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Editorial

Tobacco Farming and Agrarian Change in Contemporary Southern Africa – An Introduction

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For more than a century, tobacco has been a key source of export revenues for both Zimbabwe and Malawi, and, in the past 30 years, production has expanded to parts of Mozambique, Zambia and Tanzania. The crop continues to be the main livelihood option for millions of citizens in southern Africa, an important source of income and rural employment and one of the few industries in which the region commands a large share of the global market. Combined, exports are almost equivalent to those of Brazil, the world's largest tobacco exporter. Despite this sizeable footprint, tobacco has been relatively neglected in the literature on development trajectories and the political economy of the region.¹ Much tobacco research focuses on global public health debates concerned with the effects of tobacco consumption.² Such concerns are certainly warranted: tobacco consumption is responsible for extremely negative health outcomes at both individual and societal levels. However, public health research has shaped the way in which tobacco is studied, often emphasising crop substitution over a careful analysis of the reasons why regions like southern Africa have become specialised tobacco producers, the drivers of its relative success as an export commodity or the implications of tobacco farming for processes of transformation and agrarian change. Tobacco farming has been similarly neglected in the agrarian studies of southern Africa despite its prominent position in regional agricultural exports and being a main source of direct income and employment for African farming households and workers. Sugar cane and maize are two of the most dynamic crops in the

1 See also A. Dubb, I. Scoones and P. Woodhouse, 'The Political Economy of Sugar in Southern Africa – Introduction', *Journal of Southern African Studies*, 43, 3 (2017), pp. 447–70. Citrus is a major agricultural export in South Africa, and maize dominates staple food crop production throughout the region.

2 E.A. Lown, P.A. McDaniel and R.E. Malone, 'Tobacco is "our industry and we must support it": Exploring the Potential Implications of Zimbabwe's Accession to the Framework Convention on Tobacco Control', *Globalization and Health*, 12, 2 (2016), pp. 1–11; A.S. Patterson and E. Gill, 'Up in Smoke? Global Tobacco Control Advocacy and Local Mobilization in Africa', *International Affairs*, 95, 5 (2019), pp. 1111–30; World Health Organization, *Status of Tobacco Production and Trade in Africa* (Geneva, WHO, 2021); R. Lencucha *et al.*, 'Tobacco Farming: Overcoming an Understated Impediment to Comprehensive Tobacco Control', *Tobacco Control*, 31, 2 (2022), pp. 308–12.

region (excluding South Africa): sugar is a sizeable contributor to exports, and maize remains the main staple and the crop with the largest area under cultivation.³ In comparison with sugar-cane production, however, which is broadly concentrated in irrigated and mechanised plantations, tobacco farming is much more labour-intensive and accounts for more farm employment (tobacco also outpaces sugar in agricultural exports in all five jurisdictions). In contrast with maize, tobacco is oriented exclusively to export markets, suggesting that tobacco could be a more dynamic source of agricultural income for small-scale farmers. Tobacco intensification is increasingly associated with a range of spill-over effects, including stimulating local labour markets and increasing demand for maize and other wage goods. This is in contrast with narratives that saw tobacco and maize production competing for agricultural land (see the article by Moses **Moyo**). This special issue of the *Journal of Southern African Studies* contributes to scholarship on agrarian change in southern Africa as the first collection of papers to assess tobacco production and marketing at the regional level. This comparative focus across Zimbabwe, Malawi, Tanzania, Zambia and Mozambique highlights how tobacco production is first and foremost a regional phenomenon, which needs to be understood at that scale.⁴

Becoming a Tobacco-Farming Region

Tobacco was introduced commercially before 1900 to Rhodesia and Nyasaland to develop settler farming and as an attempt by colonial authorities to hedge against the excessive dependence on tobacco imported from North America.⁵ Tobacco-leaf production and curing, oriented to export markets, prospered specially in Mashonaland in Rhodesia and supported the formation of large estates in the Southern region of Nyasaland, which supplied the recently created Imperial Tobacco Company in the UK (formed through the consolidation of smaller British tobacco companies). Other districts under British and Portuguese rule also experimented with tobacco farming that supplied the metropolis or incipient local markets.⁶ Two core tobacco-growing regions developed in southern Africa in Mashonaland and parts of Southern and later Central Malawi (where out-grower and peasant production prospered from the 1920s). Areas of more recent expansion now include neighbouring districts of central and northern Mozambique and Zambia and agriculturally dynamic districts of Tanzania.⁷ These regions have some traits in common, such as being relatively densely

3 Dubb, Scoones and Woodhouse, 'The Political Economy of Sugar in Southern Africa'; M. Smale and T.S. Jayne, *Maize in Eastern and Southern Africa: Seeds of Success in Retrospect* (Washington DC, International Food Policy Research Institute, 2003).

4 South Africa continues to grow tobacco, with more than 500 commercial estates now producing around 20,000 tonnes per annum. As tobacco is negligible as an export, this special issue focuses on Zimbabwe, Malawi, Tanzania, Zambia and Mozambique. Many white tobacco families in the region maintain connections with South Africa.

5 S.C. Rubert, *A Most Promising Weed: A History of Tobacco Farming and Labor in Colonial Zimbabwe, 1890–1945* (Athens, Ohio University Press, 1998); M. Prowse, 'A History of Tobacco Production and Marketing in Malawi, 1890–2010', *Journal of Eastern African Studies*, 7, 4 (2013), pp. 691–712; J. Smith and K. Lee, 'From Colonisation to Globalisation: A History of State Capture by the Tobacco Industry in Malawi', *Review of African Political Economy*, 45, 156 (2018), pp. 186–202. *Nicotiana Tabacum* was introduced slightly earlier in South Africa.

6 E.A. Navohola, 'Forced Labour and Rural Resistance in the Tobacco Farms in Nampula Province: A History of Rural Change in Mozambique, 1961–1975' (MA dissertation, University of the Witwatersrand, 2010); H.H. Ndomba, 'A History of Peasant Tobacco Production in Ruvuma Region, Southern Tanzania, c. 1930–2016' (PhD thesis, Stellenbosch University, 2018).

7 B.M. Ilembo, J.A. Kuzilwa and M.N. Larsen, 'Evolving Governance Structures and Contract Farming in the Tobacco Value Chain in Tanzania', in J.A. Kuzilwa, N. Fold, A. Henningsen and M.N. Larsen (eds), *Contract Farming and the Development of Smallholder Agricultural Businesses* (Abingdon, Routledge, 2017), pp. 51–67; R. Labonté *et al.*, 'The Institutional Context of Tobacco Production in Zambia', *Globalization and Health*, 14, 5 (2018), pp. 1–12; H. Pérez Niño, 'Class Dynamics in Contract Farming: The Case of Tobacco Production in Mozambique', *Third World Quarterly*, 37, 10 (2016), pp. 1787–1808.

Table 1. (HS 2401) Unmanufactured tobacco production, average annual output (tonnes)

	1961–69	1970–79	1980–89	1990–99	2000–2009	2010–19
Malawi	16,306	36,679	68,031	120,960	117,271	118,788
Mozambique	2,654	3,692	3,000	3,327	45,726	89,127
Tanzania	5,646	15,593	13,735	28,787	39,943	94,084
Zambia	7,653	5,888	3,431	4,728	42,287	64,718
Zimbabwe	100,633	81,922	110,211	180,244	110,302	158,041

Source: FAOSTAT (2022).

populated areas which, in the absence of major irrigation infrastructure, depend largely on rain-fed agriculture. These regions experienced, with context-specific timings and sequencing, the pressures of market integration and commodification of livelihoods.

These regions came to specialise in different types of tobacco. The main varieties produced in southern Africa now, burley and Virginia, go through different curing processing (air- and flue-cured, respectively), require different processing infrastructure and materials, incur different costs and attract different prices. Burley tobacco, a filler, is a core component in the production of ‘American blend’ cigarettes, while Virginia is a stronger, aromatic type much appreciated in the Chinese market.

Table 1 describes tobacco production in the region over the past 60 years. It highlights the evolution of production from being centred chiefly in Zimbabwe (growing flue-cured tobacco mainly on estates up to the Fast-Track Land Reform Programme in the early 2000s). The most striking feature is the expansion of production in Malawi from the 1970s onwards, based on burley tobacco production. This was initially on large estates (in particular, General Farming and Press Farming estates), then on smaller estates through the 1980s and, from the early 1990s onwards, through smallholder production. Of particular interest is the rapid increase in production in Tanzania from 1990 onwards and in Mozambique and Zambia from 2000 onwards. While the genesis and growth of tobacco industries in Zimbabwe and Malawi is widely known and researched, there is limited appreciation of the size of tobacco industry and production in the further three countries under consideration, which, by 2010–19, produced a broadly similar amount of tobacco to that produced by Zimbabwe and Malawi combined.

Tobacco contributes to exports, incomes and jobs in all five countries, but tobacco revenue works differently in each context. Of the five countries, tobacco exports in 2016 equated to 44 per cent of total export earnings in Malawi and 25 per cent in Zimbabwe, illustrating the continued reliance of these countries on agriculture and on ‘green gold’ in particular; in fact, tobacco represented a staggering 68 per cent of Zimbabwe’s agricultural exports and 60 per cent of Malawi’s. In contrast, the contribution to export earnings from the other three countries was between 2 per cent and 5 per cent, owing to the more diversified and non-agricultural composition of export revenues. But, while the contributions of non-agricultural exports dwarf the revenue obtained from tobacco, it was still the main agricultural export of Mozambique (23 per cent) and Tanzania (17 per cent) in 2016.⁸

There is an argument that all five countries should be grouped as a productive cluster, especially in the years following the full incorporation of Mozambique and Tanzania into regional exports at the beginning of the 21st century (see Table 2). A distinguishing trait of this period is the consolidation of southern Africa as one of the world’s largest producers of stemmed tobacco. In the peak year of 2016, the five countries combined exported 21.12 per cent (by value) of global (stemmed) tobacco exports, second only to 24.46 per cent from Brazil and more than the exports of the USA (12.69 per cent) and China (7.67 per cent)

⁸ Figures obtained from UN Comtrade Database: Trade Statistics (2022), available via <https://comtrade.un.org/data/>.

Table 2. Value of tobacco exports (US\$ '000)

	Zimbabwe	Malawi	Mozambique	Tanzania	Zambia
2010	420,000	874,904	161,019	129,187	117,719
2011	663,596	570,321	216,945	106,585	100,778
2012	777,861	487,641	227,872	188,449	156,477
2013	869,882	551,349	249,000	96,958	179,241
2014	807,602	639,343	258,024	193,174	143,137
2015	864,954	495,121	292,551	216,519	88,205
2016	887,042	537,675	233,573	360,159	179,850
2017	800,525	527,264	247,616	195,805	87,740
2018	864,700	526,282	225,849	66,810	102,800
2019	782,997	498,383	252,301	204,888	68,537
2020	741,384	410,212	162,055	200,987	112,400

Source: FAOSTAT (2022).

combined.⁹ This is the culmination of a longer process of supplying a larger share of the global tobacco market. While southern Africa (by then mainly Rhodesia and Nyasaland) accounted for 4.5 per cent of global (unmanufactured) tobacco exports in 1960, this had increased to 13 per cent in 1990 and, with the addition of Mozambican, Tanzanian and Zambian contributions, had reached 19 per cent in the peak pre-pandemic year of 2016.¹⁰

Development Trajectories and Political Economy

As is clear from these statistics and from this geography, tobacco has played a significant role in southern Africa's political economy, particularly in Malawi and Zimbabwe. Recent work illustrates the intimate connections between the tobacco industry and trajectories of transformation in Malawi: how the presidencies of Kamuzu Banda (authoritarian/interventionist), Bakili Muluzi (democratic/business-oriented) and Bingu wa Mutharika (populist/interventionist) took very different approaches to utilising the rents from the country's main source of foreign exchange – tobacco – with considerable implications for development and structural change.¹¹ In Zimbabwe, the resuscitation of the tobacco economy is considered a success story of the Fast-Track Land Reform process, with total output eventually recovering from the initial shock (when tobacco exports collapsed alongside a dramatic reduction of per capita gross domestic product), and the social basis of production was profoundly transformed through land redistribution. Indeed, resettled tobacco farmers are now able to earn significantly more than the average rural Zimbabwean; Ian Scoones *et al.* have linked the new social landscape of tobacco production with processes of accumulation (from above and below) and a deepening of social differentiation that contribute to profound changes of agrarian relations.¹²

The articles in our collection contribute to a fuller understanding of the embeddedness of national tobacco industries within political economies in the region in a variety of ways. Specifically, in Zimbabwe, three articles reflect on and add to existing knowledge on the Fast-Track Land Reform Programme, arguably the most pivotal moment within Zimbabwe's post-colonial history.

9 UN Comtrade Database: Trade Statistics (2022), stemmed tobacco: HS6 code: 240120.

10 UN Food and Agriculture Organization, FAOSTAT Data (2022): Trade. Tobacco, unmanufactured, FAO code 826, available at <https://www.fao.org/faostat/en/#data/TCL>. The year 2016 is used here as the pre-pandemic peak year. It is still unclear what mid-term effect the Covid-19 pandemic may have had on tobacco exports from southern Africa.

11 M. Prowse and P. Grassin, *Tobacco, Transformation and Development Dilemmas from Central Africa* (Cham, Palgrave Macmillan, 2020).

12 I. Scoones, B. Mavedzenge, F. Murimbarimba and C. Sukume, 'Tobacco, Contract Farming, and Agrarian Change in Zimbabwe', *Journal of Agrarian Change*, 18, 1 (2018), pp. 22–42.

Freedom **Mazwi** argues that the lack of access to working capital by some resettled farmers is leading to a range of joint ventures and land rental arrangements with former white farmers, which, in the author's view, have no clear legal basis, are asymmetrical and are undermining the goals of land reform. Mazwi contends that the lack of a financial strategy to accompany land reform has contributed to a 'reversal' of the land-reform process. In addition to regaining access to land, these agreements are also allowing former white farmers to utilise their technical knowledge of tobacco.

The importance of this tacit knowledge of tobacco production and marketing also emerges as a key theme in the article by Rory **Pilosoff** and Sibanengi **Ncube**.¹³ The collapse of white farming during the Fast-Track Land Reform period precipitated the movement of white farming families to other parts of the region. Later, some of these families returned home to Zimbabwe and took employment in other parts of the industry. These new roles include working for leaf merchants or in other jobs within the tobacco industry (such auxiliary roles include those at input suppliers, tobacco re-handlers and tobacco transporters).

That former white farmers who left Zimbabwe during the turmoil of the early 2000s have returned to find a place, alongside a community and a sense of belonging, in the new institutional landscape of contract farming chimes with the historical contribution of Sibanengi **Ncube**. This article foregrounds the agency and ability of white farmers to shape Southern Rhodesia's tobacco industry in the late 1940s and 1950s. In his contribution, Ncube reinserts the role of the white farming community alongside that of favourable global markets and a supportive state in the two decades in which Zimbabwe became the world's leading exporter of flue-cured Virginia after the USA. As carefully explained in his conclusion, Ncube argues that, by re-inserting white farmers in the history of the development of 'settler capitalist agriculture' in Zimbabwe (readers may wish to refer to the work on Colin Leys on this topic in the Kenyan context), he is highlighting how capturing state power alone may not be sufficient to support a dynamic post-colonial agricultural sector; a country also needs a committed domestic class of farmers.¹⁴

While these contributions are important in their own right, together they shine a clear light on the mutual interdependencies between black African tobacco production in Zimbabwe (as resettled owners of land as well as labourers and employees) and two characteristics that former white farmers and the white community more broadly have been able to bring to the tobacco table in Zimbabwe and throughout the region – networks and knowledge about all things tobacco (partly due to close relationships with global leaf merchants and manufacturers) and access to (international) forms of finance, especially the ability to borrow US dollars at favourable rates of interest. A further article in this collection highlights one further vital characteristic of the political economy of the industry in the region – that of export markets.

Yumi **Sakata**, Pius **Nyambara** and Martin **Prowse** highlight how, historically, the tobacco industry in Zimbabwe has twice been at the intersection of two distinctly different global tobacco markets and has, with varying degrees of success, managed to survive and thrive by balancing the competing demands of buyers in different domains. First, how the industry straddled South African and British markets during the colonial era, with both government and the white farming community taking a proactive approach to securing

13 The attachment of white former farmers to tobacco is illustrative of the fact that 'the tobacco grower has to tend his tobacco not by fields, not even by plants, but leaf by leaf ... Everything having to do with tobacco is hand work – its cultivation, harvesting, manufacture, sale, even its consumption', quoted in J. Goodman, *Tobacco in History: The Cultures of Dependence* (London and New York, Routledge, 1993), p. 166.

14 C. Leys, *The Rise and Fall of Development Theory* (London, James Currey, 1996).

market access and supply.¹⁵ Second, how in recent decades the industry has navigated between these established markets and newer markets in east Asia, with China becoming a particularly important destination since the Fast-Track Land Reform Programme.

The recent diversification of export markets away from the traditional ones of the USA and Europe highlights the considerable and growing influence that so-called ‘emerging’ economies are now having on the industry. For example, tobacco consumption in traditional markets has decreased as a result of taxation and robust public health campaigns. As a result of this, the share by value of North American and western European imports declined from 50 per cent to 40 per cent between 2007 and 2014¹⁶ and has decreased further since this time. By volume, the market share of imports by these two regions has declined from 18 per cent in 2006 to 14 per cent in 2020, compared to an increase from 55 per cent to 65 per cent in the Asia–Pacific region over the same time period.¹⁷

Until the last two decades or so, western leaf merchants and cigarette manufacturers exerted considerable influence over the tobacco industry in southern Africa. For example, Bingu Wa Mutharika’s confrontation with leaf merchants in Malawi (to try to control more of the rents from the tobacco sector) suggested how the firms held more power regionally than the Malawian government.¹⁸ The degree to which these traditional power structures within the industry continue to exist across the region is now very much open to question.

A recent contribution to the literature compares the differential engagement of countries in the region with China over the past two decades. Julia Smith *et al.* highlight how Malawi signed a Memorandum of Understanding (MoU) with China in 2008 during its confrontation with the major leaf merchants in Lilongwe. However, the terms of this MoU, including purchasing 5 million kilograms of tobacco per year and the registration of the Chinese National Tobacco Company (CNTC) or a subsidiary to buy tobacco, never came to pass. While Chinese investors did establish small-scale tobacco manufacturing plants in Malawi, the expectation of substantial Chinese investment in tobacco in Malawi never took place, with the MoU expiring unrenewed in 2018, and with only around US\$20 million-worth of tobacco exports to China recorded in 2016 and 2017.¹⁹ There are good agronomic reasons why China has not become a dominant force in the tobacco industry in Malawi. As is well known, Chinese cigarettes contain a much higher proportion of flue-cured tobacco (which is higher in nicotine content and has a more distinct flavour) than American-blended cigarettes (which typically contain around 20 per cent flue-cured Virginia and around 80 per cent burley tobacco, which is bland and imparts little flavour to the cigarette). For agronomic reasons, Southern Rhodesia/Zimbabwe has predominantly grown flue-cured tobacco, which is more capital-intensive and often engenders a different labour regime (of direct employment) compared with burley, which is often grown using tenants (when grown on estates) and is ideally suited to some of Malawi’s sandier soils.²⁰ China’s limited

15 In the Malawian case, there was a significant switch to the British market between 1905 (when 99 per cent of tobacco exports went to South Africa) and 1908 (when 94 per cent of tobacco exports went to the UK), due partly to the imposition of import tariffs by South Africa to protect her own infant tobacco industry. C.A. Baker, ‘Nyasaland, the History of its Export Trade’, *Nyasaland Journal*, 15, 1 (1962).

16 A.P.B. Goger, P. Bamber and G. Gereffi, ‘The Tobacco Global Value Chain in Low-Income Countries’, Center on Globalization, Governance and Competitiveness, Duke University (2014), pp. 1–48, available at <https://gvcc.duke.edu/cggclisting/the-tobacco-global-value-chain-in-low-income-countries/>, retrieved 20 June 2022.

17 Campaign for Tobacco-Free Kids, global cigarette industry fact sheet (Washington DC, Campaign for Tobacco-Free Kids, 2021), available via www.tobaccofreekids.org, retrieved 7 March 2022.

18 Prowse and Grassin, *Tobacco, Transformation and Development Dilemmas*, pp. 123–5.

19 J. Smith, L. de Souza and J. Fang, ‘Eastern Africa’s Tobacco Value Chain: Links with China’, *Third World Quarterly*, 41, 7 (2020), pp. 1168–70.

20 Despite the detail offered in Smith *et al.*, ‘Eastern Africa’s Tobacco Value Chain’, some assertions in the article are inaccurate. For example, the statement that ‘prior to 2003, Zimbabwe primarily produced burley tobacco ... China used its investment and purchasing power to encourage a switch to flue cured’ (p. 1165) is not correct. This assertion is repeated in the article with the insinuation that the CNTC promoted

engagement with Malawi as a source for tobacco has partly been based on this simple agronomic characteristic.²¹

Malawi's experience contrasts with the other tobacco-reliant economy in the region – Zimbabwe. Smith *et al.* describe the evolution of Chinese involvement in the tobacco industry from the signing of a technical and economic agreement in 2004 to the establishment of Tian Ze Tobacco Corporation as a subsidiary of the CNTC (via an MoU) in 2005.²² Further co-operation included training and technical co-operation with the Tobacco Industry and Marketing Board (TIMB) and the provision of a loan arrangement from the China Export Import Bank in 2011, partly directed at the tobacco sector.²³ By 2017, more than half of Zimbabwean tobacco was exported to China. The much greater involvement and investment by China and Chinese state-linked firms in Zimbabwe secured supplies for high-quality flue-cured Virginia for the urbanised population in China. The Zimbabwean case shows how the reconfiguration of the agrarian structure led rapidly to the expansion of contract farming in the industry from around 2004, with a range of authorised firms directly providing inputs to smallholders and no longer utilising the three licensed auction floors.

It is important to note that the drivers of change that have led to contract farming becoming the most prevalent form of exchange for tobacco in the region have varied across countries. In Zimbabwe, contract farming appears to have offered relatively new entrants to the sector the opportunity to secure supplies outside the 'pinch point' of the three tobacco auction floors – where established buyers (linked to global manufacturers) dominated from their adjacent processing factories. For example, Tian Ze Tobacco Company was able to offer finance and inputs to Zimbabwean farmers at a time when the tobacco industry (and overall economy) was contracting sharply and there was a dearth of credit providers.

In Malawi, contract farming initially emerged on estate land with one leaf merchant, Limbe Leaf, purchasing the Kasungu Flue-Cured Tobacco Authority (KFCTA) in 2000.²⁴ The following year, a different leaf merchant, Dimon (which soon merged with Stancom to become Alliance One), contracted more than double the number of smallholders. The aggressive expansion of contract farming from this point has mainly been due to pressure from cigarette manufacturers for full traceability.²⁵ Manufacturers put considerable pressure on merchants to comply with manufacturers' requirements regarding chemical inputs, good agricultural practices, reforestation, no non-tobacco-related materials in bales (such as strands of plastic from bags of fertiliser) and stipulating, importantly, no child labour.²⁶ Put simply, the major manufacturers threatened to stop buying non-compliant and non-traceable tobacco. As Jason Moyer-Lee and Martin Prowse explain, traceability has been a key driver of contract farming in Malawi, in contrast to agricultural finance and export markets, which were key factors in Zimbabwe.

alternative types of tobacco (namely flue-cured tobacco) in Zimbabwe. As stated above, Southern Rhodesia/Zimbabwe has always mainly grown flue-cured tobacco. For the evolution of Malawi's production of flue-cured Virginia, fire-cured tobacco and burley tobacco, see Prowse, *A History of Tobacco Production*, pp. 691–712.

21 In addition, respondents have suggested that the price of flue-cured Virginia in Malawi could also play a role.

22 Smith *et al.*, 'Eastern Africa's Tobacco Value Chain'.

23 *Ibid.* highlights newspaper articles that assert that 'TZTC received preferential treatment from the Zimbabwean government, for example being granted an exemption from the Indigenization and Empowerment Act that requires foreign companies to surrender majority ownership to local Zimbabweans' (p. 1166).

24 The extent to which this was due to the disruptions within the tobacco supply chain and a rapid drop in flue-cured production in Zimbabwe during the Fast-Track Land Reform period is not clear.

25 J. Moyer-Lee and M. Prowse, 'How Traceability is Restructuring Malawi's Tobacco Industry', *Development Policy Review*, 33, 2 (2015), pp. 159–74.

26 *Ibid.*

The shift to contract farming throughout the region is the major theme that emerges from the articles in this special issue.²⁷ In contrast to much of the established literature on contract farming, which assesses the degree to which this form of exchange benefits or harms smallholders,²⁸ the contributions to this special issue foreground four wider topics.²⁹

First, the issue of class differentiation. As contract farming increases the pace at which agricultural commercialisation occurs, it increases the rate of differentiation within smallholder communities, as it often engages the rural elite and integrates them more tightly into global markets. While this may or may not be beneficial for participants (as this depends on the terms of each contract and the institutional context), it often increases community-level inequality and can also result in the exclusion of local firms and suppliers (as members of the rural elite are no longer sourcing key agricultural inputs from local sources but are receiving them directly from contracting firms).³⁰

In this special issue Toendepi **Shonhe**, Ian **Scoones**, Vine **Mutyasira** and Felix **Murimbarimba** broach the key issue of power relations and class differentiation. They find four main ‘clusters’, illustrating different strategies for engagement with the tobacco industry: an emergent, connected, rural bourgeoisie, who mix investments in tobacco with broader businesses and employee relations; ‘telephone’ farmers, who straddle urban employment and rural spheres; educated asset-owning middle-aged households, who invest in tobacco both through contracting and through deploying their own capital; and young ‘entrepreneurial’ settlers, mainly from communal lands, who rely mainly on contracting firms for finance. Shonhe *et al.* highlight how Zimbabwe’s smallholder tobacco boom has differential effects and is a dynamic process, with both winners and losers within highly malleable constellations of actors and opportunities.³¹

The second issue is of intra-household dynamics. The literature on contract farming highlights clearly how contract farming often alters the intra-household division of labour to the detriment of women’s interests. Martin **Prowse** examines crop diversification and household relations within a tobacco contract-farming scheme in the Central region of Malawi. The article assesses whether including wives to grow an additional crop – soya – led to benefits for the farm (through higher yields for key crops), for the family (through greater well-being) and for the firm (through higher repayment rates) and asks what forms of household dynamics result. The article assesses whether the findings offer support for unitary, conflictual yet co-operative, or non-cooperative models of the household. Participating households showed a distinct lack of accord between spouses, offering a

27 The last decade has seen a veritable explosion of research and policy interest on contract farming. See, for example, C. Oya, ‘Contract Farming in Sub-Saharan Africa: A Survey of Approaches, Debates and Issues’, *Journal of Agrarian Change*, 12, 1 (2012), pp. 1–33; M. Prowse, ‘Contract Farming in Developing Countries’, *A Savoir* working paper no. 9 (Paris, Agence Française de Développement, 2012).

28 G. Ton *et al.*, ‘Contract Farming for Improving Smallholder Incomes: What Can We Learn from Effectiveness Studies?’, *World Development*, 104 (2018), pp. 46–64; M.F. Bellemare and J.R. Bloem, ‘Does Contract Farming Improve Welfare? A Review’, *World Development*, 112 (2018), pp. 259–71.

29 On a broader note, and especially where access to land is highly politicised, contract farming can overcome land constraints: B. Grosh, ‘Contract Farming in Africa: An Application of the New Institutional Economics’, *Journal of African Economies*, 3, 2 (1994), pp. 231–61. In these situations, firms may find it hard to obtain land or may run the risk of expropriation if they do own it.

30 These arguments are rehearsed in some detail in S. Singh and M. Prowse, ‘The Rise in Contract Farming is Likely to Exclude Smallholder Farmers Rather than Benefit Them’, *Food Chain*, 3, 3 (2013), pp. 131–6.

31 Those seeking examples of the use of data reduction techniques, such as principal components analysis and cluster analysis, for creating class and wealth groups are directed to: M. Prowse, ‘Class Differentiation and Agricultural Dynamics without Expenditure or Tears’, *Journal of Agrarian Change* seminar series, 24 October 2018, School of Oriental and African Studies, Faber Building, Room FG01, 23/24 Russell Square, archived at SOAS; T. Mahmud and M. Prowse, ‘Corruption in Cyclone Preparedness and Relief Efforts in Coastal Bangladesh: Lessons for Climate Adaptation?’, *Global Environmental Change*, 22, 4 (2012), pp. 933–43.

window onto household relations and non-cooperation. Spouses agreed that the firm should continue to contract wives to grow soya but through a separate unlinked contract. The article concludes by arguing that using data from both spouses offers a window on non-cooperation within households, with practical relevance for firms wishing to diversify the crops they are supporting via contract-farming initiatives.

The third issue is the degree to which producer associations can improve smallholders' bargaining with contracting firms. In theory, producer organisations should be able to rebalance power relations between firms and farms, improve conditions for credit and transport provision, and offer a forum for farmer dissatisfaction (on the quality of inputs, prices, timing and extension). A firm may also recognise social and environmental responsibilities to a greater extent when engaging with a producer organisation and not a scattered set of smallholders. In theory, producer organisations should be able to bring some benefits to firms, such as reduced transaction costs per farmer, group incentives for repaying loans and a reliable channel to maintain trust and good farmer–company relations. Two articles here speak directly to this issue.

Edward **Makoye**, Marianne **Larsen** and Joseph **Kuzilwa** discuss in detail the role of co-operatives and their ability to give tobacco producers bargaining power vis-à-vis tobacco merchants in Urambo, Tanzania. This is a contribution to a broader debate about leveraging producer associations and co-operatives as a means of redressing the otherwise skewed power relations between tobacco traders and small-scale farmers in southern Africa. Makoye *et al.* find co-operatives that tobacco companies saddle with a range of functions and responsibilities, such as disseminating good agricultural practices, monitoring reforestation, arbitrating conflict and allocating corporate social responsibility interventions. Co-operatives take on these functions and become *de facto* brokers in the relationship between farmers and buyers. As a result of these forms of corporate co-option, however, co-operatives end up losing political clout, and their ability to defend the interests of tobacco farmers is undermined.

In Zimbabwe, Sakata, Nyambara and Prowse (in this issue) highlight a lack of engagement with producer organisations and functional civic organisational platforms through which farmers can increase their capacity to negotiate. While tobacco growers' associations and farmers' unions are available, none of the farmers interviewed in Mashonaland East were members of these associations, suggesting a reluctance to become members of collective forms of association. Instead, farmers either directed grievances straight to TIMB, or negotiated individually and directly with companies and, in doing so, have lacked a meaningful form of countervailing power.

The contribution by Sakata, Nyambara and Prowse also focuses on the fourth theme that we wish to highlight – that of regulatory frameworks. When more than one firm is operating contract-farming schemes within the same district and they are competing for smallholders, a regulatory framework can consider separating three roles. The first is an independent third party to advise on contract design and pricing mechanisms and thereby help to co-ordinate and motivate participants. Second, an independent third party can support producer organisations and smallholders, especially in relation to ensuring the quality of inputs, produce, grading, scales and payment. The third role is an independent ombudsperson who can help to arbitrate and resolve conflicts in the case of disputes (before any legal avenues). The key point here is that the costs of formal legal proceedings are simply prohibitive for most smallholders and producer organisations; an independent ombudsperson can make dispute resolution much more accessible.

While the contributions to this issue individually and collectively highlight the key themes of class differentiation, intra-household dynamics, producer organisations and

regulatory frameworks, we need to look to wider literature to assess whether tobacco across the region may or may not contribute to structural transformation.

Can Tobacco Contribute to Structural Transformation?

In this special issue, transformation refers to relative declines in low-productivity agriculture and increases in the contribution of high-value agriculture, manufacturing and services, including the development of linkages between the agricultural sector and manufacturing and service sectors. Our understanding of transformation reflects an approach where investments in manufacturing and agriculture are seen as complementary, as higher agricultural productivity allows the continued transfer of labour to non-agricultural sectors, limits food price increases and stimulates the demand for goods.³² In addition, increases in agricultural productivity generate not only substantial backward and forward linkages but also consumption linkages, stimulating the non-farm rural economy and demand for high-value agricultural products.³³ The evidence base for agriculture acting as the driver of transformation in Africa is relatively thin and recent (and with a lower range of national agricultural growth multipliers on the continent compared to, for example, South Asia).³⁴

A recent contribution by David Booth on the political economy of Africa highlights how, within vibrant recent debates on industrial policy on the continent, one key driver of economic transformation, namely smallholder agricultural productivity gains, has not received the attention it deserves.³⁵ In this account, boosting productivity through improved technology, efficient distribution systems and the provision of credit and extension – which is precisely what the more advanced systems of contract farming of tobacco provide – will be sustained and lead to the necessary inter-sectoral dynamism for economic transformation only if the ‘fundamental incentive structures generated by prevailing social-property relations’ allow this.³⁶ In other words, it is Booth’s view that customary forms of land tenure do not provide the incentives to allow the qualitative changes in economic organisation for the systematic achievement of surplus through increased labour productivity. Booth has a broader view of incentives than solely transforming land tenure regimes and free labour and includes other incentives that would allow the extended reproduction of capital to take place,

32 A.W. Lewis, ‘Economic Development with Unlimited Supplies of Labour’, *Manchester School of Economic and Social Studies*, 22 (1954), pp. 139–91; B.F. Johnston and J.W. Mellor, ‘The Role of Agriculture in Economic Development’, *American Economic Review*, 51, 4 (1961), pp. 566–93. For an investigation into the relationship between smallholder tobacco production and maize productivity in Malawi, see Prowse and Grassin, *Tobacco, Transformation and Development Dilemmas*, Chapter 2.

33 B.F. Johnston and P. Kilby, *Agriculture and Structural Transformation: Economic Strategies in Late-Developing Countries* (London, Oxford University Press, 1975); A. de Janvry and E. Sadoulet, ‘World Poverty and the Role of Agricultural Technology: Direct and Indirect Effects’, *Journal of Development Studies*, 38, 4 (2002), pp. 1–26; J.W. Mellor, *Agricultural Development and Economic Transformation: Promoting Growth with Poverty Reduction* (Cham, Springer, 2017); S. Haggblade, P.B.R. Hazell and T. Reardon, *Transforming the Rural Nonfarm Economy – Opportunities and Threats in the Developing World* (Baltimore, The Johns Hopkins University Press, 2007). Haggblade *et al.* highlight how the three main objections to these agricultural linkage arguments are that backward and forward linkages can be in urban and not rural spheres, that investment linkages may also be in urban areas and that agriculture is only one of many forces acting on a non-farm rural economy.

34 C. Oya, ‘Agro-Pessimism, Capitalism and Agrarian Change: Trajectories and Contradictions in Sub-Saharan Africa’, in V. Padayachee (ed.), *The Political Economy of Africa* (Abingdon, Routledge, 2010), pp. 85–109; M. McMillan and D. Headey, ‘Introduction – Understanding Structural Transformation in Africa’, *World Development*, 63 (2014), pp. 1–10.

35 D. Booth, ‘What Next for the Political Economy of Development in Africa? Facing Up to the Challenge of Economic Transformation’, *Journal of Applied Business and Economics*, 23, 3 (2021), pp. 219–51.

36 *Ibid.*, p. 247. Booth is downbeat about the potential for contract farming to increase productivity and sustain it – he highlights the well-known issue of side selling. He also highlights the limited amount of published work on interactions between forms of contract farming and commercial capitalist agriculture, especially domestic agrarian capital in developing countries.

such as gaining access to state support, finance and a rental market for land. A pertinent question to ask at this juncture is whether the contract farming of tobacco in agricultural economies that are dominated by this crop could facilitate incentives to ensure the extended reproduction of capital via increased labour productivity.³⁷

At first glance, recent data based on Malawi's nationally representative Integrated Household Survey strongly suggest that this is not the case. Ayala Wineman *et al.* highlight how, as contract farming moved to become the dominant form of exchange for tobacco from the early 2000s to 2019, the share of smallholder growers producing tobacco has declined from 16 per cent to 5 per cent, corresponding to a decrease in the number of farms growing tobacco from 385,353 in 2004 to 177,893 in 2019.³⁸ At the same time, tobacco farms increased in size, on average, from 0.3 hectares to 0.35 hectares, with the greatest increase shown by the large farms at the top of the distribution (for example, at the 75th and 90th percentiles).

These trends are precisely what one would expect from a rapid expansion of contract farming. As highlighted above, contract farming increases the speed of agricultural commercialisation, engages the rural elite and integrates them more tightly into global markets. However, Wineman *et al.* highlight that, while a smaller number of larger farms are growing more tobacco, interestingly, yields have not increased meaningfully for any scale of smallholder tobacco producer (which includes contracted and non-contracted growers). Such limited improvements in land productivity suggest limited changes in labour productivity as well. In addition, farm-gate prices for smallholder tobacco have declined as a proportion of per-kilogram export prices from 32.1 per cent in 2003 to 18.4 per cent in 2019. Far from increasing agricultural productivity to stimulate demand for rural goods and services and facilitate the extended reproduction of capital, the trends in Malawian tobacco production during the past two decades suggest that the advances that contract farming has brought have not been able to lift the agricultural sector on to a trajectory of productivity growth and a dynamic non-farm rural economy.

Further Research Avenues for a Regional Approach to Understanding Tobacco Production and Marketing

Given the predominance of smallholder production in the region, outside South Africa, tobacco farming and especially contract farming constitutes one of the most striking examples of the terms on which smallholders in the region become integrated in global markets. Due to the importance of the industry in the region, five research avenues are key at the regional scale.

The first, as highlighted by Richard Tobin and Walter Knausenberger in this journal in 1998, is the environmental impact and possible continued deforestation linked to the intensification of tobacco production. Substantial land cover change occurs in areas of tobacco expansion both directly, as a result of land clearances to open fields for cultivation, and indirectly, through the loss of biomass associated with the demands of the post-harvest curing (due to the construction of barns and use of firewood for curing) and increased population pressure due to migration and labour mobilisation.³⁹

37 Oya, 'Contract Farming in Sub-Saharan Africa'.

38 A. Wineman, L. Chilora and T.S. Jayne, 'Trends in Tobacco Production and Prices in Malawi', *Nicotine and Tobacco Research*, 24, 2 (2022), pp. 227–32.

39 R.J. Tobin and W.I. Knausenberger, 'Dilemmas of Development: Burley Tobacco, the Environment and Economic Growth in Malawi', *Journal of Southern African Studies*, 24, 2 (1998), pp. 405–24; E.K.K. Jew, A.J. Dougill and S.M. Sallu, 'Tobacco Cultivation as a Driver of Land Use Change and Degradation in the Miombo Woodlands of South-West Tanzania', *Land Degradation and Development*, 28, 8 (2017), pp. 2636–45; M.M. Mangora, 'Ecological Impact of Tobacco Farming in Miombo Woodlands of Urambo District, Tanzania', *African Journal of Ecology*, 43, 4 (2005), pp. 385–91.

The second is to examine the extent to which smallholders can contribute to identifying possible ways to refine regulatory regimes and limit the risks that they face. In addition to the tripartite regulatory approach outlined above, further research could examine the degree to which innovative approaches to regulation, including jurisprudence and self-enforcing contracts, can limit the risks of production or having prices and conditions imposed unilaterally by buyers.⁴⁰ Ultimately, better scholarship could also support southern African countries in devising strategies for investments in other industries.

Third, further scholarship on value chain dynamics with the tobacco industry (at both national and regional level) could provide development actors with insights about how tobacco-leaf merchants are leveraging their expertise in contract farming to support the production and export of other agricultural commodities.⁴¹ The extent to which leaf merchants (who have considerable sunk costs and capital goods as well as particular expertise in contract farming) are participating in the diversification agenda in Malawi and across the region as a whole is currently unclear (see Prowse, this issue). The recent replacement of tobacco with other crops in the Manica province of Mozambique and in connected regions of Tanzania, where the conditions are ripe for the profitable production of more valuable crops, such as horticulture, suggests that this is a key avenue for further research. Furthermore, recent data from the 2021/22 agricultural season in Malawi suggest crop diversification increasing at pace.

Fourth, as access to riverine margins or wetland gardens is necessary to develop seedlings in time for transplantation upon the first rains, it is important to examine how tobacco creates demand for such wetlands and how this feeds into land commodification. Further topics might be the degree to which tobacco intersects with purchase and rental markets for land, customary practices of land allocation and inheritance, including pre-existing market dynamics, vernacular or statutory.

Fifth and finally, in the longer history of land and labour relations in the region, capital had been spatially constrained to the location of mines and estates, including irrigated plantations. Labour migration systems evolved to provide a mobile workforce to these and other points of accumulation. Further research could examine the degree to which the expansion of tobacco has contributed to the historical decoupling of investment and fixed-point resources in the region. Furthermore, unlike mining and (irrigated) estates, where productive capital dominates, tobacco production is largely controlled by merchant capital in the form of large transnational leaf merchants. The degree to which merchant capital is able to pivot away from its core business and be nimble enough to engage in production and marketing of wider export crops across the region could help to illuminate the diversification agenda across the region as a whole (at a time when prices of key food crops are increasing rapidly).

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40 See Prowse, *Contract Farming in Developing Countries*.

41 Prowse and Grassin, *Tobacco, Transformation and Development Dilemmas*.

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