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Dynamics of decline in small-scale sugarcane production in South Africa: Evidence from two 'rural' wards in the Umfolozi region

Alex Dubb*

Institute for Poverty, Land and Agrarian Studies, University of the Western Cape, Faculty of Economic and Management Sciences, University of the Western Cape, Private Bag X17, Bellville, 7535, South Africa

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ABSTRACT

Using evidence from two rural wards in the Umfolozi region, this paper critically investigates the dynamics and constraints of small-scale sugarcane production under conditions of decline. The rapid decline in small-scale sugarcane production was historically underwritten by regulatory reforms that paired processes of enhanced representational inclusion with measures of rationalisation, resulting in deteriorating terms of exchange and the retraction of intensive interventions in production by sugar millers (Dubb, 2015). It is argued that, together with drought, these changes severely undermined the efficiency of capital services offered by local tractor-owning contractors and the productivity of small growers as a whole, while social grants have acted as a barrier to intensifying the exploitation of neighbours. The resultant cost-price squeeze has rendered cane an increasingly unattractive site of investment of labour and wages, and witnessed the severe decline or exit of most growers. For some, social grants have nonetheless provided a consumptive base from which to commit homestead labour without drawing down on cane proceeds, and hence enabled them to 'hang in' or marginally 'creep-back' into production. Only contractor-growers have managed to increase production, but this in turn is premised on the precarious cross-subsidization of their dual enterprises.

1. Introduction

In KwaZulu-Natal, South Africa, the number of small-scale sugarcane producers has staggeringly declined from a peak of 50,000 in the early 2000s to approximately 21,110 in the 2014/15 season, of which only 12,507 actually submitted cane (SASA, 2015: 17). Although widely attributed to drought, this rapid decline was underwritten by regulatory reforms that paired representational inclusion with measures of rationalisation, resulting in deteriorating terms of exchange and the retraction of a range of services in production and logistics erstwhile provided and/or managed by millers (Dubb, 2015). Meanwhile, outgrower and small-scale sugarcane production has extended as a notable feature of the purchase and 'rehabilitation' of sugar production by formerly South African milling companies in the Southern African region more broadly, most of which have been under irrigation but which include substantial numbers of rain-fed smallholders in some contexts, such as Tanzania. Somewhat similarly to South Africa, many of these engagements, particularly those with smallholders, were initiated under production regimes highly dependent on productive and logistical services provided and/or coordinated by millers, often in tandem with preferential financing or aid from state and international development authorities, principally from the EU from where such effective subsidies are set to decline (Jelsma et al., 2010; Richardson-Ngwenya and Richardson 2014; Smalley et al., 2014). Although small-scale production in South Africa has clearly suffered, a more thorough understanding of why decline has been so severe under conditions of relative 'autonomy' requires interrogation and carries important analytical lessons for Southern Africa more broadly.

This paper seeks to provide deeper insights into the underlying constraints facing small-scale sugarcane growers and the contours of their uneven impact, using evidence from two adjacent rural wards of Madwaleni and Shikishela in the Umfolozi region. As in the wider South African industry, Madwaleni and Shikishela's small growers farm on rain-fed plots under customary tenure. But it is the two wards' distinguishing features that position them as an illuminating case. In addition to Madwaleni and Shikishela being characterised by relatively good soils and close proximity to the local mill (±30 km), the Umfolozi region carries the social hallmarks of comparative 'rurality' considered particularly favourable for 'independent' small-scale dryland production, such

* Corresponding author.
E-mail addresses: adubb@plaas.org.za, alexander.dubb@gmail.com

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as larger average plots, larger homestead sizes and fewer employment opportunities. Colloquial understandings of the substantial decline at Umfolozi tend to focus on stylised idiosyncrasies of small-scale production, such as a lack of 'interest in agriculture', supposed disincentives to investment posed by customary tenure, or simply the happenstance of reduced rainfall.

Although poor rainfall and limited prospects for the expansion of landholdings are significant constraints, I propose a more robust explanation can be found within the contradictions arising in the relations of small-scale sugarcane production itself, in turn heavily accentuated by shifting terms of exchange with milling capital. This paper starts by historically locating these changes and linking them to the rise and fall of small-scale sugarcane production at Umfolozi in particular. It then argues that small growers' experience of a generalised cost-price squeeze and cane's relatively marginal income relevance stems from the impaired efficiency of outsourced capital services previously provided by millers, and difficulties faced by growers in compensating for these inefficiencies by commensurately intensifying their own labour, or that of family and hired workers. Finally, an examination of significant socio-economic inequality is followed by an interrogation of differential productive trajectories to assess the relative impact of cane on ongoing processes of social reproduction and differentiation.

2. A brief history of small-scale sugarcane production at the Umfolozi sugar mill

The aggressive drive to extend production into the Bantustans is generally traced to the sugar industry's 1973 launch of the Financial Aid Fund (FAF)[1] during an unprecedented peak in export prices and supply threats posed by Bantustan consolidation. But small growers' growth was sustained more in their instrumental role to millers under pressures to rationalisation, particularly the retraction of miller cane transport subsidies following the Rorich Commission of Inquiry in 1982. In addition to receiving effective subsidies from Bantustan development agencies, millers launched 'development companies' to advance small-scale production, and frequently adopted the bulk of production themselves. Critically, the costs of these operations were claimed from total industry proceeds, and, hence, ultimately at the expense of large-scale white planters nationally. From this complex of state and capital, early small-scale production systems tended to be highly contingent on productive and logistical services provided and/or coordinated by millers. Small-scale production was hence closely integrated with, and acted largely as an extension of, millers' own-estate production, and small-growers themselves often bore closer resemblance to effective lessors of land and/or disguised labourers than independent suppliers (Dubb, 2015: 5–10; Rahman, 1997: 23; Vaughan, 1992a: 13; Vaughan, 1992b: 428, 440–1).

The Umfolozi Sugar Mill, (USM) and its small grower supply area are somewhat uniquely positioned in this broader history. Most distinctively, USM is not currently owned by any of South Africa's 'big three' sugar producers (Illovo, Tongaat-Huletts and TSB), nor has it been for the bulk of its history, having been purchased in 1923 by, and acting largely as the agent of, its white supplier-planters, the Umfolozi Co-Operative Sugar Planters Ltd. (UCOSP) (Minaar, 1992: 40–46). The Umfolozi mill never established a 'development company', with oral testimonies suggesting that Umfolozi's earliest instance of small-scale production began in 1974/5 by the self-titled 'Group of Seven', at the centre of which was a relatively large

[1] Most basically, FAF (later renamed Umthombo Agricultural Finance) was a revolving credit scheme allowing a small grower's potential crop to be used as collateral, and offered low interest rates over a ten-year period (SASA, 1981: 48; SASA, 1984: 157).

Table 1
SSG numbers, production, and rainfall in Zululand mill supply areas for select years.

	Umfolozi			Felixton (Tongaat-Hulett)			Amatikulu (Tongaat Hulett)			Ntumeni			Zululand overall		
	N	Tonsdelivered	Rain(mm)	N	Tonsdelivered	Rain(mm)	N	Tonsdelivered	Rain(mm)	N	Tonsdelivered	Rain(mm)	N	Tonsdelivered	Rain(mm)
1977/78	4	617	1015	491	105,848	1165	1,622	188,482	1,301	62	13,777	?	2,179	308,724	1,160
1988/89	186	53,682	1015	1,644	221,000	1118	3,697	309,000	1,272	1,330	100,000	?	6,857	683,682	1,135
1994/95	2,450	82,769	730	6371	268,998	891	13,722	248,306	919	2,940	62,077	?	25,483	662,150	847
2001/02	6,000	407,541	604	4486	269,939	843	6,109	199,040	968	1,859	111,928	?	18,454	988,448	805
2009/10	7,494	100,984	821	6,055	198,424	801	8,357	203,012	859	N/A	N/A		21906	502,420	827

Source: Minaar, 1992; Bates, 1996; Nothard, 2004; SACGA, personal communication, 21 April 2010; SASRI.