<sup>1</sup> *The paper benefited a great deal from inputs and guidance of Dr Petronella Chaminuka of the ARC. Unfortunately, she has not been amused as the end product didn't come close to what she expected to represent "this eminent ag economist". At the end, this represents an "ordinary grassroots ag economist".*

<sup>2</sup> *Thanking the Limpopo Province Agricultural Economists Working Group and AEASA Management Committee for the honour to present the FR Tomlinson Memorial Lecture.*

<sup>3</sup> As "provincial coordinator", additional member, Secretary/Treasurer, Vice-President, President, Past President, BD Nomvete Bursary Trustee, Chair of Editorial Committee of AEAS Book, etc.

remarkable honour is also happening in a year when I became a half-Centenarian!

This Lecture is dedicated to my mother, Sethodi Maggie Makhura (maiden Sebola), who was laid to rest about three weeks ago. She is my real farmer! By the time of her passing, she had planted a yard full of butternuts targeting Christmas time. On the morning of her passing, she irrigated the plants before she took her rest. I still have statements of her past records from the Joburg Fresh Market where she used to send her pepper, garlic and butternuts! She inspired me to be a passionate agricultural economist. With her, we would work to sell some of my livestock so that we rejuvenate the herd. Interestingly, she was a different farmer from my dad, Nakedi Abraham Makhura, who after completing my research on commercialisation, totally declined my advice for him to sell some of the livestock – he emphatically dismissed me “to buy your own cattle and sell them”. Indeed, now that I have cattle, I realise it is very hard to sell one’s precious assets. The only easiest time to sell, is after drought when all cattle are dead and sold to the ground at zero price! The farming aspirations and experiences run through all my extended family, and most importantly, represents many emerging farmers out there.

Today, I ask myself, what would FR Tomlinson do or say for these farmers?

FR Tomlinson was the co-founding member president of AEASA in 1961. His major developmental work and contribution I identify with emanated from the Tomlinson Commission that looked into the feasibility of homelands economies. He recommended that more land should be made available to the homelands in order to expand available area for farming. That is, farmers were to be settled on viable farms. The question is what do we learn from him?

This lecture traces efforts of locating agriculture in the economy. It builds on the several Tomlinson Commemorative Lectures that addressed the question

of development and the position of agriculture and agricultural economists (Fraser, 2008; Potgieter, 2012; Van Zly, 2008; Vink, 2001). It is very much in line with Potgieter (2012), who even advised me to have fun on the eve of this lecture. The lecture acknowledges the contribution of the agricultural economics profession to the agricultural development debate, but argues that we may have missed opportunities to better align ourselves with the contemporary developmental agenda at some critical points. I suggest some different thinking in terms of South Africa's approach to agricultural development and some tested ways of positioning ourselves more precisely at the development nexus.

### **Why agriculture in the developmental state?**

The issue is meant to stimulate debate within the agricultural economics profession around the role of agriculture in the economy. For some time, the issue has been off the table, yet the priorities of government have been changing and also stipulating the expectations for agriculture. South African agriculture has been responding to these expectations administratively within the departments, but there has never been a formal interrogation of the content and substance of what all these mean for the position or role of agriculture.

On the other hand, other sectors or areas have engaged and illustrated their perspectives in the developmental state (Marwala, 2007). Now, with agriculture as the source of food, it has high potential to drive the developmental state.

The lecture argues that South Africa has been on a developmental state mode since 1994. Hence, the attempt to trace the performance of agriculture since that time.

## **2. ABOUT THE DEVELOPMENTAL STATE**

Since 1994, South Africa adopted a formal developmental path aimed at building a society with empowered citizens and equal opportunity. Accordingly, this would eliminate poverty and inequality. According to Marwala (2015), reorientation towards a developmental state is one mechanism to channel productive forces towards these goals.

A Developmental state is a state where government is intimately involved in the macro- and micro-economic planning in order to grow the economy (Onis in Marwala, 2015) or simply a phenomenon of state-led macro-economic planning. Johnson (1982), regarded as the initial person to define a developmental state, defined the developmental state as a state that is focused on economic development and takes necessary policy measures to accomplish that objective. According to ETU (2015), a developmental state plays an active role in guiding economic development and using the resources of the country to meet the needs of the people. A developmental state tries to balance economic growth and social development. It uses state resources and state influence to attack poverty and expand economic opportunities.

A developmental state must be able to direct and support economic development shaping the structure and output of the economy through a strong public service, an investor friendly environment, thriving small business development, effective state owned enterprises and strategic investment initiatives. The State has to keep the economy competitive and close to the leading edge in the global development.

Four major characteristics of the developmental state are;

- The government keeps closer focus on the macro plans.
- The developmental state has the quest to balance social and economic imperatives. The further question is then how can agriculture contribute or play a role in supporting the state to achieve both social and economic objectives?

- The major intervention of developmental state is industrialisation. Japan has been coined a “developmental state” due to its active involvement in industrialisation, as compared to the US, which is dubbed more of a “regulatory state” since it relies on institutions to implement the programmes. South Africa is also beginning to promote industrialisation. The question is what contribution can agriculture make in the process? To determine that, different stakeholders in agriculture need to assess and interrogate the potential that agriculture has to support such a process.
- The government leads implementation of developmental programmes.

Within the African context, Mkandawire (2001) asserts that Africa has had states that were developmental in both aspirations and economic performance. Botswana, for example, is regarded as one that is developmental state (Johnson, 1982). Mkandawire draws lessons from Asian countries, where the state has played a central role in the development of the countries. Such lessons may pose replication difficulty due to a) state dependency, b) lack of focused ideology, c) the ‘softness’ of the African state and its proneness to ‘capture’ by special interest groups, d) lack of technical and analytical capacity, e) the changed international environment that does not permit protection of industrial policies, and f) the poor record of past performance.

According to some developmental political scientists, such as Maseti (2015), South Africa is nowhere closer to displaying the characteristics of developmental state as defined by Mkandawire. This infers that South Africa’s claim of a developmental state could be more rhetoric. However, for the purpose of this paper, developmental efforts in SA include a set of efforts to improve and enhance the overall welfare of the citizens. This was based on the Freedom Charter, RDP, Constitution, GEAR, ASGISA that provided for development and social justice (Makhura, 2008). As such, the developmental aspiration of South Africa dates far back and the contemporary

developmental efforts could be traced back to the 1990's since the new dispensation.

When the current government took office, it re-proclaimed the need to build a developmental state. The developmental state requires government's active involvement in macro- and micro planning of the economy. Hence the establishment of the National Planning Commission that developed the National Development Plan (NDP), which provided guidance on the potential role of different sectors. Maserumule (200#) referred to the effort as consolidation of a developmental agenda.

For South Africa, the commitment to a developmental state is reflected in the efforts to mobilise the resources of society and directing them toward the realisation of common goals. These goals have been stated and restated in different ways and context. By 2010, the priorities were organised into 12 outcomes to give effect to priorities of education, security and corruption, health, human settlement, as well as rural development and land reform (Land Bank Policy Insight, 2010). The rural outcomes were about expanding commercial farming and agri-processing to create jobs, and increasing the number of smallholding farmers and their market share. As such, the role of agriculture is eminent in the effort.

Basically, agriculture tends to respond accordingly to the direction set by the state, thus making it a pertinent instrument to contribute to developmental state purpose (Johnston, 1992).

Perhaps a more analytical perspective would be to describe and compare the two main objectives ushered in Reconstruction and Development Programme (RDP) in 1994 and the National Development Plan (NDP) some 20 years on. The RDP was meant to reconstruct the economic structure to enable participation. The NDP, on the other hand, assumes a more sectoral approach, and could be regarded as the extension of RDP since they don't differ significantly in their underlying objective. They also suggest different

instruments and targets. In response to such developments, agriculture developed sectoral positions using the same principles. For example, following RDP, broadening access to agriculture thrust (BATAT) was conceived and policy to distribute 30% of agricultural land was implemented. Currently, Agricultural Policy Action Plan (APAP) is intended to align the agricultural sector to the NDP. Similarly, agricultural responses have been made in line with national broader level policy positions. Table 1 illustrates the level of responsiveness of agriculture national macro policy directions.

Table 1: Developmental State priorities and agricultural sector response

<b>National Policy Instruments</b>	<b>Agricultural Sector Policy Instruments</b>
Reconstruction and Development Programme (RDP) - 1992	Broadening Access to Agriculture Thrust (BATAT) (1994)
Constitution of the Republic of South Africa (1996)	White Paper on Agriculture (1995)
	Policy on Land Reform (1995)
Growth, Employment and Redistribution (GEAR) - 1999	Agricultural Sector Strategy (2001)
	Integrated Sustainable Rural Development Strategy (ISRDS) – 2001
Black Economic Empowerment (BEE) Broad Based Black Economic Empowerment (BBBEE)	AgriBEE
ASGISA	LARP
New Growth Path	Comprehensive Rural Development Programme
Industrial Policy Action Plan (IPAP)	Integrated Growth & Development Plan
National Development Plan (NDP) - 2011	Agricultural Policy Action Plan (APAP)
	Revised Land Reform Policies

### **3. ROLE OF AGRICULTURE IN SOUTH AFRICAN DEVELOPMENTAL ECONOMY**

Perhaps to appreciate this lecture better, it would be imperative to address the issue of agriculture within the broader economic development. This is done by looking at the theories of agricultural transformation (development), the contribution of agriculture in the South African economy, as well as the evolution of the sector over time. The analysis of agriculture's position is done in line with the thread of national development. The prime objective of development is the increase in general living standards for all members of the

population (Makhura, 1990). Development, as indicated by Coetzee (1987) “is for the people”.

## 2.1 Understanding Role of Agriculture in the economy

In his chapter on “Role of agriculture” in “Economic Transformation”, Timmer (1990), identifies four stages positioning the role of agriculture in the economy. The first phase is **Getting Agriculture Moving** (as described by Mosher), which involves institutional change, technology development, provision of incentives and development of infrastructure. At this stage, agriculture would be more subsistent, and the economy still not well developed. South African agriculture has largely passed this stage. The second phase is about **Making Agriculture Contribute to the Economy** (as described by Johnston-Mellor). At this phase agriculture is made to link with other industry, creating a healthy agricultural sector that performs and then mobilising resources. While this stage is in line with the subject, South African agriculture has also passed this stage. The third phase involves **Integrating Agriculture into the Macro-Economy** (Schultz-Ruttan), by responding to macro-economic instruments, making agriculture efficient, with resources moving out of agriculture to other sector. At this stage there will be high rural/urban disparities as resources move to more efficient sectors and areas. The fourth stage is when **Agriculture is in The Industrial Economies** (as proposed by DG Johnson). At this stage, there is a small share of agriculture in the economy, high unemployment and need for labour in agriculture, with disparities.

South Africa agriculture tends to resonate with most elements of the last two stages. However, when disintegrated further, there are still some sectors of agriculture that must still get moving and made to contribute to the overall economy. For example, the previously disadvantaged sector, the emerging farmers, agriculture in the former homelands, the new beneficiaries of land reform still require institutional interventions, improved technology, incentives

and infrastructure to get moving. The two questions that could be asked are; which stage is most desirable for South Africa's real farmer? According to me, the stages don't fit the multi-faceted South African situation.

As such, the best view for South Africa is to consider another economic trajectory. The most pertinent trajectory is the developmental state or developmental economy. Thus, we could define the fifth stage as Agriculture in a **Developmental State or Economy**. South Africa adopted this type of economy to address its emergence from independence or freedom. This is probably a typical state to be adopted by countries emerging from economic disparities and political tension. Most African countries should have gone through this stage. However, for agriculture, this means reconstruction and unification of the sector. The issue of agriculture in a developmental state is the central thesis of this lecture. The question is what the contribution of agriculture has been in South Africa?

Table 1: Stages of Agricultural Transformation

STAGE	ATTRIBUTES
Getting Agriculture Moving	Through institutional change, technology, incentives and infrastructure (Mosher)
Making Agriculture Contribute to the Economy	Linkages with industry, create healthy agricultural sector and mobilise resources (Johnston-Mellor)
Integrating Agriculture into the Macro-economy	Responding to macro-economic instruments, efficiency, resources out, and rural/urban disparities (Schultz-Ruttan)
Agriculture in Industrial Economies	Small share of agriculture, unemployment and need for labour in agriculture, with disparities (DG Johnson)
AGRICULTURE IN A DEVELOPMENTAL STATE	Agriculture contributing to food security, providing strong forward & backward linkages, creating employment, instrument of transformation

Adapted from Timmer (1990:51)

As indicated earlier, the developmental state involves an active leading role by the state in macro plan and output. From the input side (national budgeting), there has been concerns that agriculture is not given the necessary latitude to be the instrument of transformation.

## 2.2 Contribution of Agriculture in the SA Economy

The measure of performance of SA agriculture can be considered from three perspectives; conventional perspective, extended view and evolutionary market perspective.

### 2.2.1 The Conventional Perspective of the contribution

Table 1 presents the conventional perspective of the contribution of agriculture in the economy. The agricultural share of the GDP is about 2.4% of the GDP down from about 12% about 60 years ago. This reflects that the economy is more developed with secondary and tertiary sector contributing more to the GDP. The number of workers employed in agriculture is just more than half of the figures 60 years ago, with the percentage share just around 5% of the total workforce. Does this mean agriculture is losing its significance or not enough is being done to make agriculture responsive to economic or policy drivers? Perhaps this may reflect that South Africa is more industrialised. Well, agriculture contributes to foreign exchange as South Africa has been a net exporter of food. Further, it contributes to the revenue through taxes.

Table 2: Contribution of Agriculture in the Economy: Conventional Perspective

	2014	2004	1994	Around 1954
<b>GDP (% share)</b>	2.4	3.1	4.6	12 - 18
<b>Employed in Agriculture</b>	686 000	767 000	921 700	+ 1 300 000
<b>Share of Employment (%)</b>	5	6		20-30
<b>Foreign Exchange (x-m) R</b>	20 262,7	6 241,2	3 160,9	
Import/Export Dependence	75%	73%	61%	
Net Farm Income	65 953.4	16 252.6	6 768.1	
<b>Taxes</b>				

Source: Adapted from Department of agriculture, Land Bank Annual Reports & Stats SA

### 2.2.2 *Extended Perspective of the Contribution*

Although a cursory glance at the table might be misleading, the value of agriculture in South Africa has been increasing and its significance has been growing. As asserted in his FR Tomlinson address after spending a decade outside agricultural economics, Van Zyl (2008: 395) stated: *“Agriculture’s role in and contribution towards the South African economy still exceeds its contribution to the GDP, particularly given our developmental state and linkages of agriculture with secondary and tertiary sectors”*. The first extended measure is the simple value of agricultural production, which stands at about R200 billions in nominal terms – an almost 100% increase in five years. Agriculture is also the most connected sector through forward and backward linkages. It enables manufacturing and processing. Another area of importance is the total trade (exports plus import) that helps the country to achieve its strategic relations. The most critical contribution in the extended measure is food security. The stable food conditions in the country enable other economic activities. In simple terms everyone must have eaten before doing other jobs. That means that everyone must depend on agriculture every day before, during and after anything. Now, you tell me agriculture or farming is not important! However, the current state of food security depends on market stability and a range of macro-economic conditions. Concerns about food insecurity frequently expressed are not necessarily because agriculture has failed to produce, but rather because the national system is failing in terms of the right policies and incentives to stimulate distribution, access and affordability amongst other issues. This is inarguably, a domain where agricultural economics has a big role to play in terms of policy analysis and advice.

Table 3: Extended Contribution of Agriculture in the Economy

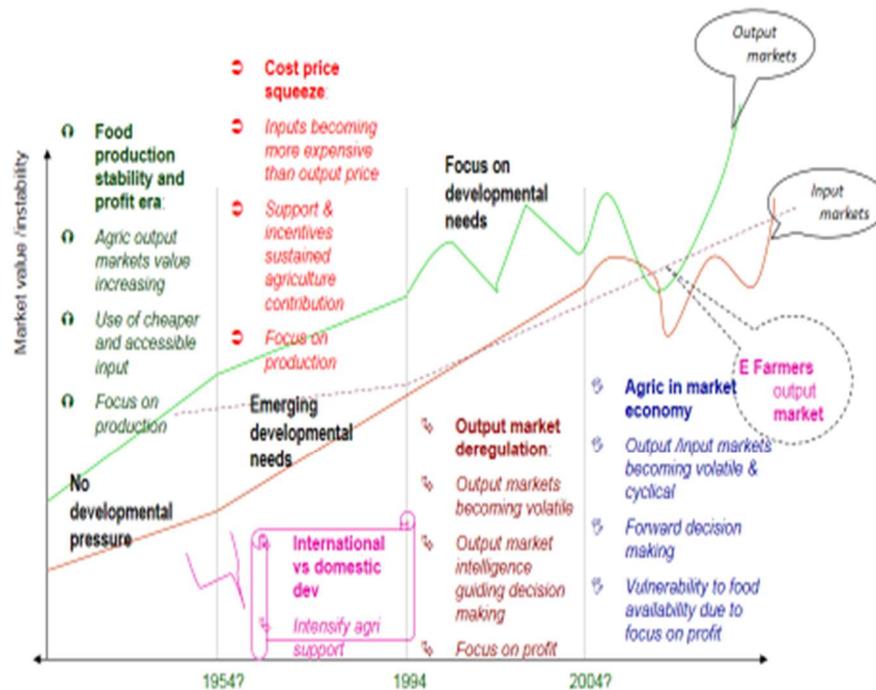
	2014	2004	1994	Around 1954
<b>Value of Agricultural (R'm)</b>	<b>208 000</b>	<b>110 000</b>	<b>29 941.3</b>	<b>1 000</b>
<b>Forward Linkages: Output supply for manufacturing (%)</b>	70	+68		
<b>Backward Linkages: Agric demand for intm inputs (R'million)</b>	110 400	62 900		
<b>Foreign exchange: Agric trade (x+m) (R'million)</b>	-/+ R142 000	-/+ R85 000	12 950 700	
<b>Food security state</b>	Market stability	Food Self-reliance: (From income to price insecurity)		Food production stability: intermittent shortage

Source: Adapted from Department of agriculture, Land Bank Annual Reports & Stats SA

### 2.3 Rising Value of Agriculture and Institutional Complexity

The other way to comprehend the position and condition of agriculture is by looking at the evolution of complexity of input and output markets. As the agricultural institutions (markets) evolve, the critical role of agriculture changes. In the early years (before the 1950s) of food production stability, product markets were more favourable and inputs were cheaper and accessible. Farmers only worried about producing. The next era (after the 1950s) saw a cost price squeeze when input prices were rising faster than output prices. Farmers were able to focus on production due to support and incentives that sustained the agricultural contribution. Since deregulation of markets in the 1990s, output markets became more volatile, while inputs prices were increasing. Profit was made only on condition of more output market intelligence that guided decision making. Since the 2000's agriculture had to operate in the market economy where both output and input markets became volatile and cyclical. This requires forward and strategic decision making. The result is that farmers have to focus on profit margin, and that creates vulnerability to food availability.

Fig 1: Evolution of Agriculture in South Africa: Market perspective



Source: Makhura (2008)

In summary, within the developmental state perspective, agriculture may need more guidance to contribute. A critical issue to reflect on as the agricultural economics profession, is whether we have, by and large, acknowledged the deficiencies of the market system and advised appropriately the policy options for fostering free market conditions, whilst taking cognisance of inherent market failure problems. Judging by the number of agricultural economists in organisations such as Agricultural Research Council, the National Agricultural Marketing Council and the Land Bank, one could argue that indeed the agricultural economics profession has been visible to some extent in steering markets for a developmental state.

## **4. AGRICULTURAL ECONOMISTS AND DEVELOPMENTAL MISSION**

### **4.1 The Practice of Agricultural Economists then and now**

#### *Focus of Agricultural Economists in Development Projects (Pre-1994)*

As Potgieter (2012) pointed, in the period before 1994, the government promoted development projects owned by both the state and private sector with community. Most of these projects were in the homelands areas. Agricultural Economists played a major role in preparing project proposals and conducting feasibility studies. Such assignments involved using project evaluation techniques (with different modules involving technical, economic, financial, social and environmental of project analysis). The projected cashflows would then be used to test viability of the project. Extensive work was done in that respect.

#### *Focus of Agricultural Economists in Farm business (Post 1994)*

With provincialisation and prioritisation of introducing farm business in the development of agriculture, in the recent years, agricultural economists have been using the tool of business plans. This has been able to provide an idea of feasibility and potential viability of a proposed or existing farm business. My understanding (to be corrected) is that this applies to farmers who are likely to receive government support or intervention. While the effectiveness of this still needs to be assessed formally, I always wondered how many farmers could a single agricultural economist cover? In my earlier work in the Province (in fact in the former Lebowa), I could only manage to visit and work effectively with about five farmers in a week's round of visits. This excluded follow up meetings to monitor that the farmer is addressing the issues discussed. The coverage

was so thin that one needed to work with local extension officers who could follow through some of the recommendations. We tested or tried the adoption of farm record management and enterprise budgeting. However, I cannot and could not be sure how much was appreciated by both the farmer and the extension officer. In trying to reach more interest groups, I even tried to run a column on Managing Small Farm Business in the Small Business News published by the University of Limpopo.

From a development economics perspective, it is about the scale of beneficiation – even beyond farm level. How many beneficiaries could be covered by a proposed initiative?

*Need to scale up viability analysis?*

There are several objectives and targets that are micro-managed by the developmental state, which agricultural economists cannot wish away unless they become part of the solution. One of those is the question of land reform and settlement of farmers.

South Africa has been involved in a land reform process for the past 20 years. So far, communities and farmers have been settled, unsettled and resettled in different farms. The process is proceeding with or without agricultural economists. Somehow, agricultural economists have been coming into the process *ex post* – that is, evaluating and critiquing post-settlement. The *ex ante* assessment of land reform projects have been left to the political, legal, historical and administrative process. One wonders how much value could have been added if each land reform project could have been subjected to formal economic project evaluation, with feasibility and viability tests done. We would have probably avoided emerging issues where land reform projects have become sources of conflict instead of sources of livelihood. We could have made them more viable and avoided failures that are sometimes shown in the public domain. However, it is worthy to recognise some great work done by agricultural economists in the land reform projects *ex post*. One fascinating

initiative I came across was on how to apply cooperative principles in the governance of land reform projects (Chauke, 2013).

The lukewarm attitude of agricultural economists is also visible in other policy interventions, such as AgriBEE, National Development Plan (NDP) and others. Perhaps this assertion will be clearer by looking at AEASA effort in this regard.

## 4.2 AEASA attitude to developmental priorities

There are several dimensions from which to assess whether AEASA provides a good platform for agricultural economists to reflect and support the developmental state. These include Themes of Conferences, Simon Brand Memorial Address, FR Tomlinson Memorial Lecture, Agrekon articles, Paper Titles presented at Conference and Presidential Addresses.

### *AEASA Conference Themes*

Firstly, looking at the conference themes that AEASA hosted. Without being too stringent, out of about 50 conferences, one could associate about 11 as being developmental. The interesting observation is that in the early years of AEASA, the themes seem to have been more pointed and linked to specific developmental or policy issues. In the later and recent years they became more generalised. The question is, what difference would it have made to have a theme focusing on National Development Plan? The debates and shift to developmental state happened in the midst of agricultural economists! While other professions interrogated it and positioned their sectors accordingly, the agricultural economics profession took the business as usual position.

Table 4: **AEASA Conference Themes close to developmental**

	<b>Period</b>
Planning of Agricultural Development	1966
Rural development in South Africa	1968
Economic development of agriculture in less developed areas	1969
The Commission of Enquiry into agriculture: An evaluation	1973
The computer as aid in agricultural development	1982
The role of agricultural economist in the restructuring process	1995
Agriculture's economic role in Southern Africa in the new millennium	1998

Rural development and competitiveness	2002
Agriculture in a democratic society, 1994-2004	2004
From policy reform to implementation and delivery in South African agriculture	2007
Rethinking agriculture and rural development in Southern Africa	2008

AEASA 2011:

### *Simon Brand Memorial Lecture*

In terms of Simon Brand Memorial Lecture, some themes out of 23 were identified as being developmental. Among them is Bruce Johnston from Stanford University on "Agriculture and structural change: are there historical lessons for South Africa" in 1992, Hans Binswanger from the World Bank addressed "Agriculture and rural development: painful lessons in 1994", and Jo Swinenn from KU Leuven, Belgium focused on "Agricultural transformation: lessons from experience in 2004".

The irony is that Simon Brand was a very strong developmentalist. He is the founding CEO of the Development Bank of Southern Africa (DBSA), which leads in many ways on the development agenda (Vink and Van Rooyen, 2015).

### *FR Tomlinson Memorial Lecture*

Coming to my counterparts who addressed FR Tomlinson, the more pointed themes were in early years of the lecture. Nieuwoudt (1993) addressed South African land reform: a policy evaluation. Most of the lectures touched on the issue of developmental questions and developmental economist in the content. For example, Potgieter (???) addressed the versatility of agricultural economist that included developmental. Van Rooyen (2000) illustrated the sound development economics with the 1950's date tag – that made Tomlinson a developmental economist. Vink (2001) surveyed how much was done on small farmer research and in the main illustrated the developmental interventions. Apart from the fact that the lectures were not themed and

tagged, with “development” word, most of them picked the issue in the discourse.

*Agrekon articles since National Development Plan (NDP)*

As a way of example, a quick survey of randomly picked Agrekon volumes for the past four years (2013 to 2015) shows how agricultural economists reflect or react on the direction of the developmental state. Initially the intention was to identify any reference to NDP since its launch. The first round realised that there was very little reference to NDP even if the plan made very specific recommendations about agriculture. From this it can be inferred that agricultural economists do not appreciate national efforts to enhance development or the instruments employed by the developmental state, or indeed we react ex post, in mostly a criticizing role.

Table5: Agrekon and development

<b>Author</b>	<b>Reflected in Title</b>	<b>Reflected in the Text</b>
Mmbando et al (2015)	Small farmer participation	
Dlamini et al (2014)	Land reform	
Thorn and Conradie (2014)	Urban agriculture	Food security, poverty (p65)
Jordan et al (2014)		<b>National Development Plan</b> (p98)
Mkhabela (2014)		Food insecurity (p101)
Hendriks (2014)	Food security	
Browne et al (2014)	Food security	
Baiyegunhi (2014)	Rural household poverty	
Adong (2014)		Smallholder farmers (p108)
Lokosang (2014)	Food insecurity	
Jordaan (2014)	Poverty alleviation	
Bahta (2014)	Role of agriculture in welfare distribution & economic development	
Matchaya et al (2013)	Smallholder farmers association	
Motsholapheko et al (2012)	Rural livelihood diversification	
Haankuku & Kirsten (2012)		Fifth <b>National Development Plan</b> (p66)
Mbatha & Antrobus (2012)	Land redistribution process	
Zikhali & Chilonda (2012)	Fast track land reform	

On the other hand, Agrekon is publishing a fair number of articles addressing developmental keywords. For the four years under review, most of the developmental themes related to food security and land reform. The issues of smallholder or small scale farming also feature prominently. The role of agriculture in economic development features somewhat.

This pattern tends to give hope that the economic development question is coming into the agenda of agricultural economics research. We can only hope that it will continue and even be more focused.

Even if I spared the perspectives of the presidential Addresses for some reasons, it can be concluded that to some limited extent, which is growing, AEASA enables agricultural economists to reflect or link their work with the priorities of the developmental state. There is however ample opportunity and justification for us to do more in this regard.

## **5. IN SEARCH OF A PROSPEROUS FARMER: THE FRIEND OF THE FARMER ECONOMIST**

While feeling like part of the agricultural economists collective, who is somewhat letting the developmental state down, I sometimes feel more liable as an individual. Put differently, I wish I had done more and not abandoned some of the earlier initiatives.

Let me share my work over time. It reflected the shifting emphasis – in quest for perfection and precision – in the process losing traction on addressing developmental imperative. However, I think I'm not alone because, according to Van Rooyen (2000), Tomlinson hopped from playing agricultural economist, development economist, and political economist!

### **4.1 Evaluation of Agricultural Development Projects**

My earliest work focused more on evaluating agricultural projects. My final year research project at the University of Limpopo was on “*Investigation into Financial Viability of a Proposed Agricultural Development Project: With Special Reference to Farmers and Contractors, Thabina Valley, Lebowa*”. This was part of the bigger Thabina Valley project. Then, I learnt how to think ahead and broadly. During the time I also did vacation training looking at the effect of Chloe Sisal project (in Seshego) on labour, then the food or maize production in Ndebele Coop in Nebo, and then Salem Citrus Project in Mokerong. These were government driven projects. Even though I don't know where the reports ended, mine was a lot of experiential learning. I also realised then that there will be a need to redesign some of these projects.

One milestone was also a research report I did for both work (Lebowa Agriculture) and academic purpose focusing on how to settle farmers on agricultural development projects. This is the only report I have a copy of and can share the results summary (as in Table 5). This used cashflow projections based on project evaluation approaches.

As indicated, the modelling gave a range of alternatives depending on the type of the farmer needed. According to me, we needed a more successful farmer. If it meant, creating fewer successful farmers let it be. The underlying view, which I still hold, is that a successful farmer tends to benefit many aspects of the economy. When we aggregate the benefits accruing from the successful farmers – then we can start experiencing the developmental impact.

Table 6: Models for Farmer settlement on Agricultural Development Projects

Farmer Scenario Type	Description	Number Settled
Commercial Risk Taker	No support; Farmer responsible for all cost (x)	0
Limited Support Farmer	Fixed (subsidised) wages; Farmer responsible for other costs	0
Free Farmer	No govt involvement; market wages + family labour (fewer farmers)	1

Free & Supported Farmer	Market prices + family; subsidies; (more farmers settled)	6
Free & Efficient Farmer	Market wages, productive workers; Seeks better prices	12
Free, Efficient & Supported Farmer	Market wages; productive workers; better market arrangements; Govt & Service Centre Support	11

Adapted from Makhura (1990)

## 4.2 Farm management for developing farmers

My next work involved working with farmers directly to assist them to manage their farming as business. I tried to publish a column in the Small Business News of the University of Limpopo. The belief was that the advocacy for the farmer in the business or economic space will be heard by many people or authorities through the publication.

The focus was on three areas;

- General farm business
- Financing farm business
- Marketing farm products, and
- A Farm as an organisation (requiring leadership)

## 4.3 Conceptualising commercialisation of small scale farmers

Later on, I shifted to create a connection between a viable farm business and overall developmental impact of a farmer. That was done through developing frameworks and models for commercialisation behaviour. This is the work that made me understand why my dad farmer behaved the way he behaved with his cattle and time. He left Gauteng and decided to provide services of thatch roofing in the community. That gave him an opportunity to develop, increase and “hold on” to his precious livestock.

My review showed that the commercialisation process goes in stages and there are drivers behind this behaviour (see Table 7).

Table 7: Concepts of Commercialisation of Subsistence farmers

Concept	Attributes	Policy Implications
Commercialise Surplus (Fisk)	Consume what produce	Self-sufficiency: Subsistence farmer support (Illima/Letsema)
Maximize opportunities (Nakajima; Louw)	Production linked with markets	Develop markets
Risk in Commercialisation (Von Bron)	Production & market risks	Risk support and mitigation
Commercialise to Access other goods & Services (Makhura, 1994)	Farmers integrated to other economic activities	Make farmers part of rural economies

Adapted from Makhura (1994)

### 4.3 Transaction costs and institutional barriers

The work on commercialisation led me to trace what stops farmers from doing what they are 'supposed' to do. Somehow, transaction cost theory or New Institutional Economics came at the right time to guide me to understand the issues clearer. With Kirsten and Delgado, we sought to clarify hidden costs in commercialisation.

I ended up going to institutions that I thought were critical to enable farmers to be more effective. Starting at the DBSA and landing at the Land Bank, the quest was to provide solutions for these institutions to assist farmers and development more. Now at the Land Bank the issue is how we can use access to finance to make agriculture have developmental impact. This agenda resonates very well with me.

### 4.4 Making agricultural economics work accessible / Communicating message

The other major area that agricultural economists have to traverse is communicating to the public what their work means to the public. Although this started earlier, the partnership one had with the Farmers Weekly through The Echoes of The Great Teacher, was very satisfying. During the three year period, I had to prepare messages for weekly publication. Later, we conceptualised the Friend of the Farmer with Farming SA. Lastly, the Prosperous Farmer with The NuFarmer Newsletter did not go very far. These were meant to guide conceptualisation of the theory of farming from daily farmer's experience. That theory can be restated.

That is "**A New Old Theory of Commercialisation for PROSPERITY**" based on Maslow Hierarchy of need: Basic to self-actualisation. This is similar to Chaminuka (2012), who argued based on Maslow's hierarchy of needs that international priorities about conservation cannot be realised well in Africa until such a time when people's basic needs have been met, as conservation is likely to be considered a secondary need.

The Commercialisation for PROSPERITY argues that farmers will commercialise initially to meet basic needs and they will pursue until they reach the self-actualisation that epitomises prosperity in a sequential way. As such, it asserts that;

- Farmers farm for PROSPERITY
- Agriculture performance needs to be on par with other sectors
- Rural industries providing investment opportunities
- Need for policies and institutions to consolidate (ring fence) prospects and opportunities from commercialisation
- Developmental aspect is that PROSPERITY is for farmers themselves and for OTHERS

#### **4.6 The Rural Economist**

Since encountering the work of Robert Chambers in the 1980's, the question of rural development had preoccupied my mind. In the midst 2000s, I had an opportunity to reflect on how to understand the rural economies within the hectic developmental agenda of service delivery of the developmental state. Together with the DBSA and the University of Limpopo, we sought to interrogate the concept of rural development in the current context. Through the medium of South African Rural Development Quarterly (SARDQ), two views emerged. From the DBSA, we argued that rural development will only be viable when looked beyond agriculture (Makhura, 2004a & 2004b). The view was met with a very vociferous school of thought from the University of Limpopo, who argued that agriculture is central to rural development (Belete, Moholwa and Chaminuka, 2004). However, this exciting engagement gave birth to story of ruralisation!

## **5. FINDING THE NEXUS FOR DEVELOPMENTAL AGRICULTURAL ECONOMIST!**

The nexus of the agricultural economist and developmental state is at creating a viable farming system that will make agriculture contribute significantly to employment, food security, poverty alleviation, reduction of inequalities and economic growth. This nexus is what will make the value or significance of agriculture prominent. The question is what would be required to make the agricultural economist developmental? How different is a development(al) agricultural economist (DAE) from a development economist?

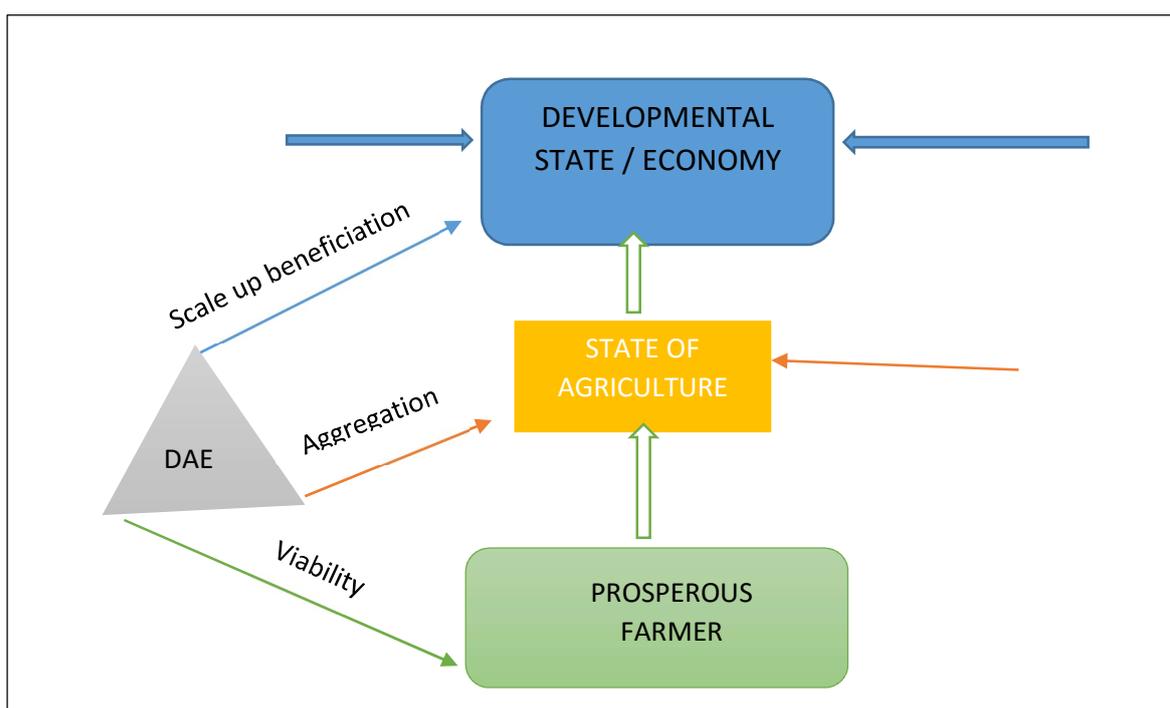
### **5.1 Towards a new Developmental Agricultural Economist (DAE)**

A development(al) agricultural economist (DAE) has to ensure that the outputs, outcomes or financial surpluses of the viable farm impact on more people (and beyond just an individual farmer). A DAE has to understand and comprehend or appreciate what makes "a viable farm enterprise or unit", the policy instruments as well as the policy outcomes. Of critical importance is to

then be able to link quantitatively or qualitatively the formal relations between the “viable farms” and the policy outcomes.

The other area of nexus is in conglomerating (or aggregating) viable farms into a mega farm that benefits more beneficiaries. In a traditional sense, this is a variant to agricultural development projects, which used to focus on “viability of an overall project”, where the participants only share the spoils (with stronger participants such as management services, suppliers and service providers and buyers benefitting economically, while farmers are turned into “executive labourers” making an economic loss, Makhura: 2008). The DAE has to connect and comprehend the contemporary policy intentions of the developmental state and the state of agriculture. This is the group that could tell us more about NDP and agriculture, AgriBEE and the farmer, ASGISA and agricultural sector, GEAR and the contribution of agriculture, the implications of the constitution on the farmer, where agriculture is in the RDP, and even how the farmer is affected by the Freedom Charter. At the end what will all this mean to the viability of the farmer and overall impact on the agriculture sector? Fig 2 illustrates that DAE have to do policy analysis and advisory service.

Fig 2: The role of DAE in a Developmental State



## **5.2 Friendship with the Farmer**

The other nexus is at the “Friendship with the Farmer” level. While farmers perform a very difficult task of producing and providing food under trying circumstances, they are normally on their own! When farm gate prices are high making farming viable, farmers are accused of making food inaccessible to the poor. However, when farm gate prices are low, farmers are expected to be efficient. Farmers need a friend. Some of us have signed up for “Friendship with the Farmer”. There may be a need for a Network of “Friends of the Farmer” (FOFN). This network should extend to the diverse array of farmers (commercial, emerging, small scale, etc) that we have in South Africa. However, a new developmental agricultural economists will need to have feelers and emotions and carry the empathy of the farmer. There is a need for Friendship Economics or “Friend or the Farmer” Economics. Developmental momentum is about scaling out or enlarging the beneficiation to a larger scale or scope. Hence, the FoFN would encourage “One Farmer – One Friend” and “One Farmer – One Agricultural Economist”. The mission is to make sure that we have as many viable farmers as possible – and most importantly, they have to be made aware of national or state priorities or expectations on the farmer or agricultural sector. This DAE has to intercede for the farmer before the state and stakeholders. In line with Oosthuizen (2008), who committed to working on economics education, The “Friend or the Farmer” Network is something I would like to work on in my next 25 years. So, if I’m not seen at AEASA event, I would be busy befriending the farmer!

## **5.3 Economics of Family Farming**

The next nexus is around “Family Farming”. This is where developmental agricultural economics starts. A DAE should appreciate and even connect with the two concepts of “Family Economics” and “Farming Economics”.

These two make the Economics of Family Farming. The DAE has to usher families to the state or connect families with the state priorities in agriculture. When all family economies are optimal, it is then that we could talk about a state of development. Caution on what Family Farming is not: 1) community gardens with meagre individual allotments that become waste of people's time. My observation over 25 years has been that the average lifespan of such is just two years, when people start leaving and attending to more important things. 2) It is not a club of family members and does not operate like a fund raising project. Family Farming is about: 1) creating sustainable livelihood that can provide food, create jobs and enable families to access other goods and services. 2) Relieving pressure off the state dependency. Put differently, the first point of development impact of a viable farm is at a family or household level. Then it can impact at community level, local level, provincial level and national level. That kind of progression should be observed closely and impact measures determined at different levels (see Table 8).

Table 8: Step up Farm impact

<b>Level</b>	<b>Developmental impact areas</b>
Family	Livelihood; ability to access other goods and services
Community	Provision of food; Employment
Municipalities	Farm linkage with non-farm
Provincial	
National	Jobs, equality; national food security
International	Food trade
Universal	Human life

#### **5.4 The Spirit of Farming and the Farming Spirit**

This is about the universal contribution of farming. Three dimension to raise;

- That life, as illustrated in the Bible, centres around farming. Most of Jesus's parables are about farming.
- There is an emerging field of farming that is spiritually based, such as "Farming 4 Jesus".
- It is important in "Valuing Spirituality in Development" (Bahá'í International Community, 1998)

## 6. CONCLUSIONS

The developmental state or developmental economy is likely to entrench further in South Africa as the gap between delivery and expectations of the state increase. New international priorities as entrenched in the Sustainable Development Goals (SDGs) also align with the developmental state thinking. Many instruments will be tried or implemented to give effect to the goals of the developmental state. Although agriculture does respond to the patterns of the developmental state, it will need special players in the sector to assist farmers to make agriculture play a meaningful role in the developmental economy.

Measuring such contribution of agriculture will have to go beyond the conventional approach and consider other alternatives. Agriculture does contribute significantly to the developmental economy. However, its contribution could be made more prominent and visible. Agricultural economists are best suited to clarify such contribution and more so, could guide the sector to channel resources accordingly.

There is therefore a need to revisit how agricultural economists are trained and developed in their career. The paper has suggested some areas for consideration to make agricultural economists more developmental. Understanding the basic viability of the farm, as well as aggregation (or conglomeration) of many viable farms and scaling up such aggregated performance to benefit other areas of the economy, will make agriculture a significant instrument in the developmental state. When such a condition is clear, motivating for more agricultural budget allocation will be easier.

Basically, the nexus for developmental agricultural economist is about ensuring a viable farm, creating friendship with the farmer, optimising the family farming, valuing the spirit of farming, and considering a special approach to evaluating agricultural projects, programmes and policies emerging from the developmental state.

If we were to support the mission of the developmental state, Professor Tomlinson would judge us more leniently.

Finally, let me take the opportunity to address our fellow young, aspiring and emerging agricultural economists. In his book, *The Spirit of Leadership*, Dr Myles Munroe states in page 220, that *"How you define yourself is the single most important statement you can make about yourself, and it is the heart of attitude. The spirit of leadership will emerge from your self-definition"*. As agricultural economists, we need to define ourselves as collective and individuals.

Personally, I have learnt that:

- Once you start a mission stick to it – since time is the highest judge of deeds. If you decide to be a DAE, please stick to it.
- Do things with passion, conviction and a sense of service – since that is the positive energy everyone needs. The course of farming is not equal to any mission in life – because everyone needs to eat first and then do other things. As such, find your niche and stick to it! Do it for yourself, but the greatest value is in doing it for others.

THANK YOU

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