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1996-03-04
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INSTITUTE FOR ADVANCED SOCIAL RESEARCH

SEMINAR PAPER
TO BE PRESENTED IN RICHARD WARD BUILDING
SEVENTH FLOOR, SEMINAR ROOM 7003
AT 4 PM ON THE **4 MARCH 1996**

TITLE: Contract Farming, Community Development and the Politics of Production among Small-Growers in KwaZulu-Natal

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NO: 392

Contract Farming, Community Development and the Politics of Production among Small-Growers in KwaZulu-Natal

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Paper prepared for the Institute for Advanced Social Research, University of the Witwatersrand
4 March 1996

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INTRODUCTION

As several scholars and policy institutions have shown, small-scale contract farming has become increasingly popular in recent years as a model for organising agricultural production at the margins of the international agro-food economy (Glover and Kusterer 1990; Little and Watts 1994; World Bank 1981). Broadly defined, contract farming refers to "arrangements between a grower and firm(s) (exporters, processors, retail outlets, or shippers, for example) in which non-transferable contracts specify one or more conditions of marketing and production" (Little and Watts 1994:4).[1] Proponents of the model note that it underwrites a dynamic partnership between the processing company and the small-grower farmer, with strong advantages for both parties. The company takes on the risks of marketing but is able to relinquish to the grower the risks of production, including the management of a labour force which may be seasonal. The grower, on the other hand, gains a secure market and access to credit inputs and to the technical capacity of the company (Glover 1984; Levin 1988). In short, proponents argue, such contracts can bring wealth, entrepreneurship and employment to rural communities. In that respect, contract schemes might be regarded as vehicles for modernization.

Indeed, the model appears to offer even broader socio-political advantages for rural development. Given the much-remarked difficulty of organizing peasant farmers for collective action or interest lobbying (Herbst 1993), the contract provides an institutional focus for the development of farmers' organisations. In those parts of the world where the state's local development agencies are often untrustworthy, and the dominant community development philosophy promotes the importance of institutions based in civil society, farmers' organisations can in turn provide a viable and appropriate institutional vehicle for community development initiatives which generate public goods. On this account, then, contract farming schemes can be a vehicle for rural development and an institutional locus for the generation of political and economic rural empowerment. This conception is very much in line with the current conventional wisdom in development circles that stresses the virtues of an active civil society and a small but effective state (see Rapley 1994; Bromley 1995). Developmentistas stress the importance of development 'from below' or 'from within' if effective and stable development institutions are to be secured at the local level, and the quality of rural life improved. This concern places a premium on developmental collective action among rural communities, and in recent years has given rise to a spate of scholarly research on rural institution-building.[2] Community 'empowerment' and 'capacity-buildiing' are the clarion-calls of the day, and it is in this sense that contract farming schemes are considered to offer an institutional nexus for socio-political as well as socio-economic development among poor, and sometimes marginal, rural populations.

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[1] The attraction of this model is that it allows for conditions of peasant production to be standardised and stabilised in an increasingly globalized agro-food industry, where the autonomy of farming enterprises has been eroded and their prospects are increasingly shaped by upstream and downstream innovations in biotechnology, processing and transport (Friedmann 1982; Goodman and Redclift 1991). In this light, the renewed upsurge of contract farming models arguably represents broad responses to the new demands for flexible production and accumulation in a post-fordist world.

[2] This work ranges across a variety of methodological perspectives, from the analytical pre-occupations of the new institutional economists to the programmatic pre-occupations of PRA and PRR. In this work, there are also significant differences in the definition of an 'institution.' Such differences often undergird opposing political positions.

The idea of a farming contract as a developmental institution is particularly provocative in parts of post-apartheid South Africa where the economic imperatives which press agribusiness companies to seek new opportunities for flexible accumulation are converging dramatically with the political imperatives of democratic transition. In rural KwaZulu-Natal, the first set of imperatives has invigorated sugar and timber milling companies to promote contract schemes with farmers occupying old bantustan land under 'traditional' tenure. Through these schemes the companies gain access to land outside of the freehold sector, and are able to reduce their labour costs.[3] The companies see the contract operation as a commercial agreement which generates economic growth, employment and entrepreneurship in rural communities (a'Bear et al 1994). The second set of imperatives prescribes a restructuring of the state to re-link the old bantustans and their impoverished populations with the central state and the national political economy. The post-apartheid Government of National Unity (GNU) faces the massive challenge of increasing both the quality of economic opportunity and the quality of citizenship for rural people.[4] At a minimum, this requires a new impetus and new institutions for rural development at the local level. But state-sponsored rural development agencies lack legitimacy and capacity, especially in the bantustans where apartheid administrative structures are strongly entrenched (MacIntosh 1990; May 1993:23-24; Kotze et al 1987). Moreover, government agencies are frequently under-funded, unco-ordinated and inefficient at the local level, creating space for fluid local politics which deeply complicates government approaches to state construction. In this respect, South Africa faces the same structural development challenges as other post-colonial regimes (Munro 1996).

The GNU has set out to address these constraints through a wide-ranging Reconstruction and Development Programme (RDP) based on a new 'social partnership' or 'social compact' which aims to eradicate perceptions of the state's overweening, dominant, or central role in society. A central objective of the RDP is to 'build the capacity' of community-based organisations to fill the void left by a retreating state.[5] As the government's first White Paper on the RDP argued (GNU 1994:48):

> The empowerment of institutions of civil society is a fundamental aim of the Government's approach to building national consensus. Through this process the Government aims to draw on the creative energy of communities. To facilitate effective involvement, the Government will introduce programmes that will enhance the capacity of community organisations.

The government's Rural Development Strategy (GNU 1995) aims to combine economic development and political development on the basis of three (populist) objectives: entrepreneurship, employment and empowerment. The thrust of this approach is to bring

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[3] It also sets the company at a remove from the regulation of labour relations which are often conflictual in plantation production systems. As an extension officer in the sugar industry (quoted in Munnik and Weinberg 1994:42) put it: "The small grower programme has socio-political importance. It brings stability to the rural areas and stabilises throughput for the mills."

[4] Under apartheid, the bantustans performed the function of controlling a massive marginalised population (Yawitch 1981; Cooper 1991; Keenan and Sarakinsky 1987). Both the moral objectives of redress and the political demands of development place the 'land question' at the heart of this challenge, and indeed constitute the link between the 'land question' and the 'national question' which is crucial to development and state construction.

[5] This objective is directly in line with the 1980s conventional development wisdom, embraced by the proponents of both market-driven and civil-society-centred development, that states make very poor harbingers of development. It is notable that the World Bank's project on African Management in the 1990s takes South Africa's strategy as a desirable model. Yet the stress on reducing the overweening role of the state in South Africa does not entirely post-date apartheid. The Southern African Development Bank was created in 1980 not only to develop the bantustans economically but to do so on a 'participatory' basis.

governance closer to the people, mainly by expanding the role of local authorities in delivering basic services and spreading the responsibility for the distribution of public resources across community-based organisations (CBOs), non-government organisations (NGOs) as well as state institutions. The approach is predicated on the capacity or propensity of rural communities to undertake developmental collective action.[6] Among rural communities where none of these institutions are well developed, the developmental potential of growers' organisations stands out as particularly promising. It is in these circumstances that they have emerged as a potentially attractive focus for promoting 'community development and empowerment' (A'Bear et al 1994) as well as economic development.

This paper aims to evaluate that vision by analysing the social relations of contract production among sugar and timber small-growers in KwaZulu. This approach derives from the perspective that the propensity of rural citizens to pursue developmental collective action is conditioned by local patterns of social conflict and local mechanisms to mitigate it. Thus, the underlying premise of the paper is that the capacity of contract farming to underwrite rural empowerment is determined ultimately by the political dynamics that structure the organisation of production under contract arrangements. Ultimately, an evaluation of the potential of contract farming arrangements must begin with the peculiar social structure of the contract farmer's enterprise which establishes a complex set of local-level power relations between farmers, agribusiness, local authorities and communities. This requires an examination of the social networks through which contract growers manage their access to the main social factors of production - land, labour and capital inputs. The main aim of the paper is to delineate the power relations that inform each of these dimensions of the farming operation in order to cast light on the political underpinnings of growers' organisations as an institutional focus for rural development. It shows that each of these dimensions generates flexible arrangements for resource-utilisation which shape local-level social conflicts. Any developmental institution-building initiative that seeks to promote empowerment must be able to respond to these relations.

The paper proceeds in three parts. The first section briefly outlines the structural political tensions that lie at the heart of a development vision based on economic entrepreneurship and community empowerment. The second analyses the cash-cropping enterprise and highlights incipient social conflicts that it generates. It shows that the factors of production are commoditised to different degrees, and that growers engage in distinct, though overlapping, social networks to manage their access to these factors. The third indicates the complexities of moving from contract to community in development thinking, given the incipient conflicts that structure the enterprise.

CAPITAL, COMMUNITY AND CONFLICT

A broad depiction of the contract model's advantages readily obscures its dynamic political character and the structural tensions upon which it rests. Two particular tensions are significant here. One is the tension between economic opportunities and constraints entailed in the relationship between the processing company and small-growers. The second is the tension between the 'dynamic partnership' through which agribusiness and growers pursue economic growth and the 'social partnership' through which the state would like to pursue community empowerment. Any development strategy dominated by agribusiness will inevitably be a commodity-based strategy. If growth is the overriding criterion for measuring development (and

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[6] As the White Paper on the RDP (GNU 1994:53) puts it: "For the RDP to be 'people-driven,' there must be a vibrant civil society. However, there is a tendency at present to believe that 'the Government will deliver on its own.' This has the potential to disempower the organisations of civil society...organisations and communities should themselves set up projects and expect the Government to co-operate, not to finance." The Rural Development Strategy indicates that development will be demand-driven. This implies that it is not the responsibility of the state to provide development, but of communities to request it.

an increase in entrepeneurship might provide such a measure), social groups that can deliver on this criterion are likely to gain access to resources, potentially to the detriment of other social groups that can not. On the other hand, the aim of community development is to promote the provision of public goods and the broad distribution of resources. Its basic elements are local government, service delivery, social security and development. These tensions bring analytical attention to bear on what one might call the politics of citizenship, which is a central factor in local social conflicts as well as post-transition state-building.[7] The politics of citizenship is defined by structures of social authority and social provision, access to public goods, and patterns of allegiance. As such, it invokes question of how people fit into 'communities' and how communities fit into the state. Without taking account of these politics of belonging - as coalitions, alliances, and as group membership - local institution-building for empowerment will be a difficult process. Any empowerment project must thus rest on a closer understanding of the complex relations between the company, the growers' community, the broader 'local community' and the state.

Critics of the contract model note that farming contracts tend to extend constraints and controls over peasant autonomy. Most notably, they argue, contracts create relations of exploitation which at the limit turn the peasant producer essentially into a company wage labourer on his or her own land. In addition, contracts can generate conflicts within peasant households and communities over the deployment of labour and capital. Such arguments raise two issues of particular concern here. The first issue is whether the contract generates peculiar relations of dependence between the farmer and the corporation which constrain the ability of farmers to pursue their interests collectively. The second is whether contract farmers occupy a peculiar class location which might constrain the ability of communities to act collectively, or be detrimental to the rural poor (Levin 1988; Currie and Ray 1986; Vaughan 1991). These issues raise questions about the capacity of contract farming arrangements to either promote rural development or to mitigate rural social conflict. In short, the development perspective that stresses a dynamic partnership between agribusiness and small-scale farmers is broadly opposed by one that stresses debilitating dependency of rural communities on agribusiness.

There is indeed a fundamental tension that lies at the heart of contract-farming structures in poor or marginal communities. Contracting companies prefer a regular and structured farming operation so that the company can effectively manage its industrial connections - in processing, marketing, etc - as well as its credit and/or extension arrangements with farmers. This is especially the case where the crop itself is the company's collateral against farmers' debt default. Farmers, on the other hand, require a flexible farming organisation because they often operate under very tight budgetary constraints and narrow margins of accumulation, and must be able to adapt to unexpected adversity. The success of the system depends in large measure on the capacity of the company to respond to this need. Roger Clapp (1994:79-80) has suggested that relations between a company and a grower, rather than the institutional specificities of the contract itself, determine the development of contract farming as an institution; how these relations unfold structures the forms of conflict that emerge between the company and the growers. They provide the parameters of what he calls the 'moral economy' of the contract (Clapp 1988).

But it is not clear that this moral economy of the contract fully clarifies the local impact or developmental potential of contract farming schemes. The contract farming literature tends to focus quite closely on the structural relationship between grower and company which "maps the

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[7] The RDP recognises this. The White Paper (GNU 1994:7) declared: "The key to this link [between state construction, nation building and development] is an infrastructural programme that will provide access to modern and effective services such as electricity, water, telecommunications, transport, health, education, and training for all people. This programme will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas." For a comparative perspective, see Munro 1995.

topography of the labor process linking grower and buyer-processor and speaks directly to the social relations shaping what Marx called the 'effective control' of the means of production and of labor power" (Watts 1994:64). Yet this pre-occupation with the relationship between grower and company tends to detach the grower's farming enterprise from other social forces and socio-economic relationships in which the farming enterprise is embedded. The power relations and political dynamics that determine struggles over the factors of production do not necessarily run directly through the institutional relationships established by the contract. Other social relationships, such as land tenure arrangements or inter-household labour utilisation arrangements, may also structure the forms of social conflict that arise out of contract farming arrangements. As E.P. Thompson (1991) has noted, social differentiation within agrarian communities generates its own moral economy, grounded in material social relations. Inevitably, the advent of contract farming disrupts such moral economies, but such moral economies also shape the impact of the contract on local social relations.[8] In effect, the impact of contract farming, and its developmental potential, can only be evaluated in the light of the relationship of the 'growers community' to the 'rural community' in which it is embedded. Thus our enquiry must go beyond the structural relationship between capital and peasant, and investigate a broader panoply of social networks and power relations which structure the production and investment management mechanisms of farming families, and which reach outwards from the farming enterprise toward community, class and capital.[9] Without a better understanding of these relations it is more difficult to evaluate the politics of the contract and its impact on peasant autonomy.

This paper braodly maps these relations and assesses their implications for developmental institution-building around the contract. Specifically, it investigates three critical fault-lines in the political economy of contract farming in KwaZulu which provide specific contexts for social conflict. The first is the character of land-tenure and land-use institutions, which shapes local social relationships on class and gender lines in ways which seem to invite endemic social conflict. Conflict resolution institutions are important, and in everybody's interests to establish, but very difficult to institutionalise. The second fault-line is the labour regime, which is unstable and inefficient. Many contracting farmers complain about the difficulty of obtaining and keeping reliable labour, but they want to be able to control the labour process and they don't want the company to intervene in labour supply. They want autonomy. The third is the contract itself, which regulates production inputs and outputs. Milling companies offer credit, inputs and expertise to growers on a commercial basis and the entire crop is marketed through the mill. Farmers have very little control over this arrangement, and it generates a number of tensions, most notably over constraints that the contract places on the capacity of individual farmers to control their budgets and the production process. By examining these fault-lines, we might illuminate the potential, and the constraints, of contract farming institutions for underwriting rural community development.

CONTRACT FARMING IN KWAZULU-NATAL

Neither small-scale sugar farming nor small-scale timber farming by African farmers is

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[8] Peter Little (1994:217) notes that, although contract farming tends to exacerbate social differentiation, the contract farming literature seldom addresses the effects of the contract on non-growers, though these effects are important. Ann Whitehead (1988:59) points out that it is often not easy to disentangle the effects of cash cropping from other economic changes as market relations come to characterise rural society. She suggests that the move within households to the production of crops for cash income takes place within the context of a wider, more variegated, set of changes in agrarian society.

[9] Tentatively, and at the risk of burning to a crisp an already overdone term, one might call this starting point of analysis the moral economy of the enterprise.

new to the KwaZulu-Natal region, although commercial sugar farming has a longer history and early timber-growing focussed mainly on wattle (see Minnaar 1992). Sugar contract farming is well established. In 1973, the South African Sugar Association (SASA) created a financial aid fund (FAF) to support sugar farming among African peasants living on bantustan land under 'traditional' tenure. Today there are some 44,000 small growers (about 65% of them female) serving 17 mills (Draper 1994:8,10).[10] The productivity level of small growers is substantially lower than that of large commercial producers (in terms of tons/ha). Nevertheless, these growers are very important to the mills because their additional productive capacity provides stable throughput in poor harvest years. Since the late 1980s, SASA's interest in promoting small growers has increased markedly, partly because medium and large-scale white farmers have left the industry to farm commodities that are more profitable internationally.[11] The timber industry, under similar international constraints, has more recently followed this example. Starting in the early 1980s the two main timber pulping companies, SAPPI and Mondi, have been developing their own programmes, based on the sugar industry's model, to encourage small-scale eucalyptus farming among African peasants. According to SASA, between 1986 and 1989 30,000ha of cane land was 'lost' to timber, either because of soil quality, or because forestry is less labour-intensive, or because of grower dissatisfaction with sugar contracts (Saville 1994:17; Cellier 1994:109). Today, there are almost 8,000 contract timber growers in Kwazulu-Natal.[12] The timber companies are still developing and defining the formal parameters of their contract.

Contract farming enterprises in KwaZulu-Natal have two particular characteristics which shape the interests of farmers and constrain the institutional ensemble of contract farming arrangements. First, for the vast majority of farmers, cash-cropping is a partial strategy, ie. it is only one of a bundle of sources from which farmers derive income, and it is only one of a bundle of assets in which farmers invest their resources. Partly because of the small size of land-holdings, contract farmers are not middle peasants (though the milling companies would like to see a middle peasantry emerge). Very few farmers are able to make a living out of farming alone unless they are farming someone else's land as well. The average plot size planted to sugar cane in KwaZulu is about 2.5 hectares (Draper 1994:11). The average plot under timber, in the areas studied for this paper, is 1.34 ha[13]. Several studies have shown that wealth in rural KwaZulu is correlated most closely with off-farm urban incomes, although Julian May has argued that the amount of income derived from peasant production increases markedly

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[10] In 1990, the sugar industry deregulated to allow free entry to potential small growers, with the assurance that they would receive the A Pool price. In 1992, the Cane Growers' Association gave small growers equal representation with quota growers.

[11] de Klerk (1986:220) and A'Bear et al (1994) suggest that these farmers also anticipated reduced profitability as a result of GATT-required deregulation. While the early 1990s were a time of great uncertainty in the sugar industry, as a result of massive international over-production, the GATT does not, in fact, have a detrimental impact on the industry.

[12] SAPPI's 'Project Grow,' initiated in 1983, assists approximately 6,000 growers (Saville 1994:20). Mondi's Khulanathi scheme, initiated in 1987, assists approximately 1,650 growers (Mondi, summary Statistics, mimeo).

[13] The timber farmers referred to here are all contract farmers with the recently established Mondi Khulanathi scheme, although there are independent timber growers in the Sokhulu, Mbonambi and Amatikulu areas who have been growing for a longer period of time. In Sokhulu and Mbonambi, growers began to grow timber 20-30 years ago in order to secure their land tenure amidst fears that the government would expropriate their land (Cellier 1994:30).

as income increases (Nattrass et al 1986; KFC 1984; May 1987).[14] Among income sources of particular importance to farmers are wages, urban remittances and pensions. This means that at least part of the capital invested in farming is not generated by the farmer (the person who signs the contract or does the actual farming) him- or herself. Incomes are neither strictly household incomes since they are generated by individuals, nor individual incomes since they are deployed in household activities. As Cellier (1994:118) notes, most families both grow and buy food. Contract growers enter a contract because it is one income-source out of several which is secure. Because of poverty and the frequently small size of holdings, they often do not re-invest the returns from farming in agrarian production, but use it to build houses, educate their children, or to save.[15]

These relationships complicate the control and investment of incomes within the farming operation. Indeed, because the farm is only one of a range of investment targets, investments are neither household investments since they are frequently managed by particular household members, nor individual investments since they are frequently invested in household goods and activities. One important effect of these complex relations is that the adoption of a contract by a female farmer may well reduce the autonomy of the household vis-a-vis the company, but also increase the independence of the woman vis-a-vis her husband or other sources of income such as a pension. In effect, while most farmers engage in what Sara Berry (1993:86-87) calls 'straddling,' this means different things to different people. Moreover, since the household economy rests on a range of activities, labour time and energy has to be parcelled out. How this takes place (by gender, age and location) obviously affects the character of the farming operation as well as the ability of household members to participate in community development activities.

Thus, the partial nature of contract cash-cropping as a source of income has important implications for farmers' decisions across a variety of concerns.[16] For many farmers, control of their budget, and flexibility of investment opportunities are important concerns, but both are inhibited by the terms of the contract. Since the extent of farming operations on the land and the degree to which farming (and the contract) contributes to income varies widely, it also has implications for farmers' interests in collective action.

The second salient feature of the enterprise is that it is semi-commercial, in the sense that the factors of production are not fully, or even equally, commoditised. Farmers' decisions are constrained by concomitant relations with distinct power agencies. Peter Draper (1994:4) has pointed out that there are two distinct parties to the process of sugar production: the cane grower and the mill which crushes and refines it. In fact, in the context of small-grower contract farming in KwaZulu, there are three parties: the two above-mentioned as well as the local traditional authority (inkosi or induna) who has ultimate control over the allocation of land.

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[14] The amount of income that May is referring to here is an absolute amount; he notes that in percentage it actually represents a dramatic drop, from some 14% to some 6%. May also suggests that there is no statistical difference between the number of households in the poorest and the wealthies quintiles who were receiving some income from peasant production. The most important source of income, by far, is wages.

The use of aggregate figures is a risky business because of the wide range of local variation, and because of change over time. The abolition of Pass Laws in 1986 and the drought of the early 1990s had significant effects on rural strategies; see, for example, Ardington (1995).

[15] These conditions focus critical attention on the appropriateness of populist agrarian-led development strategies on the 'classic small farmer' model. Development strategies driven by agriculture-based NGOs and CBOs may not adequately incorporate those social groups who do not participate in agrarian-based livelihoods.

[16] Farmers' interests may also change over time as the economic structure of the household changes. For instance, many women start contract farming while their husbands are permanently empolyed in the city; farm management may change when he retires. Also, women sometimes inherit enterprises previously run by men.

These three instances interact in a peculiar configuration of controls over the farming system. In general, one may say that land is entirely non-commoditised (in the sense that alienation by the owner is prohibited), and the central power agency is the local chief. Labour is semi-commoditised such that the distinction between wage labour and family labour is blurred and sometimes misleading. Labour arrangements are consequently flexible and conflict-prone. Finally, the input/output side of the operation - the part directly controlled by the contract - is completely commoditised. In this last instance, the central power agency is the contracting company.

The complex interactions between these features of the enterprise mean that farming contracts are not straightforward institutional arrangements between the company and individual growers. They are embedded in wider sets of local social relations and must respond to several discrete but overlapping power nodes which affect the propensities for collective action among farmers. Elsewhere in Africa, as Sara Berry has noted, people have tended to pursue interests in accumulation, or to deal with actual or potential privation, by investing in social networks, and often creating or joining more than one network. However, such a diffusion of individual effort "limits the degree to which any particular social network functions as an effective agent of collective action" (1993:166). Thus, farmers may commit to particular networks or organisations only for specific goals. This situation might constrain the appropriateness of farmers' organisations for community development initiatives, and is therefore an important issue of empirical enquiry. We can investigate such tendencies in KwaZulu-Natal contract farming by exploring the social networks and power relations that structure the components of the cash-cropping enterprise - land, labour and capital - and their relationships to each other.

Land

Generally, in agrarian societies, land is the linchpin of social relations. It establishes the crucial link between relations of production and relations of social reproduction. As a result, some scholars view adjustment of property regimes as the key to managing social change and promoting modernizing development; as Robert Bates (1989:28) puts it, in what is to date the most extended and sophisticated application of this approach to Africa's political economy, "to alter property rights is to redefine social relationships." But adjusting property rights is by no means a straightforward political process. There has been a tendency among scholars to depict traditional land tenure systems in Africa as essentially static and distinct from 'modern' state- or market-based systems. On the ground, however, property regimes tend to be flexible and dynamic - both the subject and the source of intense political conflict.[17] This situation pertains also in contemporary KwaZulu-Natal, where land played a central role in local power struggles associated with the collapse of apartheid.

All the small-growing contractors in the sugar and timber industries in KwaZulu-Natal occupy 'tribal' land, ie. land in what used to be the African 'homeland' of KwaZulu. In these areas, land holdings may not be increased or alienated through a market mechanism; there is no formal land market. Yet the evidence suggests that land regimes are quite varied and that they tend to be exploitative across categories of wealth, gender and generation. Partly for this reason, they are also conflictual. Yet conflict resolution mechanisms are difficult to institutionalise because of the power dynamics involving traditional authorities, company interests, and leasehold farmers.

Most broadly, access to agricultural land runs through two channels. The first is the

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[17] For an excellent discussion, see Berry (1993). Berry shows that the customs on which land tenure arrangements were based were ambiguous and contrested even before the imposition of colonial rule, and that colonial administrations did not succeed either in putting their stamp on such contests or in 'freezing' customary legal regimes. Other research (for instance, McKenzie 1994; Munro 1995; Shipton 1988) has shown that, in the processes of social change associated with colonial and post-colonial development, property regines and the forms of social authority linked to them have fragmented rather than transformed.

traditional local authority which brings with it various forms of patronage. The second is private share-cropping arrangements or 'leasehold' arrangements between individual landholders. Although I want to focus here on the second channel, the entire system has to be understood against the background of KwaZulu-Natal's arcane provincial politics. During the last 20 years of apartheid, the Zulu 'homeland' of KwaZulu was controlled by Inkatha, a Zulu cultural-nationalist organisation led by Chief Mangosuthu Buthelezi. Inkatha drew its power in large measure from traditional Zulu authorities to whom it dispensed vast patronage resources, and from the authority of the Zulu king, whose somewhat flaccid personality allowed him to be dominated by Buthelezi.[18] The transition process saw an intense, and violent, battle between Inkatha and the African National Congress for control of Homeland politics, including the allegiance of the Zulu king. The out-going apartheid government intervened surreptitiously in this battle through strategic alliances with Buthelezi, secretly arming Inkatha and striking huge land deals with the Homeland government, through the king, to strengthen both the party's patronage capabilities and the traditional power structure against ANC insurgency.[19] This struggle culminated in victory for Inkatha at the provincial level (the new province incorporating both the old homeland of KwaZulu and the old province of Natal) while the ANC took national power with an overwhelming majority.

Inevitably, the intersection of social change and political transition has made the structures of social authority and political power on the ground somewhat unstable. Inkatha's patronage politics gave the party an interest in both controlling land regimes itself and in bolstering the powers of chiefs. But this was an extremely delicate political task. Although the KwaZulu cabinet maintained for over 20 years that economic development in KwaZulu must be founded on land reform, it found it politically impossible to move on this interest. Having set up a Select Committee in 1974, it finally accepted the KwaZulu Land Bill in 1988, which proposed a gradual introduction of stronger private property rights.[20] To this delicate situation the outgoing government added the Ngonyama Trust Act which vested tribal land in the king, and the 1994 election produced conflicts between the Inkatha provincial administration, the Zulu king and the ANC over politics of local patronage. The key institutional and political role of traditional authorities promises to make the institutionalisation of a new stable property regime a difficult and messy process.

The dynamic character of property regimes in KwaZulu has been explored most provocatively by Catherine Cross and others (Cross et al. 1982; Cross and Haines 1988; Cross 1991; see also KZG 1985). They stress the flexibility of the 'classical' land regime which enables it to deal with the contingencies of social and demographic change. Unlike Berry, these writers do not stress the social conflicts that may underlie this flexibility. They seek a formalisation of de facto rules, regulations and 'ways of doing things' on the ground. To this proposal, Aninka Claassens adds the argument that group rights and individual rights are not at odds. These arguments all focus attention on the community; they shift the notion of real rights

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[18] The most extended, though controversial, analysis of KwaZulu politics is Hamilton and Mare (1987).

[19] In 1992, the national government granted millions of hectares to the KZG to buy its support, and in 1993 used the same tactic to bring Inkatha back to the negotiating table. The KZG itself was interested in passing a large amount of SADT land to the KFC to administer (inteview, Dep.Sec. of Interior, KZG, Ulundi 8/8/93). This is a particularly interesting manoeuvre because the KZG is the mobilising vehicle for the emergent black business class in KwaZulu-Natal.

[20] The Select Committee on Land Tenure was set up in May 1974 and reported in May 1976. In March 1980, the Cabinet Planning Co-ordinating and Advisory Committee suggested to the Cabinet that something should now finally be done. By Resolution 182/1985 the Cabinet established the Working Party on Land Tenure in KwaZulu.

to property towards a notion of rights in the community, a notion captured in the idea of a Community Ownership Trust (Claassens 1994). Thus the new conundrum of property is to institutionalise flexibility at the level of the 'community.'[21] But this is a land-based community, not a growers' community, and the parameters of community membership are not clearly specified.

This argument is particularly important for gauging the prospects of institution-building for rural development. As Cross (1988:17-19) notes, land allocation in KwaZulu is not only the responsibility of the chief, it is a moral transaction:

> [L]and conveys the right to live in the community, as well as the right to the resources the family needs to live... Since the right to belong to a rural community is conditional on upright moral behviour, and since it passes through land, any interference in the universal right to land and in the community's interest in the process is a very loaded subject.

Under these conditions, efforts to re-organise land management or to redefine property rights can threaten the character of local mores and moral sanctions, as well as local authority and power structures. Moreover, while access to land depends on community membership and land is allocated by the local authority, it is difficult to see how the accountability of either the local state or local authorities will be systematically achieved. As experiences elsewhere suggest, local struggles over social authority are likely to intensify; a likely outcome is that local bureaucrats will cobble together opportunistic political alliances with local elites, and farmers will have to make their farming decisions on the basis of attendant uncertainties.[22] Under these circumstances, the relationships between the land regime, rural livelihoods, and community membership are an important political factor in the design of local developmental institutions.

Indeed, the land regime has significant effects on contract farming schemes and local propensities for collective action. Afforestation, for instance, can be a harbinger of social conflict. The demarcation of land specifically for forestry can reduce the availability of land for other uses, such as cattle grazing, and thereby distort customary norms of access. The long growing cycle can distort indigenous legal distinctions between rights to land and rights to the product of the land. In either case, afforestation may threaten local structures of social authority (see Mander 1991:38-41). While companies would like to see a stable, productive middle peasantry on the land, the advent of contract farming schemes has not involved land redistribution or land tenure reform. Land allocations continue to be made by the local authority and are subject to the constraints of population pressure. Several authors have stressed the importance of the land tenure system and population pressure as constraints on productivity. In particular, they argue that the tenure system inhibits the development of a classic 'yeoman peasant' class of farmers (Makhanya 1994; Vaughan 1991; Gilbert 1984). For various reasons, however, there is a wide variation in the amount of land farmed by individual sugar farmers, though the variation among timber farmers is much smaller. For instance, Vaughan (1991:175) notes that KwaZulu sugar holdings in the Glendale mill area range between 0.5 hectares and 36 hectares, although the average holding size in the area is a little less than two hectares. In the Amatikulu mill area, holdings in long-established sugar producing areas tend to be larger than in areas where sugar cane has been more recently developed. On the ground, then, the situation is quite varied, but the milling companies and wealthier or more successful farmers both have a clear interest in consolidating larger holdings. Given the political delicacy of land tenure questions, it is important to look more closely at relations between farmers.

Farmers are able to gain access to land that is not their own through private agreements with neighbours or other community members. Indeed, such agreements appear to be expanding

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[21] See the 1994 Land Act. The main objective of this argument is to secure rights for labour tenants.

[22] For useful and suggestive comparative perspectives on similar conditions elsewhere, see Helmsing et al (1991) on Zimbabwe, and Bryceson (1988) on Tanzania.

quite rapidly although they are not yet widespread under traditional tenure. According to Sokhela (communication), about 1,500 sugar contractors 'lease' land, ranging from 5 ha to 70 ha. Several Amatikulu farmers stated in interviews that they would have no difficulty obtaining access to more land. In the timber-growing area of Mfekayi further north - the area of study most distant from urban labour markets and in that sense the 'most rural' - conditions were more volatile; interviewees noted that owners enter into these agreements on the express understanding that timber may not be grown on 'leased' land and that the maximum length of lease is five years. The reason for this constraint is that ownership of a long-standing crop might strengthen the claim of a 'lessee' to ownership of the land if a conflict arises after several years. In no case is timber-growing part of such private land- or crop-sharing arrangements.

Private 'leasehold' agreements generally involve some form of crop-sharing, and in each case the contractor ('lessee') undertakes the full farming operation. The central fault-line in most such agreements is that the 'lessor' maintains full rights in the land but the 'lessee' obtains strong (and sometimes full) rights in the product. Vaughan (1991:175) notes that in the Glendale mill area such agreements are notoriously unstable and short-lived. But the picture on the ground is very complicated. Agreements take three basic forms. Under the first type, the contractor and the owner divide the owner's land between them and each takes the portion of the crop grown on their designated part of the landholding. This system tends to be a conflictual arrangement. On the one hand, owners frequently accuse contractors of farming the owner's designated crop portion less assiduously than the contractor's designated portion. On the other hand, contractors feel aggrieved if external factors, such as poor rainfall or drought, dramatically reduce the amount they can get from their portion although they have done all the work. Under the second type of agreement, the contractor and the owner divide the crop according to agreed proportions. The agreed proportions can vary widely (in the cases I studied, from 50/50 to 80/20). Under the third type, the contractor takes the entire proceeds of the first two seasons, and the owner takes the entire proceeds of the third. This arrangement has become more prevalent among sugar farmers in recent years.

These agreements are founded on a complex array of motivations and social relationships. Landholders offer three main reasons for allowing others to farm their land. The first of these is a lack of farming capacity or interest. Older, often retired people, and people with parcels of land too small for economies of scale to operate, frequently fall into this bracket. For many, the 'rent' that they receive from the crop provides a welcome supplement to their pension or urban-generated wages. Such agreements tend, in fact, to be relatively stable and to roll over season after season. Schematic evidence also suggests that these agreements are often of the crop-sharing kind.[23]

The second reason for 'leasing' out land is debt. Many farmers are chronically in debt,[24] and sometimes ask contractors to take over farming operations (as well as the debt) in order to dig the farm out of difficulties.[25] Initial evidence suggests that 'time-sharing'

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[23] Since any income from such arrangements is a windfall, it seems likely that these arrangements are also the most inequitable.

[24] In 1993, the debt default on small-grower sugar contracts was 9%. The timber scheme is still too recent for a clear determination. Some scholars (see especially Makhanya 1994) argue that contract farming is structurally designed to be a debt trap because it locks the farmer into production of a particular crop on the company's terms over an extended period.

[25] Milling company officials suggest that with the deregulation of the sugar industry, previously 'pirate' growers and others set out to farm sugar more assiduously. But many found themselves unable to farm effectively, either because of poor management capabilities or because of droughts. One difficulty with this explanation is the short time-frame of deregulation, which occurred in 1992.

arrangements (whereby the contractor takes the first two crops and the owner takes the third) are related to this motivation. Farmers who are in trouble because of debt or drought have an interest in keeping the agreement period short in the hope that they can return to the land at the end of a few seasons and find it fully prepared. On the other hand, contractors prefer a longer agreement period because of the high labour costs of initial preparation and the risk involved in losing one of their cropping years to drought. One farmer complained in an interview that the short time-horizon of such arrangements does not permit him to develop the land properly.

The third reason for 'leasing' out land involves people who want to put their land under crops in order to increase their security of tenure. As pressure on land has increased, so has pressure on tenure, and the fear of losing land is a major motivation for farmers to undertake farming contracts (see Lyster 1988; Gilbert 1988). Under regulations put in place by the KwaZulu Legislative Assembly, land not used for two years for residential or cultivation purposes can be expropriated and re-allocated by the local authority. As Cross et al (1982:8,10) point out, this has made the non-use status of fallow land under casual grazing usage a point of conflict in a situation where the chief was able to confiscate any land or livestock which became subject to dispute. One sugar farmer I interviewed, showing remarkable foresight, put his land under cane to pre-empt the local school expanding onto his plot when the government promised to expand rural education in the early 1990s. According to extension officials, some farmers put their land under sugar solely to show that it is in use and farm the land badly since they have no intention of ever repaying their debt.[26] On the other hand, farmers will plant on land to which they do not have a substantial claim in order to show that they are improving it. For rural people unable to farm their own land, therefore, there is a motivation to allow others to get crops onto their land, and to keep the land in use under agreements over which they have some control. Yet, this is a delicate position to be in, for it creates the risk of losing control of the land to the person working it.

The character and stability of these agreements depend heavily on local conditions, the particular constraints on leasing farmers, and the structure of local authority. Especially in timber-growing areas, local citizens regard the intervention of external agencies, such as agribusinesss, with deep suspicion. For various reasons, these areas have a long and complex history of conflict over land, reaching back to expropriations by the apartheid government and the creation of state forests by the homeland government. Farmers in the Sokhulu area first started growing timber to prevent the state from expropriating their land, and Mondi's Mbazwana project foundered on the rocks of local youths' resistance based on a suspicion that their birthright was being usurped. In Mfekayi, as well, local people were suspicious of Mondi's attempts to promote the Khulunathi scheme because they feared that the company had designs on their land (Cairns 1993; Cairns, personal communication; Cellier 1994). In 1994, the KDA's Mtunzini forest was illegally felled by angry locals who felt it was time that they were compensated for land expropriated in the past. In short, control of and access to land is a very volatile political question in many rural regions; local fears of tenure insecurity run high. On the other hand, people in the Sokhulu area who had a Mondi contract found it easier to secure their claim to the land in the wake of the disruption caused by political violence in 1992-3.[27]

Leasing farmers have different interests in controlling the length of agreements. In some cases, they wish to reclaim the land within a certain period in order to allocate it to children

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[26] Tenure rights might indeed by strengthened where a grower's contract is formalised in a signed document and attested by both Induna and chief (as well as, occasionally, the KZG). In such cases, of course, farmers are entering a relationship with the company to address issues in their relationship with the local authority or the state.

[27] In one such conflict in the Sokhulu area, the local authority resolved the matter by taking the land from both parties and reclaiming it for the community at large.

returning from urban employment. In some cases, they wish to take up farming themselves after a specified period. Sometimes they wish to prevent the contractor from strengthening his claim on the land. On the other hand, they may wish to retain the relationship if they have no expectation of their own life circumstances changing, or if they want to keep the farm as a small source of income while they apply themselves more assiduously to other forms of income-generation (such as taxi operation). These motivations all affect the character of the agreement.

In general, it is clear that rights in land are profoundly important to local socio-economic relations, including the contract; but they are also quite malleable. Consequently, agreements are also affected by the local mechanisms whereby conflicts that arise out of the arrangement can be resolved. Although farmers were reluctant to talk about conflicts, in most of the cases I encountered the agreement was formalised by the local authority. In one case, a contractor stated that there was no need to formalise land-leasing agreements since the people in the community trust each other. Indeed, there were indications that land-lease agreements are embedded in a larger moral economy. One informant pointed out that as the person now in control of the land he had become, to some 'lessees', a kind of senior family member who could be turned to for succour in times of distress. This rather patriarchal arrangement is also noted by Jeff Zingel (1985:27), who points out that rural entrepreneurs such as contractors undertake community-oriented activities as a "form of a limited redistribution of resources, intended primarily as a strategy to resolve social conflict". In this sense, economic entrepreneurs are also political entrepreneurs.

The land regime places considerable constraints on farmers, and especially on women. Often, local authorities charge farmers for their permission to enter millers' contracts, and some disallow female farmers from entering such contracts independently. In some cases, women applying for a grower's contract must have the application authorised by a male major (even though it may be her son) before the local authority will approve the application. It is likely that such practices spill over into their oversight of other contractual arrangements. Some analysts argue that policies which endow women with rights in the land and its product might have a positive effect on production levels (Vaughan 1993:16). Yet these constraints should not be ascribed to the contract. In both industries, the milling companies do enter growers'contracts with women (Wiseman 1985; Cellier 1994:140), and several observers have noted that cash-cropping has presented women, and other marginalised rural people, with opportunities to generate an independent income (Friedman and Vaughan 1990:5; Draper 1994:17; for a dissenting voice, see Cobbett 1984). Cellier suggests that the readiness of women to test the boundaries of local social authority indicates their eagerness to take whatever opportunities are offered (Cellier 1994:140). Consequently, tenure relations are far more complicated than rights in property, and land tenure questions cannot be resolved by an institution based straightforwardly on relations between growers, growers' associations and the company. In particular, policies that seek to promote productivity by strengthening women's control over the farming enterprise would have to go beyond tenure issues and address the wider panoply of power relations that inform the structure of the enterprise.

Ultimately, the evidence suggests that land-access agreements are flexible rather than unstable. But it also suggests that there are significant obstacles to institutionalising and managing such agreements on a wider scale. Farmer-contractors and milling companies have the greatest interest in promoting such agreements; indeed, the sugar industry's Small-growers' Development Trust is currently looking into ways to do so. Poorer land-leasing farmers, for their part, have an interest in protecting their interests through clear conflict-resolution mechanisms; however, their alienation of land-use suggests a paucity of resources which raises the premium on flexibility and social security in their land-use decisions. At the same time, local authorities have no interest in allowing control of local social relations to slip from their grasp (a position supported by Inkatha). Thus, farmers depend not only on the contract but also on the local authority and sometimes on wealthier neighbours. These relationships lie outside of

the contract and remain a source of tension. The companies defer explicitly to the wishes of local authorities, but also desire a regular and institutionalised (non-political) land regime. Given incipient conflicts over land, institutionalising such a regime is a delicate political business. If the flexibility of existing arrangements is to be captured in conflict-resolution mechanisms, such mechanisms must take account of local networks of social power that reach beyond the contract.

Labour

For contract farmers, the control and management of labour is a major constraint. Farmers draw on both family labour and hired labour. But, as in other agrarian systems, labour arrangements are so varied and flexible that the distinction between the cash nexus and familial authority cannot capture local structures of exploitation and patronage. Yet these structures give rise to a complex array of cross-cutting social tensions that focus on control of the farming process and are likely to influence development institutions based on the contract.

Extension officers in both industries argue that the use of family labour increases as one moves further from the city, and that farmers further from cities farm their land more seriously and more effectively. Nevertheless, since younger children are frequently in school and older children are frequently in the city, farmers increasingly rely on hired labour or on external labour contractors. These labour relations tend to be conflictual because the supply of labour and farmers' capacity to pay labour are often unstable. Farmers complain that labourers, who they mainly hire locally on a casual basis, are excessively demanding and unreliable. While many farmers complain that the supply of labour is erratic, wealthier farmers are able to manage their labour more easily. Those who own vehicles are able to recruit labour from outside the immediate vicinity and avoid the potential tensions of hiring people with whom they are socially connected.[28] For the local landless or unemployed, on the other hand, local farm labour is not an attractive option: they can make more money, and sometimes find better conditions, in urban industry or on nearby white-owned commercial farms. Quite frequently, labourers prefer to work for white farmers for lower wages. Casual labourers like to be paid by the day; farmers like to pay on a piece-work basis. Consequently labour relations are unstable, especially for poorer farmers.

Under these conditions, farmers enter a range of flexible arrangements for the utilisation of labour. As in agrarian systems elsewhere, some bring poor or landless relatives into the household as working dependents. Some farmers who can afford it hire a few workers (especially skilled workers) on a long-term basis and supplement with local casual labour or kin. Frequently, they also bring hired workers within the household in order to manage their labour-time more effectively. Many farmers also engage in a variety of work-sharing arrangements with neighbours and kin, sometimes including hired labour. For timber farmers, a labour-saving strategy is alley-cropping, whereby they encourage neighbours to plant crops such as maize between their seedlings in order to control weeds; by the time the maize is ready for reaping, tree cover will be sufficient to control weeds. Other sources of labour are the local school, where a farmer may hire a group of children over the weekend for a particular task; or the workforce of a nearby white farmer, who might hire on for overtime piece-work on a weekend. Clearly, community menbers who have the resources to mobilise more of such labour, either through their wealth or through their local status, are at an advantage in this system.

A central feature of the labour regime is the system of local contractors who haul and frequently cut the crop, sometimes doing additional tasks as well. Contractors are freqently successful growers themselves, or local entrepreneurs with high social status. A large majority are male. In many cases, they have diversified their economic activities, especially into store-

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[28] Ann Vaughan (communication) notes that there is a fluid 'underclass' of 'foreigners' who provide labour under highly exploitative conditions. In northern KwaZulu, many are Mozambicans seeking to establish themselves before moving on to the city.

and taxi-owning. Milling companies in both industries are very eager to promote local contracting on the argument that this will promote local entrepreneurship and money flows, although they are also interested in improving the efficiency of labour management and utilisation. In at least one case, a sugar milling company has encouraged the emergence of local contractors in an effort to both secure the future of sugar production locally and to quiet local fears that the company was trying to take over the land (see SA Sugar Journal March 1993:68).

But the contracting system is a source of real tension. Small growers are heavily dependent on contractors to farm and market their produce effectively. Contractors, for their part, are formally independent of the outgrower contract, although they may be recommended by the company and are often paid through the contract. The economic opportunities of contracting make it a highly competitive business in which under-capitalised businessmen vie feverishly for labour, work and profit in closely-knit rural communities (see Zingel 1985:4). In both industries, contractors fall into two broad groups. In the sugar industry, one can distinguish between local black contractors, who are frequently growers themselves, and white contractors from nearby commercial areas. Local black contractors are hampered by the difficulty of acquiring affordable reliable machinery and by economies of scale. They are vulnerable to equipment breakdowns and tend to take on too much work at a time. Where roads are poor, these contractors are often reluctant to use their machinery, and insist that farmers deposit their crops at accessible haulage points. Farmers, on the other hand, complain about the poor quality of cutting and hauling services, which result in reduced sucrose content and poorer market prices. Many growers seem to prefer dealing with white contractors as a way of avoiding local conflicts or dependency. Contractors, on the other hand, organise their own cartels to control pricing.

In the timber industry, extension officers make a clear distinction between contractors who do afforestation work (preparation, ploughing, planting, weeding), who are often local growers themselves, and contractors who cut and haul. The former are paid per task, usually from cash advances made by the company. The latter are completely independent and often have no local roots at all. Some are Indian traders from as far afield as Durban. Because of their ability to dictate haulage rates, non-local contractors have generated considerable suspicion and anger among timber farmers.

It is clear that contractors occupy a powerful position in the farming system, and that there are incipient conflicts between growers and contractors. A particular bone of contention is the rate that contractors charge for particular tasks. Many growers chafe under the instability of the labour regime which makes them dependent on contractors and in turn reduces the size of the cheque they receive from the processing company. Thus, the value of labour is a source of conflict in a context where labour power is partly commoditised. The mechanisms for managing these conflicts are uneven. In the sugar industry, the problem is sometimes mitigated by the ability of local growers' associations to negotiate rates, often with the assistance of extension officers from the mill. In the timber industry, controls on contractors who cut and haul are virtually non-existent, although growers in one part of Sokhulu have prevailed on the local authority to ban Indian haulage contractors from entering the area. Local contractors themselves try to mitigate such conflicts by dispensing patronage and local services, often by making their vehicles available for 'public' purposes. Gilbert (1981) and Zingel (1985) argue that public status is important to these rural entrepreneurs and they tend to expend significant resources on community leadership activities.

Clearly, the labour regime is as complicated and conflict-prone as the land regime. The poorer growers are, the more dependent they are on external networks. Moreover, farmers' dependence on independent labour/haulage contractors increases their dependence on the cash-crop contract, because it is from the contract, by and large, that farmers get the cash to pay their labour.[29] On the face of it, growers may have an interest in relinquishing the management of

[29] Women are most vulnerable since their budgets are often controlled by men.

labour supplies to agribusiness or to an association. Some growers do. But, in general, tensions actually run in the opposite direction. For the company, one of the principal advantages of the contract is that it is able to avoid the problems of labour management. Contractors, for their part, have a powerful interest in taking over as much of the labour-process as possible. But the less control that growers exercise over the labour process, the more alienated they feel from the entire commercial enterprise, and indeed from their land. In effect, where the companies see an increase in efficiency, and contractors see an increase in income, growers see first and foremost a loss of choice and control. Growers tend to resist inroads into their production management. Many prefer to manage their production process fully, and where milling companies have become involved in managing labour, conflict has arisen (Vaughan). Moreover, where farmers allow contractors to undertake the lion's share of farming operations, they are giving up the use of their land to someone else in the community.

In these circumstances, the character of the labour regime, and the relationship between the labour regime and the land regime, are significant sources of potential social conflict. Women farmers, in particular, chafe under these constraints. For them it is difficult to become contractors or to negotiate land development, and they must manage a greater variety of labour tasks. The local poor and the landless are particularly vulnerable to exploitation. Wealthier farmers and contractors, on the other hand, try to mitigate tensions through the extension of patronage and displays of public largesse. Yet these tensions are integral to conflicts over the control of the farming process. They are built into the institutional structures of the contract and thereby inhibit those institutions from becoming the harbinger of community empowerment by underwriting community-based developmental collective action.

Capital

For small-growers in KwaZulu, contract farming offers two central advantages. It provides a guaranteed market in the contracted commodities, and it offers access to the capital with which to produce those commodities. Production inputs and outputs are regulated directly by the small-grower contract. As noted above, this is the only part of the enterprise that is fully commoditised. Growers themselves have little control over this arrangement, and it generates a number of tensions. Most particularly, it constrains farmers' control over their budgets under conditions of considerable risk.

Glover and Kusterer (1990:130) note that contract farming "is fundamentally a way of allocating risk between the company and its growers. The company tends to assume marketing risks while the growers bear most of the production risks." But these risks are not equitably spread. Indeed, in KwaZulu-Natal the sugar mills maintain contract schemes in order to manage market risks by keeping mills running in poor harvest years; it is precisely in those years that individual small growers are most vulnerable. Similarly, in timber farming fire is a very real risk against which small growers have no insurance; yet the destruction of a small grower's crop will scarcely dent the mill's intake. This disparity in risk, coupled to the constraints on farmers' budgeting flexibility, is at the heart of conflict over the contract, and contracts can only be properly evaluated in the light of growers' own risk and investment strategies.

The company and the growers have structurally different orientations towards the contract. For the company, it is a commercial operation and therefore guided essentially by market criteria. KwaZulu farmers, on the other hand, have highly constrained alternatives. Like contract growers elsewhere (see Clapp 1994:81) they value the guaranteed income that the contract brings. But in the vast majority of cases this income is not sufficient to secure their livelihood. Moreover, it locks farmers into contract production over time and thereby precludes them from pursuing new market opportunities such as vegetable production for burgeoning peri-

urban markets.[30] For these reasons, mechanisms of price-determination and repayment arrangements are particularly important to growers, and most especially the relatively poor growers. As Ellis (1988) has argued in his analysis of Fijian small-scale sugar production, a cash-cropping strategy that does incorporate the relatively poor benefits from a high degree of grower participation in price-fixing in the industry.[31] Yet the institutionalisation of such participation through the contract is complicated by the fact that small-growers cannot think about the contract as a discrete commercial relationship. It fits into a broader panoply of agrarian decisions and power relations which prompt a desire among growers for greater control over their budgets and over the farming operation more generally.

Glover and Kusterer point out that the distribution of risk between the company and growers will change over time, and will depend on three factors: bargaining power, availability of alternatives, and access to information. In all cases, the balance of power lies overwhelmingly with the company. Farmers have very little say over the design of contracts. The milling companies are able to dictate grading standards, pricing agreements and the credit recovery arrangements. Especially in timber contracts, many farmers do not fully understand the parameters of the contract, and company officials acknowledge that the degree to which contracts can be enforced is uncertain.[32] Yet the processing companies intervene significantly in farmers' budgets by controlling the payment for production tasks over time. One of the few ways in which timber growers can respond to a sudden cash need, given the long growing cycle of timber, is to cut and sell their timber before it is sufficiently grown to meet the company's grading specifications. Such a situation is clearly unsatisfactory to both grower, who runs up increasing debt, and the processing company, which receives a marginal product.

These conditions necessitate the degree of flexibility in the implementation of contracts that Roger Clapp (1988) describes as the 'moral economy' of the contract.[33] But, as we have seen, once adopted the contract re-shapes other sets of social relations and investment decisions in which growers engage. Consequently, the moral economy of the contract is itself likely to be unstable. It is in this context that farmers want greater flexibility in managing their budgets and greater autonomy in managing the production process. They want organisations that can

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[30] For instance, in the Mangete area, Tongaat-Hulett secured sugar-growing by entering contract agreements with small farmers whereby the company would plant the farms, install a contour road and crop extraction system and manage the farms for 8 years. In return, they would pay the owners 12% of the gross value of the cane harvested and carry all production costs. This of course meant that farmers were geared towards sugar production after the contract expired. See SA Sugar Journal March 1993:68.

[31] Nicola Swainson (1986:43) has made similar arguments about the success of small-scale tea production under the auspices of the KTDA in Kenya.

[32] For example, Mondi has only recently had the contract translated into Zulu. At the same time, this does not mean that the company runs a draconian operation; it tends to interpret the size requirements of marketed timber quite liberally.

[33] It is partly because of this uncertainty that companies use carrot and stick 'moral economy' tactics rather than the law to manage the contract schemes. However, in a peculiar development, such a moral economy is inhibited in Kwazulu by the prevalence of migrancy. Extension officers complain that young people who spend considerable time in the city are affected by unions and insist on crossing the contract 't's and dotting the contract 'i's. Extension officers say that they hate growers' meetings around Christmas when many young people are home, because meetings have a tendency to become rowdy or conflictual.

See also Jackson and Cheater (1994:143) for a discussion of the point that there is a gap between plans and rules and contracting practices determined by the need of planner-managers to adopt "a more realistic, laissez-faire pragmatism in their application of the rules if the results are to approximate the original intent."

challenge the company; but the company wants organisations that can lubricate the contract. Inevitably, the pivotal task of farmers' organisations organised around the contract will be to resolve this tension.

SOCIAL CONFLICT, GROWERS' ASSOCIATIONS AND COMMUNITY DEVELOPMENT

By disaggregating the contract farming enterprise, we are able to gain a perspective on a range of distinct though overlapping networks of power-laden social relations that underpin but reach beyond the institutional structure of the contract. Economic development driven by agribusiness creates real and potential tensions within and between these networks. It creates tensions between commercialising farmers and subsistence farmers as well as landless people. It also creates tensions around the utilisation of labour, around dependency on the contract, and around the control of household budgets. The milling companies believe that active growers' organisations can constrain such incipient social conflicts, but face the difficulty of legitimising growers' committees, both among growers themselves and among the local population more generally. This problem is particularly acute for the timber companies, which lack experience and empathy in dealing with small-growers' concerns. They are unwilling to relinquish control of the nascent growers' committee system although one of the principal concerns of small growers is their loss of control over the farming process. These organisations are weak (see eg. Cairns 1993:53). But even the more experienced and entrenched sugar companies have struggled to consolidate and legitimate growers' associations.

In 1992, the South African Cane Growers Association created the Small Growers Development Trust (SGDT) to tackle this issue, and to embed the growers' organisations - and thereby the company-oriented agrarian structure - more securely in local communities.[34] The SGDT aims to bring an improvement in the profitability of the industry together with community development. By focussing especially on the status of women and intra-household income/poverty profiles, it aims to bring more rural people within the ambit of the broad contract relationship (SA Sugar Journal 1994; A'Bear et al. 1994; Vaughan et al. n.d.:2). SGDT officers stress the need to develop institutional, organisational and administrative structures (SA Sugar Journal May 1992:120; Sokhela: communication).[35] It is at this point that the interests of agribusiness in local conflict resolution converge with the interests of the state in a new 'social partnership.'

But this convergence does not provide a straightforward institutional basis for meeting the needs of rural development, community empowerment and RDP delivery. Growers' organisations engage three distinct sets of interests which do not necessarily converge on the well-being of the rural 'community.' In the first place, agribusiness companies want farmers' associations which will lubricate the contract operation, and reduce friction between the company and growers. To that end, they are eager either to dominate the associations or to define the parameters of association activities closely. Moreover, they want such associations not only to facilitate the management of individual contracts, but also to manage co-operation among growers as a "growers' community." Secondly, growers themselves have varied interests which engage the conditions of the contract, the control of the labour process, and the supply of public goods in different, not always agreed, ways. Finally, state agencies want community-based organisations which will contribute to development projects with financial resources and labour, as well as enhance the accountability of those agencies (or at least the appearance of

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[34] Although the main initiative for the SGDT came from small-growers themselves, the industry clearly reagrds it as a stabilising organisation: "Further expansion in the Industry over the next three years will increase small grower numbers to approximately 48,000 and it is regarded as essential that effective organisational structures are put in place as soon as possible." (SA Sugar Journal May 1992:120.)

[35] Vaughan, et al (n.d) caution against unrealistic expectations for what these institutions can achieve.

accountability). Such organisations necessarily advance interests that are not isomorphic with growers' interests. But if contract arrangements do underwrite a peculiar class location for contract farmers, it is possible that the relationship between the "growers' community" and the broader "local community" will not be a comfortable one. Indeed, comparative evidence suggests that it is likely to generate social conflict on class and gender lines. Any effort to use growers' associations as the basis for developmental collective action and rural empowerment must be able to bring these interests together. This is a formidable task.

The effectiveness of local growers' association branches currently depends heavily on local leadership, and inevitably varies widely in quality and level of skills. Local accountability is not much in evidence, although the SGDT's training programme has begun to extend growers' capacity to hold office-holders to account. Some local chairmen use their positions for self-aggrandizement and not much else, and in some areas growers have created their own rival growers' organisations to advance their interests. In a different context, Michael Bratton (1994) has suggested that a 'neopatrimonial political culture' is deeply entrenched in African societies. However, the evidence among KwaZulu small-growers suggests that the problem is not essentially cultural. There are strong indications that growers view growers' associations as having authority only in the context of particular social networks. Other networks lie beyond this jurisdiction and therefore require other community-based mechanisms for conflict resolution. Ironically, however, it is precisely the paucity of such mechanisms that makes growers' associations an attractive focus for promoting rural empowerment.

Community development is not simply a set of technical tasks aimed at infrastructural or 'basic needs' provision. Especially against the background of political transition, it is a political process which engages not only the economic interests of agribusiness and the propensity of community members to organise collective action for development, but also the role of the state in social development. It is a recognition of this problem that has placed the concept of 'empowerment' at the epicentre of the government's rural development strategy and the RDP more broadly.[36] However, it makes the institutionalisation of community development through growers' organisations a particularly delicate task which must take account of the broader panoply of community-level power relations, discussed above, in which contract farming enterprises are embedded.

This task is further complicated by the concept of 'community' itself, both as a localised web of social relations and as an analytical category, which is frequently recognisable in outline but blurry in definition. For several reasons, such imprecision can have implications for development institution-building and collective action. In the first place, in the current land-reform climate in which arguments are shifting from 'rights in the land' to 'rights in the community,' the control of land is a very sensitive issue, but one which falls outside of the ambit of growers' associations.[37] To the extent that grower-based development growers' organisation provide larger farmers with a platform to challenge the control of land, they are likely to generate rather than mitigate conflict. There are already conflicts in some timber-growing areas between cattle owners and tree growers, and between those who have land and

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[36] In this light, it is worth bearing in mind that popular 'empowerment' in a regime's project of state construction always also implies state empowerment. It is partly for this reason that such strategies so frequently slide off into strategic political alliances between local bureaucrats, party officers and local notables.

[37] In this respect, Marshall Murphree's (1991) discussion of communities as institutions for resource management is provocative.

those who fear that they may not receive land because of the spread of timber planting.[38]

Secondly, while the term 'community' implies a commonality of interests and allegiances, it is widely acknowledged that communities are subject to, and sometimes rest on, significant social conflicts.[39] The analysis offered here bears this out. Local organisations - what Uphoff (1993) calls Grassroots Organisations - often emerge at the level of the community but are group-based rather than community-based. Certainly, grower-based interest organisations are not isomorphic with communities in general. Participants in the timber schemes in particular tend to be locally-based people who have succeeded in agriculture. Families who are principally engaged in urban migrancy are less likely to participate (Cairns 1993). Farmers' organisations can, of course, implement infrastructural development, such as community halls and schools, and secure basic services (see Vaughan 1991:176). At Sokhulu, the local authority imposes a R1/ton levy for community purposes (such as building schools) on all timber sold across the Mondi weighbridge (Cellier 1994:156). The milling companies also make resources available for development. But this does not secure community empowerment. Farmers' organisations can clash with other local organisations, such as women's market gardening groups, for resources of time, cash, etc. Given the nature of the local economy, and especially the semi-commercial character of contract farming, collective community action organised by grower-based institutions may generate new relationships of obligation and patronage within the community.

Finally, schemes which promote entrepreneurial activity, such as small businesses, often target individuals rather than communities. There is indeed a danger that grower-based development institutions dominated by local contractors may not attend to the needs of their constituency at large or may create free-rider problems by which powerful farmers are able to secure the benefits of development initiatives by virtue of their influence in the organisation rather than their efforts in the community; they secure a patronage base which enables them to secure preferential benefits from development activities, or to control the allocation of development jobs (see Cross, Clark and Bekker 1995:97-98). In short, the conditions under which resources are funneled back into the community - by local entrepreneurs, farmers' groups or grassroots organisations - not only reflect local power relations, but enhance and entrench them. Local leaders use the development process to secure themselves.

These issues generate serious concerns that have to be addressed in designing institutions for rural development. Given the complex pattern of power relations and social relations outlined above, it is apparent that the central difficulty in effecting a viable convergence of capital, state and peasant interests in developmental institutions is one of effecting a convergence on the overriding concept of local 'community.' In effect, therefore, local institutions that underwrite the new 'social partnership' must also be able to underwrite the community itself. But this is a daunting socio-political task.[40]

Three, related, issues immediately present themselves. An initial concern for institution-building initiatives is how to target them. When institutions cannot be relied on to emerge spontaneously in pursuit of public goods, the conditions for their emergence must be fostered in

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[38] Such conflicts tend to be less prevalent in older growing areas where modes of accommodation have been developed over time. A significant issue here is of course also the impact of timber growing on the local ecology, especially since Eucalyptus is very hard on the water table. Mondi's approach to this problem is not reassuring. See also fn.44.

[39] See, for instance, Mhlongo et al (1994). For a useful distinction between community participation and the social compact, see Baskin (1994:8-9).

[40] I have argued elsewhere (Munro 1995) that this is the sociologically crucial problematic of state construction in periods of political transition.

such a way that the institutions promote the appropriate social interests.[41] There is a danger that where such institutions are overseen by a particular set of private interests (or one dominant development NGO[42]) that agency can become a development gatekeeper, controlling the development profile and agenda. This is particularly the case where the agency works predominantly through the traditional authority or through local elites.[43] Thus the question arises whether development institutions should be community-based, grower-based, or individual-based (ie. target community 'leaders'). There is a very real danger that where the company sees the exercise of leadership by entrepreneurs, growers see the workings of power. Thus the politics of empowerment are significantly shaped by the fact that associations are attached to the contract arrangement, and development institutions must be targetted in such a way that growers' associations do not simply become the functional equivalent of a workers' union, incorporated into corporatist bargaining structures dominated by the company.

A second concern is control of the flow of information. To promote empowerment, developmetn institutions must be a clearing house for information. Growers depend heavily on the companies for technical support and training, and many growers stated that the most important benefit that growers' associations can provide them is training. But the control of training oportunities also constrains farmers' choices inasmuch as it gears farmers' expertise towards the production of particular crops. Some farmers, especially in timber-growing areas, noted that they would like to grow other crops such as fruit trees, but feel that they lack the know-how. In short, the ways in which information and knowledge are channeled benefit those farmers most able to take advantage of it, but may exclude the interests of those community members who have different development capabilities, needs or priorities. Without information, local demands are unlikely to be forthcoming.

A third concern is the structure of participation in the institutions by all the interested parties. The analysis of social conflicts offered here suggests that it is essential that those institutions can only combine community development with local empowerment if they reach beyond the contract and if they are democratic. Notably, the sugar industry has in recent years dramatically restructured its organisational and representative structure, both within SASA and the FAF, to expand the representation and participation of small growers. Each mill now has a local grower council with equal representation of small and commercial growers. But more important for the concerns of this paper is the structure of participation at the level of the community base. These issues rest partly on the objectives of the institution-creating organisations. But they must also be answered in terms of the objectives that participants would like their institutions to achieve, ie. their particular interests in collective action and the extent to which these interests coincide with the common weal. In areas where the proportion of contract growers to landholders is not high, the interests of growers and other community members are likely to diverge most frequently. In short, development institutions that are to manage a convergence between agrarian economic development overseen by agribusiness and socio-political empowerment must be able to represent grassroots interests and not just those interests

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[41] In this respect, the government's propensity to pursue a demand-driven rural development strategy (GNU 1995) raises serious questions about the prospects of moving from a strategy of centralised top-down delivery to one in which local development committees identify needs, design ways to meet them, and procure funding for implementation and maintenance. It seems likely that development delivery will occur where local institutions are in place, and won't where they are weak or non-existent.

[42] For an extended case-study see Cross, Clark and Bekker 1995:36-49.

[43] As Themba Mzimela has pointed out, corporate social responsibility programmes tend to work principally through traditional authorities, although this generates conflicts between traditional authorities and development committees.

who are able to organise or to deliver patronage.

CONCLUSIONS

The growth of contract farming has the effect of re-aligning relations at the local level between the state, capital and peasant populations. These re-alignments have implications not only for economic growth and rural development, but also for state construction and the politics of citizenship. Thus, there is an important political premium on constructing effective and appropriate institutions to manage these re-alignments in accord with the objectives of economic and political development. The analysis offered here, however, indicates that this is by no means a simple matter. The main impetus behind the milling companies' urgent desire to move forward with institution-building among small-growers is to constrain social conflicts that may arise out of this process at the same time that they secure a stable productive base to feed the mills. But this is a large undertaking. The analysis has shown that the organisation of farming is not an activity of discrete households, but engages broader social networks and power relations within local communities. The social relationships between individual farming enterprises and broader community structures are subject to incipient tensions and conflicts, most particularly along the lines of economic differentiation, land-access and gendered access to resources. Institutions designed to bridge economic development and community development through local collective action must take account of these relations.

The paper has suggested that an evaluation of the developmental potential of contract-based institutions might by explicating the social relations of contract production within a broader panoply of social networks that inform the livelihood strategies of rural citizens. I have suggested that the key to this moral economy in rural KwaZulu-Natal is the semi-commercial nature of contract farming enterprises, which is determined by the peculiar configuration in which the various social factors of production are deployed. An analysis of this configuration helps to illuminate the networks of social relationships that are likely to inform the interests of rural citizens in undertaking developmental collective action, and therefore to provide useful guide-posts for the construction of appropriate and effective development institutions.

This analysis shows that the 'dynamic partnership' between agribusiness and growers that the companies seek to secure for economic growth is distinct from the 'new social partnership' between state and society on which the government would like to construct community development. A commodity-based strategy dominated by agribusiness inevitably focusses on the social conflicts driven by the organisation of production and accumulation. But it is public goods that are at stake in community development, and the distribution of public goods has distinct political dynamics. The weakness of state agencies and public institutions in rural KwaZulu-Natal prompt us to consider under what conditions commodity-based organisations, such as growers' committees, are the appropriate vehicle for undertaking local collective action for development in ways that can mitigate local social conflicts and underwrite a 'new social partnership' between state, capital and local communities.[44] Yet, given the cross-cutting patterns of local power outlined above, if public institutions remain weak and development is driven by agribusiness, local social conflict may not be mitigated. Local big-men may emerge and entrench a localised politics of patronage, perhaps in collaboration with local administrators or traditional authorities (cf. Bryceson 1988:43; Spiegel 1991). Arguably, public institutions, and not farming contracts, must be the foundation for rural empowerment.

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[44] To the extent that growers' organisations become the central 'civil society' institutions in such a partnership, they invoke Ellen Meiksins Wood's (1990:60) rather dour warning that "'civil society' is now in danger of becoming an alibi for capitalism." The point is not that this is necessarily a bad thing, but that it must be taken into very careful account in the context of state construction. The more capitalism determines where and how development takes place, the more unstable livelihoods, environments and communities in unchosen places are likely to be. Such instabilities can undermine the state.

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