




Obligations of agricultural economists in South Africa's policy formulation

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ABSTRACT

The address aims to add value and strengthen the understanding of what an agricultural economist is and what the obligations of an agricultural economist are in a public policy formulation process. In response to these questions, the address explores the policy evolution in agriculture and assesses the performance of the sector over the first three decades of democracy in South Africa. In the reviews undertaken, the influence of agricultural economists in shaping and formulation of policies was investigated to reflect on whether agricultural economists have executed their role effectively.



The obligations of agricultural economists in ensuring that the country promulgates and implements the appropriate sectoral policies are emphasized in the address by outlining the good, the bad and the ugly developments that have been observed in the past 30 years. The address shows that agricultural economists have been instrumental in building a reformed, competitive and sustainable agricultural sector in South Africa, however, the changing political, economic and social landscapes demand them to be agile and adaptive to these new realities.

KEYWORDS

Agriculture; Policy;
Obligations; Economists

1. Introduction

This address, presented at the annual conference of the Agricultural Economics Association of South Africa (AEASA), reflects on the contribution of agricultural economists in the policy formulation process in South Africa. It discusses the role and influence of an agricultural economist in pursuit of sound agriculture policy in the constantly changing sectoral landscapes. The paper starts by reflecting on the country's journey in the first three decades of democracy. This journey has involved amongst other things dismantling apartheid policies and legacies and building anew, a nation that is united and prosperous. Before 1994, the administration of the agricultural sector was marked by separate developments and policy frames from the Union and later Republic of South Africa to self-governing and independent homelands. This feature dwarfed the agricultural growth and policy influence of agricultural economists from the homelands while elevating the prominence and impact of those who were in the Republic of South Africa, a practice that continued in a democratic era.

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The first marker of change post 1994, was to ensure that a new administration had to be built in line with the Constitutional Framework adopted in 1996, in which agriculture is a concurrent function. Further to this was to develop a new agricultural policy framework that brought various strengths from the past administrations but unfortunately also carried over certain exclusionary traits which at times are reflected in current policy and realities in agriculture. In the building of the new administration, the need to appreciate global dynamics was central and it is reflected in the policies and laws that were enacted at the dawn of democracy. In this journey, there was a consensus about building a united, prosperous and inclusive agricultural sector that is competitive and also responds to the domestic needs of national food security. The vision statement of the agricultural sector in the democratic dispensation is enshrined in the Strategic Plan of 2002, reaffirmed in the Agriculture and Agro-processing Master Plan (AAMP) of 2022.

Central to the vision is the consensus to build an inclusive, competitive and sustainable sector that recognises the potential and contribution of commercial farming areas, underutilised rural areas and settled land reform farms. This paper explores the contribution of agricultural economists in building the new agricultural sector in the past three decades and also determines the obligations and influence of agricultural economists in shaping and implementing new and existing policies to further advance agricultural gains in the changing global and domestic economic, political, technological and environmental landscapes.

In exploring the role and influence of the agricultural economist on policy formulation, the paper seeks to add value to understand the question of *what an agricultural economist is. What are the obligations of an agricultural economist in a policy formulation process, given the shifting or shifted economic, political, societal, and environmental landscapes?* These questions are not foreign and have been explored, first at the founding conference of AEASA in 1961 and subsequent conferences in 1984 and 1998, just to mention a few. In this paper, these questions are addressed through the review and appreciation of the policy evolution in agriculture and measuring how the sector has performed in the past three decades.

2. Defining the agricultural economist

Section 4 of the AEASA's Constitution states that one must have at least a three-year degree in agricultural economics or share an interest in the application of agricultural economics on account of their experience, position and/or profession to be considered a member (AEASA, 2020). The Department of Agriculture attempted to legislate the definition of an agricultural economist through the draft Agricultural Economics Professional Bill in 2020. However, that process has not gained much traction. In South Africa, the earlier interpretation of an agricultural economist was someone providing technical advice to farmers. At the founding AEASA conference in 1961, De Swardt described it as an officer who possesses deep knowledge of farm management and agricultural economics. In the same conference, Tomlinson emphasised a need to include applied subjects such as agronomy, soil science, pathology and others in the training of agricultural economists.

Between the 1970s and 1990s, the role of an agricultural economist evolved to include finance, policy planning, and marketing advisory. During this period, an agricultural economist needed to possess knowledge and skills in economics, policy, technical agriculture and an appreciation of complementary disciplines within and outside agriculture. Nieuwoud (1986) argued that an agricultural economist must undertake an analysis of the policy application but also not neglect the role of influencing policy formulation. Aligning with this view was Leontief (1971) who fondly described the field of Agricultural Economics as an excellent example of a healthy balance between theory and practical analysis of the economy. From the afore descriptions, it is evident that South Africa has many people who possess the skills and knowledge that qualify them as an agricultural economist. The next section seeks to determine if agricultural economists have effectively implemented their acquired skills and knowledge in the sector to advance its growth and inclusivity.

3. Review of South Africa's agricultural policy reform and sector performance

The review of agricultural policy evolution and sector performance aims to shine a spotlight on the obligations of an agricultural economist. It seeks to highlight the challenges that an agricultural economist must address to continue with the building of a growing, inclusive, and competitive agriculture in South Africa. The review is categorised into three segments, namely the good, the bad, and the ugly of the agricultural sector in the past 30 years of democracy.

3.1 The good

3.1.1 Lessons from the poor white problem

Before 1994, South Africa's agricultural sector was heavily regulated and subsidised. It was characterised by strong government control and interventions which had an element of racial discrimination geared towards the security and support of a white farmer. The obsession to support white farmers gained strong political empathy after the release of the Carnegie Commission report in 1932, which popularised the concept of a poor white problem in South Africa. The need to support the impoverished whites was further elevated when the National Party gained power in the 1948 elections. The goal of kerbing the impoverished whites, which was seen to be particularly severe among farmers, led to overzealous government involvement in the agricultural sector, encompassing trade restrictions, market regulations, and farm credit and input support.

The Tomlison Commission in 1955, which highlighted the need for also investing in rural regions occupied by black people was largely overlooked. While Tomlison's work was largely ignored, his work is probably one of the early research outputs by an agricultural economist who illustrated the ability to produce research, even if it is not fashionable with the established narrative. Targeted policies on agriculture and the poor white problem positioned agriculture as a strategic sector and elevated it to the highest decision-making powers in the state, thus creating a mandate for agriculture. This is an important lesson to learn because poverty is today a bigger issue in South Africa for all races and the sector needs to form a new mandate and play a critical role to arrest the growing poverty.

3.1.2 Reforming the discriminatory and regulated markets

Towards the mid-1980s, it was widely recognised, at least amongst those who were not ignorant, that South Africa's policies and the agricultural mandate, which was supported by state control, were the reason the country was lagging behind the global agricultural economy. A number of policy studies were initiated, one of which was the Kassier Committee on Marketing in 1992. As a consequence of the Kassier Committee and others, in the first 36 months of the democratic era, the state undertook radical policy shifts and redefined the mandate of the sector. Reforms were characterised by the privatisation of farm credit, agricultural inputs, storage and processing facilities, liberalisation of trade; and deregulation of markets. In short, the policy reforms reduced state intervention in the sector. Amongst the reforms undertaken are the Marrakech Trade Agreement, subsequently the country joining the World Trade Organization (WTO) in 1995, and the promulgation of the Marketing of Agricultural Products (MAP) Act of 1996. Moreover, the adoption of the 1996 Constitution, mainly the Property Clause (Section 25) and the Strauss Commission of 1998, which reformed the agriculture and rural finance and credit provision to farmers.

Since Norma et al. (2009) have done an extensive review of these reforms, this paper will not be providing a full account. Interestingly, since their last review, there hasn't been a detailed account of policy reviews and sector performance looking at a 30-year review. This could suggest that there has not been any policy development or ideologic shifts that could have warranted a new policy review. Underscoring this suggestion is the remarks made by Vink (2012), where he notes that "*until 2008, there was still some reason to believe (or pretend) that the market did actually work, even if we did not yet understand exactly how, but this pretence is no longer tenable*". Effectively, this implies that,

while it is important to celebrate the positive gains brought by the policy reforms in the sector, agricultural economists must find solutions to some challenges that persist in the sector.

3.1.3 Integrating South Africa's agriculture into the global community

The research that informed and influenced the policy reforms undertaken at the onset of democracy highlights the *first obligation* of an agricultural economist which is to speak the truth. The research work by the Kassier Commission and others provided a foundation to shape and influence the determination of new policy directions. Learning from this period, a present-day agricultural economist must reflect through research on whether the policies and legislations we presently have are relevant and sufficient in addressing the rising poverty, growing market protectionism, widening inequality and low inclusivity as well as resolving the increasing incidence of anti-competitive conducts as found by the Competition Commission (Rukhudu 2008).

Back to the policy reforms and the initial Government of National Unity that were in operation between 1994 and 1996, a unique feature that may be learned from this era, is how quickly, decisively, and precisely the policy reforms were carried out. This is a lesson that modern agricultural economists should take to heart. The involvement of agricultural economists during this era is well captured in the 2015 AEASA book, titled *"The Role of Practicing Agricultural Economists in South Africa"*. As Groenewald (1990) would say, agricultural economists were not only occupied by *doing the right things* but also focused on *doing things right* for the country.

The fruits of sound policy reforms and decisive policy implementation were well captured by Sihlobo and Kirsten (2021), who warmly described the performance of South African agriculture as nothing but impressive. From the growth and investment perspectives, the sector has done well. Through the adoption of modern technology, increased productivity and new export markets, South African agriculture has shown dramatic growth. The nation's agricultural output has increased five times in value and more than doubled in volume terms. Underpinning the growth is a rise in exports, and today, more than 181 nations receive South Africa's agricultural products. Despite the use of automation and technology to increase output and efficiency, the number of jobs has remained relatively high at around 845,000 per annum.

From this good growth story, the *second obligation* is that an agricultural economist must aspire to produce educational and relevant research rather than pursue analysis which adds less value to policy development. Education and ethical research are even more important in a time of social media, where everyone, in their minds, qualifies as an expert, with all their ignorance and half-truths. In the social media world, researchers are increasingly producing research that is accepted, attracts many likes and contains fancy equations but when it comes to influencing policy it adds little value. Agricultural economists have a professional responsibility to put sound and factual analysis for educational gains and influencing the policy-making process.

3.2 The bad

3.2.1 Propagation of dual agriculture

Underneath the sectoral macro picture are certain bad trends of rising poverty, weakening bio-security systems, market protectionism and a slow pace of transformation, which all perpetuate the duality problem in the sector which Sihlobo (2023) writes about in his book. Although duality is not unique to agriculture, one has to ask whether appropriate policy instruments are in place to resolve the duality problem or if they are perpetuating its existence. Sihlobo (2023) argues that the existing policies or implementation approaches have not adequately dealt with the duality problem. Along with exclusive growth are the neglected informal food markets and their distribution channels which remain unknown to policymakers. This gives a perception that agricultural economists of today are biased towards one side of the agricultural sector, the commercial operations, and overlooking the value and contribution of informal markets in the agricultural economy.

This highlights the *third obligation* for agricultural economists, which is to always be clear and honest about what economic analysis can and cannot tell the policymakers. At times, the analysis and information required to make a policy determination are not readily available, however, policymakers need to make decisions, especially on issues of public interest. During the peak of COVID-19 lockdowns, one of the questions was to figure out how to avoid hunger-induced protests in townships and rural areas given the exodus of job losses. Moreover, there was an interest in supporting informal food traders and policymakers needed to understand the structure of this market, its distribution channels and point of contact with farmers. None of this information was forthcoming, instead both the agricultural economists and industry leaders were preaching the struggle of the commercial farmers at the cruelty of COVID-19 lockdowns.

The critical point is that economists must fully portray the strengths and weaknesses of the analysis they produce in order to reclaim influence in policy modification and decision-making. Current research and analysis have largely portrayed commercial, large-scale agriculture as a favoured and in some instances as the best option and even declared it as a “win-win” scenario for farmer development which will benefit everyone, rich or poor, black or white, tall or short, etc. In reality, there is no such scenario and such fact must be communicated with policymakers.

3.2.2 Growing divisions in agriculture

Another lowlight of the past 30 years in agriculture is the deepening divisions amongst farmer organisations and commodity associations, which at times border along the class (i.e., small vs. established); race (i.e., black vs. white) and ideologies (i.e., conservative vs. liberal). Changing political climate, poor service delivery and inequality have contributed to these divisions, hence, the need to reflect on whether existing programmes and implementation approaches are helping to heal the divisions of the past as demanded by the Constitution of South Africa. Groenewald (1987) raised similar questions to the agricultural economists when he observed that in the sixties and seventies, the policy makers were often or even consistently displaying an antagonism posture towards the analysis generated by the agricultural economists. Though he opposed the neglect of good analysis, Groenewald (1987), did however challenge the agricultural economists to do some introspection and ask themselves if they performed their task meaningfully? In relooking at their role in policy decision-making process, they must also determine if their good analysis is helping policy makers achieve national interest and the country's goals. Groenewald (1987) stated that policy makers often use the national interest factor to determine which analysis they consume and which one they ignore, and the economists role is to predict opportunities and problems to aid the politicians in their policy decision-making role.

3.2.3 Misapprehending the intelligence of policymakers

Decision-making in policy determination is often performed by individuals who are elected politicians and it would be naive to think that policymakers are uninformed about the impacts and benefits of policies in the absence of an empirical analysis conducted by economists. So in producing research, agricultural economists have a *fourth obligation* to appreciate the intelligence, understanding and interests of persons consuming their research output. Rukuni (1987), warns that “the miscalculation he frequently committed was to think and believe politicians were less wise than he was. Maybe on fancy econometric work but not necessarily on the welfare gains and losses of the policy”. Lloyd George, the Prime Minister of Great Britain, also cautioned economists that the first duty of every statesman was to get himself re-elected, otherwise, he wouldn't be a statesman. The point is that agricultural economists should understand that a country's policies are not only detected and influenced by economic analysis. Policy decisions are made on a balancing act of economic soundness; political consciousness; philosophical attractiveness; and sociological reliability coupled with the country's consistency with international diplomacy.

3.3 The ugly

3.3.1 Intolerance of alternative research approaches

One of the ugly features of agricultural economics research in recent years is the increasing level of intolerance to alternative views and approaches to policy choice as seen with the Competition Commission and the closure of the borders by Botswana and Namibia for vegetables imported from South Africa (Ntombela 2023). The *fifth obligation* is that an agricultural economist has a professional duty to be open to alternative views, and to adapt the approach to the investigation of key policy questions. Most of the anti-competitive conduct in agriculture could be traced back to historic laws that created and promoted structures and behaviours that are not in line with the competition laws of today. One could argue that being confrontational with authorities is not an ideal route. Educating the Competition Commission to understand the historical context behind the conduct and structures of agribusinesses is a better choice to help farmers and value chain players. The level of acceptance of criticism and lenience to alternative views from peers within the economics profession and outside our profession will largely determine the real progress and relevance of the agricultural economics profession.

3.3.2 Diversity of agricultural economists' views on agricultural policy

The *last obligation* critical to strengthening the influence of agricultural economists in the policy formulation process is the diversity of practising economists involved in shaping and directing policy decisions. The policy reforms adopted in the period between 1994 and 1998 were largely influenced by the research from the economists who were practising in apartheid South Africa and mainly focussing on white commercial agriculture. The influence of agricultural economists from the former homelands areas on policy determination was also present but limited, not because they lacked the skill or knowledge, but because the system of the time did not encourage their full participation, due to segregation and racially exclusionary practises.

It is however also true that many agricultural economists ventured into the key policy issues of agriculture in the former homelands since at least the late 1970s. Vink (2001) surveyed this research, majority which emanated from the monitoring and evaluation studies of the Farmer Support Programme (FSP) funded by the Development Bank of Southern Africa (DBSA). In the main, the research was focused on the theme of the provision of farm support services to smallholder farmers and covered topic issues like rural finance, marketing of farmers' output, land tenure and reform, provision of extension services and access to research and information; rural infrastructure development and the economics of smallholder systems.

From the body of research surveyed by Vink (2001), he draws multiple conclusions on the role of smallholder farmers in agriculture and economic development. One of these conclusions is the recognition that smallholder farmers might not be able to play a meaningful role in the development of the South African economy, or even in the development of the rural economy. While research suggests this, it does not mean that smallholder farmers are unimportant in the South African economy. Furthermore, he observed higher efficiency and success rates on land reform projects that were owned or operated by black farmers, where the land was acquired through private means. This suggests that the land reform programme that is supported by the state (where the government supports private institutions to issue affordable land loans to black persons) instead of the land reform programme that is implemented by the state (where the state is the sole purchaser of land).

The critical point that can be drawn from the survey conducted by Vink (2001) and many other agricultural economists who have conducted research and ventured into policy issues both in the commercial and rural areas, is the diversity of perspectives and research on policy matters partly influenced by the backgrounds of various agricultural economists of the time. These played a significant part in shaping and enriching policies and laws of agriculture in the early 1990s. The agricultural sector of today is an integration of rural and commercial farming characterised by the existence of household, subsistence, and large-scale farmers, either black or white. This implies that agricultural

economists influencing policy formulation must reflect the diversity of backgrounds, lived experiences and knowledge from these areas.

In recent years, the rise of young black agricultural economists in policy formulation has been encouraging, however, the parallel decline or limited participation of young white agricultural economists is a concerning trend. The risk could be the over-emphasis of rural farming and smallholder farmers and neglect of the contribution of commercial agriculture, or *vice-versa*. The public institutions tasked with the formulation of policies must ensure there is a diversity of agricultural economists with respect to their background, training centres, lived experiences, gender, and youth. The sector and policy-making process must not only be concerned about compensating the losers from selected policy choices but must also be sensitive to the identity and character of those who lose or gain from the policy selected. The best way to achieve this is to ensure that those producing research and influencing policy-making have a greater appreciation of the diverse interests, needs and desires of the entire South African society.

4. Conclusion

This presidential address was intended to sensitise agricultural economists that the world is changing and they have the obligation to produce research and influence policies that will positively benefit all farmers and citizens. They also have the obligation to create mechanisms to compensate farmers and citizens that losses from the policies selected. To fulfil these obligations, they need to reflect and learn from the past performance of the sectors, taking into account the bad, the good and the ugly sides of the sector. This will empower them to shape policies and implementation approaches that will be efficient and effective to the current and future realities of the sector. The paper also challenges agricultural economists practising today that their thinking process and research topics must be influenced not only by what happens in agriculture but also outside the sector. Through producing influential and educational research, agricultural economists can craft a new sectoral mandate that will position agriculture as a strategic economic sector to help the country address the issues of poverty, unemployment and slow economic growth.

Disclosure statement

No potential conflict of interest was reported by the author.

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