Land Reform, Peasant Struggles and Trade Unions in Asia



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Papers from the IUF Asia & Pacific
Land and Freedom Bandung Conference 2001

Tanah dan Kemerdekaan

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Lupa at Kalayaan

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The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international trade union federation composed of 343 affiliated organisations representing a combined membership of over 12 million workers in 126 countries and a financial membership affiliated to the IUF of over 2.5 million. Members are employed in agriculture, the preparation and manufacture of food and beverages, hotels, restaurants and catering services, and all stages of tobacco processing.

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Contents

Introduction

Peasant Struggles, Land Reform and Trade Unions in Asia
Margarita Castro & Jasper Goss 5

IUF Activities on Issues of Agriculture and Labour in Asia and the Pacific
Ma Wei Pin 7

The IUF and the WTO
Sue Longley 9

Conference Papers

Land Reform and Peasant Movements in Indonesia: From Land Occupation to Land Reform Program
Erpan Faryadi 11

Philippine Agriculture In Crisis
Cenon Nolasco 17

Beneficiaries of Agrarian Reform and Small Farmers in the Banana Industry in The Philippines
Korando Apuzen 23

Cooperatives and the Cooperative Movement in Japan
Shinichiro Okada 29

Pakistan: Peasant Struggles, History and Status
Qamar ul Hassan 33

Agricultural Labour Unions in India and Their Understanding of Globalisation
Swapan Ganguly 39

SEWA's Activities with Agricultural Workers and Small/Marginal Farmers in India
Jyoti Mecwan 45

The Position of the Peasantry in Bangladesh
Nurul Anowar 47

Vietnam and the World Coffee Crisis: Local Coffee Riots in a Global Context
Gerard Greenfield 51

Sleepless Since Seattle: What is the WTO About?
Philip McMichael 59

Conference Conclusions 67

Participants 69

Notes on Contributors 72

Peasant Struggles, Land Reform and Trade Unions in Asia

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In December 2001 close to 50 participants met in Bandung, Indonesia for the first IUF Asia & Pacific Land and Freedom conference. Bringing together agricultural workers' unions, peasant organisations and non-governmental groups this conference was aimed at exploring and deepening links between those interested in pursuing and enacting progressive change within the agrarian arena.

Despite over a century of industrialisation in Asia, enormous segments of this regions' population remain dependent for their livelihood on agriculture. Moreover, with Latin America, Asia has been the most important site of peasant and rural political activism in the last century. Rural populations in China, Vietnam, Korea, the Philippines, India and Indonesia have profoundly shaped the political dynamics of their own countries and, in some cases, the world.

Yet, rural populations are not simply a homogenous mass. For example, there can be no easy alliance between farmers and agricultural workers, where farmers employ labour. While competition between large-scale corporate farming and small farmers attracts much attention, farmers in many cases straddle a broad spectrum of size and capacity. A small farmer with title to a hectare of land might still suffer from a lack of resources and marginality. In contrast, a farmer who rents highly productive land close to amenities and transport might care little for land title or the need to establish political alliances with progressive groups.

Such issues raise complex questions for trade unions seeking to strengthen their links. The IUF, the global trade union federation representing food, plantation and agricultural workers, has in the last decade come to confront these issues. Globally, the most under-organised and under-represented segment of the workforce are those within agriculture. Workers in the agrarian world are generally the least paid and least protected. Their access to social services is at best extremely limited. In many cases small and marginal farmers suffer from similar inequalities. These aspects, coupled with recent changes to the world economy, have driven unions to rethink their relationships with farmers.

Perhaps the most fundamental issue linking unions and small/marginal farmers is the increasing scope of the globalisation project as pursued by free market forces.

The inclusion of agriculture in the General Agreement on Tariffs and Trade in 1986 and the birth of the the World Trade Organisation in 1995 signaled a massive reorganistion of the world's food production systems.

A precursor to the current era of liberalisation was the incorporation of Africa, Asia and Latin America into the Euro-American world as colonies and dependent states in the 19th Century. Cereals such as rice, wheat and maize were exported from colonial states to supply the basic foodstuffs for an emerging proletariat in the industrial capitals. However, the movements for independence and national liberation broke these relations in the middle of the Twentieth Century and many countries turned inward to expand their own industrial bases.

The debt crisis of the 1980s and the rise of neoliberalism (that is, the economic philosophy where states act to inculcate free market relations at every level of society) greatly undermined the capacity of developing countries to support their populations with regard to employment,

social security and health care. IMF and World Bank restructuring programmes to pay off debts brought down trade barriers, mandated liberalisation and privatisation and increased the role of export agriculture through intensified commercialisation.

Divides between cities and the countryside were vastly exacerbated during the 1980s and 1990s. Those leaving the countryside were confronted with few satisfactory employment opportunities. Agricultural production increasingly became the domain of large enterprises, able to transfer goods and products across vast distances. Producers of agricultural goods were now made to compete not just against those within their own country, but often with farmers thousands of kilometres away.

The biotechnological revolution has reinforced inequalities of power and wealth. Rather than contribute to food security, biotechnology entrenches agrarian relations of inequality in terms of access to resources, making people less able to produce food for themselves.

Resources commonly held and equitably accessed by populations for millennia are now being patented for private profit. Transnational corporations compel farmers to buy genetically modified seeds, fertiliser, pesticides and other inputs. Biotechnology is capital intensive and displaces smaller producers. Genetically-modified seeds with 'terminator' technology destroy the ability of farmers to save seeds each season.

Yet, these changes have been meet with resistance. The slow-food movements in Europe, organic agriculture allied with social justice campaigns and the Zapatistas in Chiapas, Mexico, are just a few of the social movements emerging which raise fundamental questions about the legitimacy of the present world organisation of agriculture.

The right to access productive lands, obtain food security and food sovereignty are over-riding concerns for these movements. Despite promises from free trade bureaucrats and the mandarins at the World Bank, neither corporations nor the 'invisible hand' of the market have yet to deliver release from debt and injustice.

The struggle to secure comprehensive rights and equality for those in the agrarian world remains central. Building alliances, as always, is an important aspect to such a struggle. The need to secure land reform and access to adequate support services, to combat gender inequality and to produce alternative models of rural development is clear.

The papers in this collection do not present uniform solutions to the concerns raised above. Many of the papers take as their starting points local struggles and conditions. However, all the papers point to the need for fundamental justice for agrarian populations and all recognise the present structure of the agrarian world is inherently unsustainable and unjust. All acknowledge that technocratic solutions will neither mitigate nor reverse the inequalities currently built into world agriculture and promoted by the WTO. The struggle for land and freedom remains a struggle linked to mobilisation, organisation building, education and the redistribution of power.

We would like to acknowledge all the contributors to this volume for making their work available for reproduction. We wish to thank the interpreters at the conference (Alok Singh, Qamar ul Hassan, Junya Yimprasert, Asami Mori, Saut Manalu, Sony Karsono, Ari Purwawidgana) whose work made possible extended interactions and information sharing among participants. Finally, we would like to thank the IUF Indonesia Education Office in Bandung which hosted the meeting. Without the tireless efforts of Hemasari Dharmabhumi, Saut Manalu, Haldi Pinardita and Musliano, the meeting could not have been a success.

IUF Activities on Issues of Agriculture and Labour in Asia and the Pacific*

Ma Wei Pin
IUF Asia & Pacific

The International Union of Food, Agriculture, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is a global trade union federation. The IUF was founded in 1920; its headquarters are in Geneva. When the International Federation of Plantation, Agriculture and Allied Workers (IFPAAW) merged with the IUF in 1994, IUF became responsible for the agriculture sector.

Since the merger, IUF's work has been to establish and consolidate links in the agriculture sector. For the first time in IUF history, there was the possibility of linking workers along the length of the food chain from farms to processing, and then on to markets (supermarkets), restaurants and hotels. The possibility of unity along the length of the chain is stronger in some sub-sectors than in others.

Since the end of the Uruguay round in 1994 and the beginning of the World Trade Organisation in 1995 huge changes have occurred for workers and the need to strengthen ties across disparate sites has increased. Towards this end the Asia and Pacific secretariat of the IUF has organised a number activities.

In 1998 the global Land and Freedom meeting in Bangalore asserted trade union rights for all workers in the countryside. In the same year, we organised a meeting between agricultural workers and food-processing workers in India.

In 2000, we organised a joint conference with the Indonesian organisation Consortium on Agrarian Reform (KPA) on globalisation and agriculture: this allowed us to establish links, and helped lay the foundation for the Land and Freedom regional meeting in Bandung.

Starting in 1999 the IUF has worked with agricultural unions in India in their effort to campaign for legislation on rights for agricultural workers.

In Pakistan, we have established contact with the Tobacco Growers' Association. There, too, the Sindh Sugar Workers' Federation is an affiliate of the IUF, and we hope to bring agricultural sugar workers together.

In Bangladesh, we have developed contacts with the agricultural farm labourers' federation.

In the Philippines, we have supported PKSK in campaigns against Market-Assisted Land Reform and the Mindanao-based Farm-COOP representing small-scale banana growers.

In 2001 a new affiliate in Thailand, representing dairy-processing workers, joined IUF. These dairy workers are employed at a state enterprise and are facing privatisation. One strategy discussed in response has been the possibility of linking up with dairy farmers. Another Thai affiliate, a tobacco state-enterprise workers' union, is confronted with a similar situation.

We have made initial contacts with coffee growers in East Timor.

What are our intentions? A determination to address the problems of more than 75 percent of workers in Asia and the Pacific.

If food-processing workers can build an organisation that lasts 100 years, why can't agriculture workers, whether waged or not, do the same? We are going about it slowly; it has never been done before. We do have the experience of the IUF, though.

What are some of our problems in establishing links? Vast geographic

* This is an edited version of a speech delivered at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001.

distances, fierce resistance from big farmers and landlords, resistance from repressive states, a lack of information, mistrust of organisations, competing political interests, yellow organisations designed to stop genuine organisation, exploitation by agribusiness, and the emergence of a new economic order that will cause more repression (concentration of distribution and owners), in turn leading to poverty and destitution.

These are the problems we have to confront. If it works, we will establish links that will allow practical solidarity to flow, and help to contain exploitation and enable people to develop and prosper.

I wish to say one more thing. We are fully aware that we cannot be ignorant about farmers. Many farmers oppose the minimum wage, and are anti-union, against union rights, and conservative. We put the emphasis on finding farmers who are conscious of their own exploitation and need allies. Our priority is to strengthen links with our affiliates and build from there.

The IUF and the WTO*

Sue Longley
IUF Secretariat

It is necessary that we avoid a position which sees the World Bank and the WTO as the sources of all the problems that we face. Governments and companies also play a part. However, the WTO is an important setting where a number of forces come together. The 'banana wars' in 2001 between the European Union and the United States had a huge impact on small farmers. It will probably result in the end of banana production in the Caribbean.

IUF's strategy on the WTO has been to concentrate on those aspects which impact on our membership. Specifically, this has related to:

- the Agreement on Agriculture;
- the agreement on Trade Related Intellectual Property Rights [TRIPS] (especially in regard to seeds and patents);
- Sanitary/Phytosanitary aspects of trade [Codex Alimentarius];
- the General Agreement on Trade in Services [GATS] (especially in regard to trade and environment).

IUF strategy includes making unions aware of what their governments are doing. A number of countries have sought to have staple foods removed from liberalisation. IUF has argued that there should be specific means to secure staple food production via a Development Box (that is, a set of guidelines which are development related and would mean that trade liberalisation rules would not apply to activities designed to enhance development). This would allow countries to improve local production capacities.

We have looked at what information is needed, and what capacity building and mobilising are needed. We need to mobilise our affiliates at national level to struggle against their governments. We have had some 'dialogue' with officials and negotiators from the WTO.

IUF Action on WTO

We have tried to set up an information flow to our affiliates, and establish an electronic network on e-mail that circulates information, especially on agriculture. We also ran a post-card and leaflet campaign that called for respect of core labour standards, and support for good, safe food. The response was very mixed. The best response came from the Japanese union Noh-Dan-Roh.

In 2000 and 2001 IUF began building a training manual for education on the WTO. This is designed to overcome the often overwhelming feeling associated with WTO.

The global Land and Freedom meeting in Bangalore in 1998 identified the WTO as a priority area. Since then the IUF has coordinated a number of workshops in Central America, Romania and the Caribbean. In 2001 research on agricultural workers in India was begun.

Work on the WTO presents us with some dilemmas. What model of agriculture do we want: plantation, export-oriented, or food processing?

Where should we go on the WTO? Agriculture out of the WTO? Reform of the WTO? What does sustainable agriculture actually mean?

IUF represents many millions of plantation workers involved in the global economy, and workers in controversial sectors such as cut flowers for export in East Africa. Workers in food processing in Nestlé and Philip Morris in the US and the EU are also members, but what can we do to build links between the various elements

* This is an edited version of a speech delivered at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001.

of the food chain? We also need to deal with the position of the CAIRNS Group, which argues for even more liberalisation.

Do we need more trade or not? What is the role of agriculture as far as employment is concerned, and in terms of preserving the environment and the landscape?

Food safety: is this a new form of protectionism? What of genetic residue levels and food quality? Establishing food sovereignty: grow local and eat local, but this can become protection against imports. Does food security simply mean food for one's own population is ensured? For consumers, what in practical terms does access to cheap, safe, good and delicious food entail?

However we answer these questions the current IUF position is to change the WTO to ensure a food system that is good, safe and equiable.

Land Reform and Peasant Movements in Indonesia: From Land Occupation to Land Reform Program*

Erpan Faryadi
Consortium for Agrarian Reform (KPA)

Introduction

Indonesia is an agrarian-based country. Unfortunately, the government's policies are never oriented to improve the position of the peasants, not even putting peasants as the main agents of the country's economy. The agricultural sector is only a supporting part of industrialisation which is implemented in a centralistic way and based on conglomeration and foreign debt. The agricultural sector and other activities based on natural resources are not utilised for the improvement of capitals at local and domestic levels, but only extracted for the good of industries. As a result, industries established in Indonesia lack strong domestic roots.

In this situation, conflicts and disputes in the agrarian field are one side of the coin of the agrarian problems in Indonesia. The other side of the coin is the inequality of control over agrarian resources. A brief description of this inequality follows:

- There are 470 companies controlling approximately 56.3 million hectares of forest as forest concession; each companies has an average forest concession of 120,000 hectares.
- There are 561 companies controlling on average about 150 hectares of mining concessions.
- There are 1,932 companies controlling over 2.4 million hectares for large-scale plantations, with an average of 1,284.5 hectares each.

Beside those mentioned above, there are many other companies that are given concessions for the development of new cities, settlements, industrial estates, golf courses, etc. For instance, there are 10 conglomerates controlling over 65,500 hectares planned for exclusive settlement.

On the other hand, small peasants control an average of 0.74 hectares of land each. However, because of the unbalanced control structure, 43% of peasant families (11 million) either have less than 0.1 hectare of land or are landless. 27% of peasant families (7.6 million) cultivate lands of between 0.1 and 0.49 hectares. Another 14 percent of families (4.1 million) cultivate between 0.5 and 0.99 hectares. That is, 84 percent of peasant families (18.7 million) have less than one hectare of land. Whereas, the remaining 16 percent, with holdings greater than one hectare, constitute 69 percent of total area occupied (Indonesian Census of Agriculture, 1993).

According to research by KPA, during the last 30 years (that is, from the beginning of the New Order Regime in 1967 until 2001), there have been more than 1,700 agrarian conflicts in Indonesia. During all these conflicts, thousands lost their lands, houses, livelihood and were victims of assault, loss of rights and murder.

The theme of agrarian reform itself is not a popular development theme today, since the government of the New Order regime under General Soeharto has continued into the present government under Megawati Soekarnoputri. Many parts of the society, especially the political elites and most of

* This paper was originally presented at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001. The paper does not necessarily reflect the views of the IUF.

the governmental institutions, still think that agrarian and land reforms are unrealistic for Indonesia.

Historical Overview

Between 1962 to1966 Indonesia experienced the implementation of land reforms under Soekarno (the first Indonesian President) that were comprehensive. However, the program stopped as the political conflicts among national elites emerged and spread to the rural community, reaching its peak in the massacre of hundreds of thousands to millions of peasants in 1965-1966. During that time, utilising anti-communism, the slaughter of peasants and supporters of land reform was systematically undertaken by military forces and a number of paramilitary organisations. Peasants and land reform movements were caught in a long political vacuum thereafter. Rural peasants experienced a lasting political trauma and economic exploitation until the fall of Soeharto.

In Indonesia, the Indonesian Peasant Front (BTI), allied with the Communist Party (PKI), made considerable progress during the 1950s in mobilising peasants and landless rural workers.[1] The Peasant Front demanded tenancy reforms, better wages and working conditions and land redistribution. Its broad support among the peasantry eventually led to President Soekarno's announcement in 1959 that land reform legislation was being prepared. In Java and Madura alone, there were some 8 million farms, half of them less than 0.5 hectares each. Land tenure arrangements were extremely complex. Also, there were some 3 million landless workers. The legislation provided for tenancy reform and increased the proportion of produce sharecroppers could retain from one-third to one-half. It also required the expropriation and redistribution of land in holdings bigger than five irrigated hectares. This relatively mild reform was carried out with the active participation of the Peasant Front. The BTI vigorously defended tenants who were being evicted by landlords to avoid having to cede them land. It also mobilised peasants to claim their new legal rights. This made the process highly conflictive. The land reform, and fear of an eventual radicalisation of the process under communist leadership, was a principal factor leading to the 1965 military coup and the massacre of several hundred thousand PKI and BTI cadres.

About 300,000 hectares had been redistributed by 1965 affecting 600,000 peasants in Java and other densely populated central islands. This amounted to less than 10 percent of either the land or the rural population and land reform became practically a dead issue under military rule after 1965.

Nevertheless, a number of peoples organisation activities, especially in the villages, were started again when many student movements in the mid-1980s decided to cooperate with the people at grassroot levels. Since then, protests of peasants reappeared and began to significantly influence the constellation of social movements in Indonesia. At first, the protests were started as defensive acts against eviction from lands and against loss of lands because of investment activities. Afterwards, entering the 1990s, the basis of the peasants' movement shifted from defensive acts to a movement of realising agrarian reform in Indonesia. According to a number of analyses by some exponents of these movements, we can conclude that agrarian reform in Indonesia is the restructuring of control over agrarian resources (including land) and the rearrangement of rural production activities to be more oriented to the importance of the people itself, which are the majority of Indonesia population.

There are four main agendas that should be implemented in the context of realising agrarian reform, as follows:

(1) solving all agrarian conflicts and disputes;

(2) implementing land reform;
(3) rearrangement of rural production by giving the priority for peasants to have sufficient access to improve their productivity; and
(4) changes to a number of related public policies (bylaws, government regulations, decrees, etc) concerning the control and management of agrarian and natural resources.

The New Order Legacy: Agrarian Conflicts and Inequality of Land Ownership[2]

In the past two decades, the phenomenon of agribusiness and agroindustry has increasingly permeated the economic system or the people's organisation of production. The current choice of model, strategy and development policy induces and favours multinational corporations. Under the agrarian context, the situation has made the "land" problem connect rural development to the international economy. Therefore, in the past two decades there has been many agrarian regulations made to serve the interest of the international economy. This worsened after Indonesia signed the GATT/WTO and entered APEC, signalling increased integration into the free market world. Agrarian regulations are made not with the intention to strengthen the control and utilisation of people rights upon land. In other words, free trade agreements will make poor people lose more control over agrarian resources.

For various reasons, land tenure problems in Indonesia have increased dynamically and explosively over recent years. The diverse interests of forest concessions, industrial forest plantations, commercial agricultural plantations, mining concessions, settlement programmes and the local population overlap in many rural areas. Thus it is that conflicts in these places occur repeatedly since land or resource claims are always announced by different interest groups. Shifting cultivators lay claim to rights to areas which have been assigned to commercial timber concessionaires for a long-time period by the Ministry of Forestry (MoFr). Further conflicts arise out of claims from shifting cultivators to areas which are earmarked by the Ministry of Transmigration and Forest Squatter Resettlement as transmigration areas. Conflicts are also generated by the increased earmarking of National Parks and the simultaneous limiting of resource rights of the local people.

The Indonesian Government and the "new comers" (individuals from different ethnic origins, and agri-businessmen with commercial agricultural and forest plantations) view fallow land within the confines of shifting cultivation often as "vacant" or "unused" land. Thus it passes automatically to the State according to Indonesian law. The State can then award the land to commercial farmers and business people for agricultural and forest plantations. Immigrants have also tried to use this "vacant" land. On the other hand, these areas are used by the local communities, either temporarily or permanently, for gathering forest products or as reserve land, and thus regarded as "their" land. The Adat communities (indigenous people) believe that they have ownership rights to these resources since they have received these rights from the traditional functionaries. Therefore they see no reason why they should have to have these rights recognised as "their" ownership rights again in a lengthy and complicated procedure.

A number of cases have occurred where the government has taken over land, expelling peasants in the process, for what are termed 'development projects' - either government or private sector. Land has been acquired in this way for large factories, irrigation and hydro-electric reservoirs, luxury housing development and hotels and other tourist facilities. The government commitment to economic growth entails the construction of infrastructure and supporting facilities for

government, industry and the tourism services. The government does not hesitate to take direct action to remove any obstacles obstructing the course of pure 'development'. In pursuing development, the behaviour of the bureaucracy which is centralised, authoritarian and corrupt influences the awarding of compensation for land.

Agrarian conflict in Indonesia has been built to such an extent because the law gives the State the mandate to exercise authority over agrarian resources, and denies the rights of communities (including communities governed by traditional law). Hak Menguasai Negara (HMN), or states' right to control all agrarian resources, allows the state to realise its monopoly over the deregulation of agrarian resources. In practice, this right is used as the politico-legal basis for the denial of community rights, and the acquisition of community agrarian resources, including those of indigenous people.

Agrarian conflict has also been rife since there have been no fundamental changes to the social, cultural, economic and political legacy of colonialism or the setting aside of the strengthening and increasing sophistication of that colonial heritage. Other factors which have contributed to land problems are rapidly increasing population densities, limited employment opportunities and an unequal pattern of land control and ownership which is part and parcel of social stratification. Thus, agrarian conflict in Indonesia can be taken as a basic characteristic of the structural change of society during the New Order. These structural changes can only be properly understood, when placed in the context of the social formation of the New Order Government under Suharto.

Contemporary Discourse on Land Reform

The present complex of land laws are not effective or equitable and are in need of major repair. Reform, however, will be slow and impaired by institutional constraints. There are indications that land law may be revised by the current government, however, it is likely that any revisions will be largely superficial and that they will not address comprehensively the features that give rise to conflict. It is likely that the political will to engage in major land law reform can only be generated when a new government takes office - a new government that can truly dismantle the structures of dictatorship, dealing with the legacy of Suharto, corruption, and the role of the military.

It is essential that this will be developed. Unless land issues are addressed in an equitable manner that both permits economic activity while improving the protection of traditional groups' and individual land-holders' land rights, Indonesia's economic recovery will be impaired.

Increasingly, indigenous people and peasant groups, individuals, and non-governmental organisations (NGOs) are developing their efforts in organising activities and changing policies regarding the land and other natural resources. In recent developments, Consortium for Agrarian Reform (KPA), with support from peasant and indigenous groups and other NGOs and academics, succeeded in changing agrarian policy via the Peoples' Consultative Assembly (MPR) Decree on Agrarian Reform and Natural Resources Management (MPR Decree on Agrarian Reform) enacted by the Annual Meeting of MPR[3] in November, 2001.

With the issuing of MPR Decree on Agrarian Reform and Natural Resources Management [No.IX/MPR/2001], enacted on November 9, 2001, the peasant movement and the agrarian struggle gained new momentum and spirit in their struggle for land reform in contemporary Indonesia.

It is important to emphasise the consideration of this decree as the political commitment of the MPR. In its consideration, the Agrarian Reform Decree states, "the prevailing agrarian/natural

esources management has created nvironmental degradation, inequality of and tenure and ownership and agrarian onflicts." By stating this, the Decree then nstructs the House of Representatives DPR/Parliament) and the President of the ndonesian Republic, "to immediately withdraw, amend and or to change any aws and related regulations that are not in ccordance with this Decree" (Article 6). The MPR Decree on Agrarian Reform also mandates to the Government of Indonesia to implement land reform, to solve agrarian conflicts, and to seriously provide unding for agrarian reform programs and he resolution of agrarian conflicts" (Article 5).

In conclusion, the MPR Decree on Agrarian Reform will give a new space for agrarian advocates and peasant movements n Indonesia. The people of Indonesia now have the legal rights to urge the government and its apparatuses to conduct their obligations, that is, to implement the land reform program and solve agrarian conflicts.

International institutions and solidarity must also take into account this new phase of peasant movement and agrarian struggle in Indonesia. International organisations can also urge the Government of Indonesia to carry on its new duty to implement land reform and provide the fund for agrarian reform program and agrarian conflict resolution. International solidarity for land reform struggle must give their support to ndonesian people in this new type of movement.

Only by combining all of these actions can the land reform and peasant movement in Indonesia have a bright future. In this context, the land occupations that occurred in Indonesia recently, should be legalised and guaranteed by the Government of Indonesia, in light of resolving the agrarian conflicts as mandated in the MPR Decree on Agrarian Reform and Natural Resources Management No. IX/MPR/2001.

This will be the first key step in land reform implementation in contemporary Indonesia. This also will be the battle ground for peasant movements and agrarian reform advocates in Indonesia to see whether the MPR Decree on Agrarian Reform can lead in the right way or not.

Endnotes

1. See Solon L Barraclough, *An End to Hunger? The Social Origins of Food Strategies* London: 1991, pp120-121.

2. See Erpan Faryadi, "Agrarian Reform in Indonesia After Suharto" a paper presented at The International Conference on Agrarian Reform and Rural Development (ICARRD), organised by the Department of Agrarian Reform, The Philippines and the Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC), in Manila, 5-8 December 2000.

3. MPR or The People's Consultative Assembly is the highest legislative body in Indonesia composed of House of Representatives/DPR members and other functional groups. MPR has the tasks to amend or change the Constitution of Indonesia; to elect and also to dissolve the President of Indonesia - the chief of the Indonesian government; to issue MPR decrees; to issue the grand strategies of Indonesian development; and other macro political tasks. DPR together with the President of Indonesia have the obligations to implement the MPR decrees, including providing or making new related laws, providing funds and set up mechanisms and institutions. The position of MPR decrees is under the Constitution of Indonesia.

Philippine Agriculture In Crisis*

Cenon Nolasco
National Union of Independent Rural-Based Organisations (PKSK)

Introduction

The sorry state of the Philippine economy is perhaps best reflected in the distressing decline that its agriculture sector has experienced in the last 20 to 30 years.[1] From a status of being one of the region's "best performers" in the 1960s and 1970s, the Philippines has fallen in the 1980s and 1990s to become one of Southeast Asia's worst performing economies in terms of agriculture. In the last 20 years, the average annual growth of agriculture was a measly 1.5 percent - far below the annual average of 5.8 percent in the 1970s. The contribution of agriculture to Gross Domestic Product (GDP) has been decreasing over time - from 28.2 percent in 1970 to 19.9 percent in the year 2000. These figures are not however indicative of the any shift of the Philippines to an industrialising status since the GDP share of industry also fell from 40.5 percent in 1980 to 34.4 percent in 2000. What has been increasing is the service sector's contribution to the GDP - from 38.1 percent in 1970 to 45.7 percent in 2000. This indicates that the production base of the country is becoming very narrow and, as more and more people shift to the services sector, the crisis in production, especially in agriculture, is steadily becoming more apparent and more unmanageable.

The Current Crisis: Numbers Tell the Tale

The Philippine agriculture sector today is in a crisis of production, importation and distribution of agricultural commodities. It has suffered, and is suffering, from government neglect, from a competition with cheap imports and from unhampered land crop conversion. Productivity has generally stagnated, competitive advantage has been lost and the growth of agricultural output has failed to even keep pace with the country's population growth. While the Philippines' population grows annually by as much as 2.4 percent, annual agriculture growth is one of the lowest in Asia - registering an average of 0.23 percent from 1994 to 1998. Between 1990-1994 and 1995-1999, agricultural crops production per capita of rice fell by 2.2 percent, of corn by 17.3 percent, and of fish by 14.5 percent. This poor performance level simply means that the country is producing more people than food, and that what the country fails to produce is being filled by agricultural imports.

More than 90 percent of the country's total agricultural lands are planted to rice, corn, sugar, coconut, tobacco, pineapple and banana. Currently however, these same major crop are also the worst performers in terms of production. Corn production was on the decline in the 1990s due to reductions in crop area planted to white corn. While growth in rice production is positive, it was less than 1 percent annually and still does not match increasing local needs. Tobacco, pineapple and other crops are also on the decline both in terms of quality and quantity. On average, growth rates of crops, fishery and forestry all decelerated over time. All these facts illustrate the problem of sustainability of Philippine agriculture and can be traced to widespread resource depletion and the inefficient utilisation of scarce resources.

The state of Philippine agriculture is even more dismal when compared to its Southeast Asian neighbors. In terms of crop production, the Philippines registered

* This paper was originally presented at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001. The paper does not necessarily reflect the views of the IUF.

the lowest growth rate in the region, growing by a mere 21.7 percent from 1979 to 1981, and the period between 1998 and 2000.

The country's agricultural productivity - measured by the ratio of agricultural gross value added (the difference between the value of goods and the cost of materials or supplies used to produce them) to the number of workers in agriculture - even declined for the same period, while the general trend in other Asian countries was increasing.

Astounding Increase in Imports and Agriculture Trade Deficits

The Philippines became a net agricultural importer in 1994. In 1995-1999, the increase in the country's major food imports from 1990-1994 levels was astounding.

Between the two five-year periods, rice imports grew by 320 percent, poultry by 80 percent, beef by 230 percent, pork by 120 percent and fish by 45 percent. It is not surprising therefore that in 1994, the country's agri-based trade deficit reached US$42.24 million.

In 1995 (the first year of Uruguay Round-GATT implementation) there was an almost four-fold increase - reaching US$149.59 million. In 1996, it ballooned to US$789.21 million. In 1997, it totaled US$764.23. In 1998, it slightly tapered off to US$669.189 million. By 1999, the agriculture trade deficit swelled to US$1.1 billion.

The figures clearly show that the country has become a major agricultural importer over time and its prospects of becoming self-sufficient in, if not a net exporter of, agricultural products are becoming bleaker. The Philippines is now importing almost everything - from rice, corn, sugar, beef, pork and poultry to fruits and fishery products. Its food security is now completely dependent on foreign producers and the availability of importable agricultural products, particularly cereals.

Factors that led to the Rapid Growth of Agricultural Imports

The rapid growth of agricultural imports can be attributed to several factors. First, the Philippines failed to develop its comparative advantage in the production of food and agricultural inputs. Second, the Philippines suffered a declining capacity and capability in the domestic production of food staples (eg sugar, rice, etc) that has led to "lower self-sufficiency ratios." Third, the country's failure to launch a comprehensive and integrated agricultural modernisation program hampered the sector's rapid growth and development. Meantime, the drive for commercialisation induced greater reliance on mostly imported manufacturing inputs such as fertilisers, agricultural chemicals, farm and agro-processing machinery and fed ingredients and veterinary medicines. Lastly, trade liberalisation increased imports of agricultural commodities and inputs that were costly like fruits, livestock and cattle.

The Role of Economic Elites and Trade Monopolies

An aggravating factor to the misfortune of Philippine agriculture is the existence of an elite group of agricultural traders who are detached from the actual producers but are in control of the sector and have been manipulating the agricultural marketing channels. These traders - a product of decades of crony capitalism and economic favouritism - are able to forge partnerships with the few agribusiness corporations that resulted in a highly "interlinked market system" in Philippine agriculture wherein the economically powerful has greatly weakened, if not rendered useless, the already weak economic power of the small farmers.

These economic "elites" or "oligarchs" (mostly of Spanish and Chinese descent) became wealthy by accumulating land and venturing into finance and commerce. The

concentration of wealth in the hands of perhaps a little less than 500 families has allowed them to dominate politics and government and has resulted in their influence to the crafting of policies that greatly benefit them. In recent years, a series of investigations confirmed the existence of cartels controlling the supply, and therefore the price, of vital agricultural commodities - rice, corn, sugar and copra.

The highly unequal power relations between and among the agriculture stakeholders are likewise exacerbated by the unequal and highly biased distribution of production assets - like land and capital - as well as the prejudicial system of financial resources distribution by both private and governmental financial institutions. The bias against the small farmers renders them powerless to dictate the pace, direction and flow of agricultural investments and the eventual distribution of rural income. In 1997, about 71 percent of small farmers in the Philippines were still reliant on informal credit/lending facilities or agencies that charge relatively exorbitant interest rates. It is not surprising then that the traditional crop sub-sector - the turf of millions of small farmers - remains underdeveloped and is now, in fact, already on the brink of collapse. It is also not surprising that the majority of the country's poor can be found in the rural areas.

Worsening Rural Poverty

When compared to the 17.9 percent urban poverty rate, the 44.4 percent rural poverty incidence reported in 1997 (from a high of 64 percent in 1961) is still relatively high. The slow rate of decline of rural poverty levels (only 0.54 percent per year) can be attributed to the deepening crisis in agriculture. The flow of income becomes highly distorted in favour of those who own and control vital agricultural production resources.

The bulk of the poor are primarily dependent on agriculture for their income, and a lot of them remain landless. There are around 4.6 million farms operating in the Philippines, of which 4 million are categorised as small (i.e., below five hectares). Based on the Census of Agriculture in 1991, only 43.4 percent of the total farms are fully owned. This means that more than 55 percent of the farm producers still do not have property rights. This is equivalent to 5.1 million hectares of agricultural lands (out of a total of 10 million) which are still of low productivity (i.e., due to low farm improvements, low investments in capital and low productivity-enhancing expenditures).

Meanwhile, employment rate in the sector continues to decline. The labour force participation rate in agriculture decreased from 43.4 percent in 1995 to 40.1 percent in 1999. The real wage in agriculture is hardly increasing. This translates into a relatively weak demand for local agricultural and industrial/ manufacturing commodities. It must be noted that the decline in labor participation in agriculture does not signify modernisation or industrialisation. In fact, even the labour structure in industry did not change radically over time.

Factors Leading to the Current Crisis

Overall, the Philippines has failed to strengthen or develop its own domestic market for agricultural commodities. The basic problems of what to produce, how to produce and for whom to produce have yet to be effectively addressed. Strong economic linkages between and among stakeholders and major economic players were not actively promoted. Government measures to redistribute and broaden the economic power base in the agriculture sector have been, consciously or not, put in the backseat. The decline and the impending fall of the Philippine agriculture sector stem from several factors.

The introduction of the structural adjustment programs (SAPs), the core conditionality of the International Monetary Fund (IMF) and the World Bank (WB) in

exchange for structural adjustment loans, required governments to cut expenditure and raise revenues. Aside from hitting the poor more than the rich, the SAPs adversely affected the Philippine rice and corn industries, especially the operations of the National Food Authority (NFA). Among the most obvious cases are the campaigns to use high-yielding rice varieties, funded by the World Bank, that has the reverse effect of lowering, instead of increasing, rural incomes because of the high cost of chemical inputs that these seeds require.

These SAPs also entailed a frenzy of liberalisation, deregulation and privatisation. The effect of these policies in agriculture resulted in the further economic dislocation of small farmers. Privatisation and deregulation meant reduced government spending in the support-starved agriculture sector. This resulted in lesser subsidies for small farmers and decreased budgetary allocations for productive public sector investments, agrarian reform, research and development, credit delivery and provision of agricultural support services. Liberalisation resulted in the steady inflow of cheaper agricultural imports that directly threatened the economic viability and security of small farmers. Many small farmers, finding no incentive in the farming business, found themselves pawning or selling their land while others opted to become mere "growers" for big agribusiness corporations.

The shift in the nature of public investments - from productivity support to limited price subsidies and land compensation - also deeply affected agriculture. Compared to the 1970s when irrigation and rural infrastructure were prioritised, much of the investments in the '80s and '90s went to price support through the NFA and land acquisition payments under the Comprehensive Agrarian Reform Program (CARP). There has been, for example, a marked decline in government spending on irrigation. In fact, it is disheartening to note that the Marcos government was the last to undertake the development of new pump systems, most of which are currently abandoned or inoperable. The same decline is manifest in investments in farm-to-market roads and ports that are vital to the overall competitiveness of the sector.

Productivity-enhancing expenditures have also proven to be inadequate and ineffective. Aside from the fact that most of the services did not prove to be useful to the recipient farmers, additional investments have also been hampered by the difficulty in accessing credit. At present, only 5 percent of the loan portfolio of banks goes to agriculture.

Overall, government expenditure that flowed into agriculture has been very low when measured against the sector's contribution to the economy. For instance, in 1995, agriculture contributed about 21.5 percent to the total gross value added while the budget allocation for agriculture was only 12.8 billion pesos, or 3.4 percent of the total government spending.

With the advent of global trade liberalisation, the twin pillars of the Philippine economy - agriculture and industry - are seriously threatened by the onslaught of cheaper or even better foreign goods. As an open trading regime is ushered in, without any adequate support for the development of the local agricultural sector, new risks and uncertainties beset every stakeholder of the Philippine economy - not only the small farmers but also big and medium crop producers, businesses, industries and services. As competition is opened to all, especially to foreign players, industries and the agriculture sector share the risk of being devastated and, eventually, wiped out.

Lastly, market-constraining factors, brought about by weak agricultural governance, also contribute to the current crisis in the Philippines. Monopoly elements and regulatory restraints that induce monopolistic situations in agricultural production, combined with declining productivity and inadequate

public investment, suppress agricultural growth and farmers' incomes and hinder the attainment of sustainable food security.

Unless managed effectively and addressed in time, these factors will continue to weigh down on the backs of poor small farmers, and, in time, may give the Philippine agriculture sector its mortal blow.

Endnotes

1. Input and data from the Philippine Peasant Institute (PPI) Farm News and Views: December 2001

Beneficiaries of Agrarian Reform and Small Farmers in the Banana Industry in The Philippines*

Korando Apuzen
Foundation for Agrarian Reform Cooperatives in Mindanao (FARM-COOP)

In June 1988, after a century of struggle by landless peasants and farm workers for genuine agrarian reform, the Philippine Government passed the Comprehensive Agrarian Reform Law (CARL), mandating the distribution of lands owned by or leased to domestic and multinational corporations to their farm workers through their cooperatives. Its objective is to liberate landless farm workers and peasants from poverty and uplift their quality of life.

The passage of CARL envisioned cooperatives as the farm workers' basic organisation, signalling the demise of trade unionism in commercial plantations.

This grim prospect prompted the National Federation of Labour (NFL) in its 1991 National Convention to launch a program around the theme: "Unionism Beyond Collective Bargaining". Among others, this programme sought to pursue the solidarity and struggle of farm workers for economic justice outside the confines of trade unionism and collective bargaining. Under the Government's Comprehensive Agrarian Reform Program (CARP), the struggle in commercial farms shifted from collective bargaining for job security, better wages and benefits to struggle for land and freedom through cooperatism.

In 1994, the seven heads of unions in the commercial banana farms controlled and operated by multinationals decided to form a non-government organisation (NGO), to provide core services in their quest to implement agrarian reform in their respective farms.

This led to the birth of FARM-COOP in March 1995, whose eleven-member governing body is dominated by heads of the member-cooperatives.[1]

Agrarian reform was met with mixed perceptions by the multinationals and corporate landlords. Fearing the loss of their lands to their farm workers, some corporate landowners and multinational lessees deferred coverage of the law.

On the other hand, Dole and its subsidiary corporate growers voluntarily embraced agrarian reform. Dole saw in agrarian reform an opportunity to cleanly put an end to unionism in its farms. In 1994, as Dole was actively assisting the agrarian reform association of its farm workers to acquire the 1,005 hectares of land it leased from the landowner, it was at the same time waging a legal manoeuvre to retrench the unionised workers in all the farms of the small banana contract growers. With these twin moves, Dole was looking forward to a union-free workforce in the years ahead. Its managers were telling everyone that the days of militant NFL people in their controlled farms were numbered.

Thus, Dole's leased farm of 1,005 hectares was the first commercial farm to be placed by the government under agrarian reform for distribution to its more than 800 regular farm workers. This was followed by its two subsidiary companies - Checkered Farms, Inc. (CFI) and Diamond Farms, Inc. (DFI), which sold their lands (220 and 689 hectares, respectively), to the government under the voluntary offer to sell scheme. These banana farms were distributed to the farm workers in exchange

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for one-sided contracts which the farmer-beneficiaries were forced to adhere due to threats (not paying their separation pay and disallowing the use of the farm infrastructure), lack of knowledge of the economics of banana production, the market, and the intricacies of the banana business. Unfortunately, FARM-COOP was thus helpless to cope with the situation for lack of an alternative arrangement.

Such one-sided contracts virtually made Dole and its subsidiaries the beneficiaries of agrarian reform.

Dole's contract, notoriously known as a memorandum of understanding (MOU) with the cooperative of its former farm workers (now turned farmer-beneficiaries) provided for a 4-year transitory period during which Dole would continue to operate and manage the farm while transferring technology to the cooperative, using the farmer-beneficiaries and the contract workers hired by its labour-only contractors, as its workforce. The MOU also provided that the daily wages of the farmer-beneficiaries would be reduced from the average rate of 160 pesos a day to the minimum wage of 92 pesos after payment of separation pay. They would also lose their hard-earned CBA benefits, which were then the highest in the industry.

But what's more disturbing in the MOU was the provision tying the farmers to a growers' contract, a sort of joint venture agreement, whereby the cooperative provided land and labour, while Dole provided capital, technology, management and marketing. Under this arrangement, Dole would subsidise the cost of production and pay a subsidised price of 22.50 pesos per box of bananas. This is disturbing because this is the same growers' contract which doomed small banana farmers to poverty and perpetual indebtedness.

The harsh economic consequences of this onerous MOU spawned strikes and rebellion in the farm and division of the farmer-beneficiaries into an anti-MOU majority and a pro-Dole-pro-MOU minority, giving rise to the partition of the land into three areas and creation of three cooperatives.

Dole's subsidiaries never had it so good. Under the one-sided growers' contracts, the cooperatives carried out the farm operations subject to the control of the subsidiaries, while they "subsidised" the cost of operations and paid a subsidised price of 22.50 pesos per box of bananas. This disadvantageous arrangement placed the cooperatives at their mercy. The cooperatives were losing heavily - 11 to 12 pesos per box of bananas, while they were amassing huge profits. As things turned out, the cooperatives were subsidising Dole, not the other way around.

Thus, life for the farmer-beneficiaries was worse-off as landowners than before as unionised employees. The farmer-beneficiaries had not only lost their unions, but they also lost their hard-earned CBA wages and benefits.

The situation compelled FARM-COOP to come up with an alternative free-on-board (FOB) arrangement whereby the cooperatives would independently operate and manage the farm and assume the full cost of production and for Dole and its subsidiaries to buy the bananas at a fair price. This scheme was premised on the notion that the farmer-beneficiaries are capable of effectively managing their own farms and making them economically viable given a fair contract and proper assistance.

Wishing to end their miserable plight, the cooperatives individually sought to renegotiate their respective agreements, but Dole and its subsidiaries ignored their plea for renegotiation, claiming that they have valid and existing contracts.

Given this situation, FARM-COOP organized these four cooperatives, including the pro-Dole-pro-MOU cooperative, into an alliance called Philippine Banana Growers Alliance. They collectively proposed an FOB contract as an alternative to their existing contracts, but Dole still refused to renegotiate.

On December 4, 1998, reeling in

economic hardships due to the onerous contracts, these four cooperatives barricaded their respective banana farms and refused to deliver bananas to demand a just and fair contract. With unwavering resolve amidst threats of physical harassment and economic suffering, and sustained by a strong international support from the IUF and other friends and allies, the alliance prevailed after two months of concerted action. They got an FOB contract which empowered them to produce quality bananas at a price of $2.60 per box, thus transforming their economic misery to one of bounty and opportunity.

Moved by their success, twelve cooperatives of small banana contract growers of Dole who had been suffering for years under the yoke of the same onerous growers' contract came to our office pleading for help. They said: "We are ashamed of ourselves. We envy the farmer-beneficiaries. They succeeded in a struggle which we thought was impossible to win. We have suffered long enough since we became contract growers of Dole. We cannot take it any longer. We want to change the course of our lives. Please help us."

FARM-COOP agreed to help them provided they accede to two conditions: one, that they recognize the trade union rights of their workers; and two, they pay the plantation rate to their collective workers.

Like the four agrarian reform cooperatives, they and their workers also struck for the same cause after Dole ignored their plea to change their contract. With the help of IUF they won and also got an FOB contract. However, only six cooperatives benefited from the struggle because seven chickened out due to harassment. After the victorious struggle of the six cooperatives, Dole moved in quickly to give an FOB contract to the other small farmers' cooperatives that did not join the struggle to prevent them from seeking FARM-COOP's assistance.

In July 1999, bounded by a common struggle and aspiration, seven primary cooperatives of small farmers and agrarian reform beneficiaries in the banana industry organised the Federation of ARB-Banana-Based Cooperatives of Davao or FEDCO.[2]

It is worth mentioning that the collective farm workers of three of FEDCO's small farmers' cooperatives are unionised. Two have CBAs with the Associated Labour Unions (ALU), providing modest benefits and a wage higher than the plantation rate. A third one, which is trying to keep afloat, has a pending CBA negotiation with NFL. It is significant that these cooperatives voluntarily recognized ALU and NFL - a far cry from Dole's dilatory and contentious treatment of unions seeking recognition, and granted the plantation rate to the collective workers - something which Dole never gave in the years that NFL struggled for it. Most of these workers are dependents of the small farmers.

As the apex organization of the primary cooperatives, FEDCO does not only provide a collective voice and shield to protect their contractual gains. More significantly, it is also their vehicle to attain political and economic foothold in an industry dominated by multi-national corporations (MNCs) and big domestic agri-business. Inspired by their combined potentials and strengths, highly motivated human resources, vast fertile lands, expertise in producing world class bananas, and global competitiveness in price, quality and delivery, they see themselves bigger than what they are individually, possessing the qualities of a potentially strong player in the domestic and global arena.

The existence, activities, and perceived direction of FEDCO has alarmed no less than the Philippine Banana Growers and Exporters Association (PBGEA) - the exclusive club of the big players in the banana industry (MNCs and big domestic agri-business corporations). In the Memorandum of Agreement between PBGEA and the Department of Agriculture, small farmers and farmer-beneficiaries

cooperatives are considered as the small brothers of the PBGEA members, with the former being consigned as the latter's contract growers. Considering the onerous character of existing growers contracts of these "big brothers", small farmers and farmer-beneficiaries are doomed to poverty and injustice.

Since its exposure in marketing bananas outside the umbrella of the big players, FEDCO has been the object of demolition work by Dole and other PBGEA members. Dole sued FEDCO and its buyer to stop the trading of Class B bananas to a China buyer. To foil FEDCO's direct trading of the bananas of three of its member cooperatives to a Middle East buyer, Dole pre-emptied FEDCO by selling the bananas it is buying from a corporate grower whose land will soon be taken over by these member-cooperatives to this prospective Middle East buyer. In my previous talk with the Philippine representative of this Middle East buyer, he said that his principal in Bahrain is afraid to offend Dole, giving us the signal that the trading may not push through.

A domestic corporate grower-exporter also discouraged this same Middle East buyer from dealing with FEDCO, calling us radicals and communists, as though it is not dealing with card-bearing members of the Communist Party in marketing its bananas to China.

These incidents point to the hostility of big business at the initiatives of small farmers and their former farm workers to chart their own course towards full economic and political freedom. They want to perpetuate the social injustice in society which keeps them even more entrenched in this age of globalisation.

The struggle of small farmers and agrarian reform beneficiaries for land and freedom is long, dangerous and tortuous. Our experience has taught us that land ownership does not necessarily bring about freedom. A fair contract is not guarantee to economic viability. Federating the farmers' cooperatives for greater political and economic gains is fraught with risks and uncertainties. Injustice, oppression, and exploitation come in many guises after each victorious struggle. But experience has also taught us in all these struggles that the binding force that gives us the strength and courage to overcome these evils in its many forms and faces is SOLIDARITY. Solidarity among the small farmers and agrarian reform beneficiaries themselves, and solidarity with friends and allies at home and abroad.

Our recent struggle with Dole is case a in point.

After Dole's costly brushes with militant labour and cooperatives, it launched an aggressive expansion program by leasing thousands of hectares of lands in the highlands of Mindanao from small and big landowners in a bid to corner the Japanese market with super sweet bananas and to evade unions and cooperatives.[3]

When the highland farms started producing, Dole was poised to gradually abandon its cooperative growers in the lowlands. To realise its scheme, it handed down a memorandum spelling out an environmental policy directing the cooperatives to chop down the bananas in areas it declared as buffer zones[4] and replace them with banana varieties[5] or trees it chooses.

FEDCO opposed this policy because it is not environmentally sound, it violates the contract, it paves the way for the pre-termination of the contract, and it is selectively applied (its corporate growers and some of its highland farms are excluded). The affected area of FEDCO members is some 350 hectares.

FEDCO's efforts to get Dole to the conference table were unheeded until Ron Oswald (General Secretary of the IUF) and the Governor of the Province intervened. Mr. Oswald warned Dole not to implement its plan until an agreement with FEDCO is concluded. These interventions compelled Dole to discontinue the chopping down of the bananas, accede to FEDCO's counter-proposal for the gradual bio-organic

conversion of the buffer areas from high-chemical to low-chemical and eventually to no-chemical, allow the cooperatives to sell the bananas from these areas to other buyers, and set aside its staunchly held position to abandon the whole or portion of the cooperative farm in the event of sigatoka infestation. The farms of cooperatives who are not members of FEDCO were not fortunate enough. Their buffer areas were chopped down and replanted with bananas which have no market.

Following the signing of the Buffer Agreement, the Chairpersons of the cooperatives affected by the buffer policy wrote to IUF General Secretary Ron Oswald on November 12, 2001, saying:

> "Our struggle seems never ending, but we feel encouraged by the reality and importance of international solidarity and action. As in our past struggles where IUF stood by us, we realise that our unity at home is not enough to ward off the scheming ways of a big and powerful transnational. We need international solidarity in levelling-off with multinationals."

Endnotes

1. To date, FARM-COOP is the service provider of FEDCO, 16 established primary cooperatives in the banana industry, and eight associations or cooperatives of farm workers who are still in the process of acquiring the lands they are tilling. Its core services are institutional building, technical, research and development for sustainable agriculture and rural industrialisation, marketing, legal, organising/consolidation, education and training, women's development, and health, safety and environment.

2. Today, FEDCO has sixteen member-cooperatives - nine agrarian reform beneficiaries' cooperatives with 2,900 members owning some 3,732 hectares of land, and six small farmers' cooperatives with 500 members owning 850 hectares.

3. The lease agreement provides for a term of ten years, extendible to 25 years, and an annual rental of 12,000 pesos or US$240.00. What the contract does not provide is Dole's commitment to employ one of the landowner's dependents. Indeed, the landowner's dependent is employed, not by Dole, but by a labour-only contractor who underpays the dependent.

4. Thirty meters on both sides of public roads and around houses and buildings, and 20 meters on both sides of rivers. Dole will not provide aerial sigatoka services in these areas.

5. Bananas which have no demand in the local or export markets.

Cooperatives and the Cooperative Movement in Japan*

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Introduction

Small farmers in Asia are again faced with domination from land and plantation owners despite agrarian reform, because they have difficulty with management of farms. After land reform, farmers were expected to get freedom, but this has not been the case, so we have to think very carefully about counter-measures. There are three main concerns.

The first is about input methods including preparations for agricultural machineries, seeds, fertilisers and feeds. It is natural to need funds to arrange these input methods. The second concern is measures to distribute agricultural products. There is the challenge of securing buyers and ensuring transportation. The third concern is to have management power. Even if farmers can sell their products, failure to consider these associated costs would place farmers in debt. One of the most appropriate means to solve these issues is to establish a "cooperative". I would like to talk about its importance with the case of Japan.

Education and Propaganda for Importance of Establishing Cooperative

The benefits of agricultural cooperatives allow clear vision for farmers. First, overcoming the challenges we face today can lead to a good quality of life. Through cooperative action we can encourage increases in productivity and in increases in affluence.

In Japan, the cooperative movement started at the beginning of 20th Century. "Freedom from poverty", was the slogan used as a concrete target designed to encourage membership in cooperatives.

It is also necessary to explain the principles of a cooperative. Cooperatives are based on democratic management where members each have a vote. One of the most important principles is to have equal rights of membership, independent of farm size or level of investment. Without those principles there is lack of unity.

Japanese cooperatives are independent from other organisations. This is different from the former socialist systems of the Soviet Union and Eastern Europe where cooperatives were part of a bureaucratic government and were closely aligned to the nation. It is clear that their cooperatives collapsed as soon as their national systems changed. This is one of the reasons why it is important that a cooperative system has an independent structure.

Further, it is essential that cooperatives are allied to each other, because they were established in order to achieve similar objectives. In Japan, alliances between agricultural and consumer cooperatives have developed in many ways. To deal with globalisation I believe the necessity of international alliances among cooperatives is increasing every year as corporations become more powerful.

It is critical to develop many leaders who can take a role in spreading the philosophy of cooperatives in order to have a social impact as we organise and strengthen

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cooperative structures. You need to educate managers and experts.

99 percent of Japan's farmers who own their own farms are organised in cooperatives. Outside the socialist countries this is the highest rate. This was only possible because of the role of organisers who established cooperatives and increased their membership in the same way as one who organises and enlarges a trade union.

Developing the Functions of Cooperatives

However, it is not sufficient just to establish a cooperative in order to undertake improvement for farmers. The cooperatives functions must be developed in order to advance the movement and chieve our targets. I would suggest three oints which can promote the development f cooperatives:

· First, education is a core activity. It is obvious, that members of cooperatives must be informed continuously about what a cooperative does and also to consider what crops the cooperative produces. This helps to produce a plan for agricultural production through consultation with the membership and examination of soil, land form and climate conditions. Once a plan is completed production using best practices can be undertaken. The experiences of veteran farmers can be very valuable to other cooperative members. However, advanced technology is also adopted for cultivation. In this case lack of funds can be a problem, especially for poor farmers, as in, for example, the need for good seeds. The cooperative can provide important resources of guidance and secure credit at low interest rates.

· Second, securing stable buyers and ensuring fixed incomes. It is very important to have negotiation skills on prices for the inputs. It is necessary to keep the cost of production low, especially as fertilisers, feeds and agricultural chemicals can be very expensive. The sale of products is very difficult. In every country entry into the market as an individual is very hard because the large capitalists dominate the markets. New farmers face the biggest difficulties. In this situation professional staff of the cooperatives engaged in sales can support the new farmers. Japanese cooperatives also support their members through the supply of items for daily use, not just inputs for production. The role of cooperatives has high support as the members' products are sold and transported with little worry.

· Third, I think that the basic issue to overcome the agricultural challenge in the developing countries is to establish self-sufficiency in rural areas. Rural development occurs when farmers produce foods and have sufficient foods. Shared use of machines and facilities including dryers, rice-polishing and agricultural machines is an important contribution to this. Japanese cooperatives have large dryers and rice-polishing machines to reduce the burdens on individual farmers. There needs to be a maintained and shared irrigation infrastructure. However, this raises challenges such as structural reform that might require farms and rice fields to be larger to use agricultural machines. Such changes must be managed by farmers themselves with the support of the government of Japan, where appropriate. It is essential for cooperates to manage the supply of seeds to farmers in order to protect them from the world-wide strategy of seed corporations which seek to control supply. In Japan, cooperatives supply almost all seeds. Because many farmers lack funds they are in a condition to be dominated by landowners. For example, in the past in

Japan traders in fertilisers and fuel were often able to exploit farmers through high interest loans as agricultural cooperatives were weak. After World War Two, those who had exploited farmers were driven away as cooperatives strengthened. That is why cooperatives take a central role today in rural areas.

Concentration of Political Powers Through Cooperatives

Farmers are accountable for their farms' management and no longer to the government or a third party as they own their farms as a result of agrarian reform. That is why one of the best ways to organise and manage farmers' interests is through cooperatives since farmers will always be weaker as individuals rather than when in a collective organisation.

However, all issues cannot be settled only through the function of cooperatives. Political powers and increasing social positions through cooperatives is also important.

First of all, in Japan cooperatives can seek funding for projects from the government and local administrative bodies. In some cases this is used to fund outright the purchase of machinery, while in others partial funding might be combined with funding from the cooperative itself for the construction of facilities.

Another example of cooperative power in Japan is to use its organised strength to encourage the government to help farmers cope with the oppressiveness of multinational companies during the globalisation period, where there is increasing liberalisation of trade and declines in the regulation of the national economy. It is clear that what is needed against multinational companies is to have more power for farmers.

In 2001, political pressure from agricultural cooperatives resulted in the government of Japan operating temporary safe guard measures against China. All political parties in Japan have to recognise the requests from cooperatives as they cover 99% of farmers whose support is directed to all parties. This is why all parties generally agree on agriculture policy, which is a reflection of the strong political power of agricultural cooperatives.

Last of all, the reason for cooperatives utilising their strong political powers is for the collective benefit of their members, not just for producing and selling agricultural products. To collectively organise in the same manner as trade unions is the key to the movement's development.

Pakistan: Peasant Struggles, History and Status*

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IUF Pakistan Outreach Office

Introduction

While presenting this report, I am conscious of the limitations of the data utilised as the last census of agriculture took place in 1990 and the official agriculture statistics of 1997-98 do not add much to the data available from 1990.

For the sake of study it can be assumed that whereas the number of small and marginal farmers did not increase in the decade, the number of landless peasants and that of bonded labour sharply increased.

Chart 1: Number and Area of Farms (Hectares), Pakistan 1990

	Farms		Farm Area		Average Size (ha)
	Number	%	Hectares	%	
All Farms	5,071,112		19,252,672		
Government Farms	149	*	103,035		
Private Farms	5,070,963	99.9	19,149,637	100	3.8
Under 0.5	678,538	13	193,126	1	0.3
0.5 to under 1.0	689,233	14	510,397	3	0.7
1.0 to under 2.0	1,036,286	20	1,446,796	8	1.4
2.0 to under 3.0	841,295	17	1,973,800	10	2.3
3.0 to under 5.0	857,387	17	3,309,432	17	3.9
5.0 to under 10.0	623,110	12	4,134,346	22	6.6
10.0 to under 20.0	237,929	5	3,032,872	16	12.7
20.0 to under 60.0	91,831	2	2,613,767	14	28.5
60.0 and above	15,354	*	1,935,101	10	126.0

Source: Census of Agriculture, 1990

Chart 1 indicates the number and area of farms of farms whereas chart 2 indicates the number of tenants other than owner-cum-tenants who are in bondage. At a conservative estimate of household size of 7.5 persons the number of small and marginal farmers (i.e. having land from 0.5 acres to 10 acres) can be calculated.

Chart 1 also indicates that whereas 93% of farmers are small and marginal, they account for only 61% of farm area under cultivation. Separate figures are not available as to what percentage of small and marginal farmers are owner-cultivators, owner-cum-tenants or tenants. However a general trend can be analysed from chart 3.

An Incomplete History of Land Reform

The transition of agriculture in Pakistan from feudal to feudal-capitalist structure has taken place via the process of depeasantisation where small farmers were marginalised as large farm holdings had access to loans and subsidies.

A study by Mahmood Hassan Khan indicated that direct agricultural subsidies have claimed an increasing share of the development expenditures of the Federal Government, most of it on fertilisers and crop.

At the time of Pakistan's creation in

* This paper was originally presented at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001. The paper does not necessarily reflect the views of the IUF.

Chart 2 Estimated Share Croppers in Debt Bondage, Pakistan 1990-2000

	Tenants 1990	Tenants in debt 1990	Sh'cropping among tenants 1990	Non-institutional debt in tenant debt 1990	Sh'croppers in bondage 1990	Sh'croppers in debt bondage 1990	Sh'croppers in bondage 2000	Sh'cropp in d bonda 20
	(h'seholds)	(h'seholds)	(proportion of area)	(proportion)	(h'seholds)	(h'seholds)	(persons)	(perso
Pakistan	962,014	291,472	0.75	0.90	721,510	196,744	6,742,926	1,838,6
Provinces								
Sindh	335,550	107,394	0.80	0.93	268,440	79,901	2,508,726	746,7
Panjab	446,440	99,916	0.68	0.86	303,579	58,431	2,837,120	546,0
Divisions								
Hyderabad	191,134	77,857	0.76	0.94	145,262	55,621	1,357,557	519,8
Multan	83,184	18,619	0.60	0.82	49,910	9,160	466,438	85,6
Bahawalpur	72,528	21,526	0.70	0.88	50,770	13,260	474,475	123,9

Source: Census of Agriculture 1990 Note: Tenants excludes owner-tenants.

1947, quasi-feudal landlord-tenant relations in most areas of the Sindh and several areas of Punjab, and a peasant system with numerous small individual and joint family farms in the North West Frontier Province (NWFP) and the Punjab characterized the agrarian structure. The record of Muslim League Agrarian Committee in 1949 notes that tenants or tenants-at will (known as *haris*) cultivated 50% of the area of Punjab and Sindh.

Economists have noted that the agrarian structure in Pakistan was characterized by extremely concentrated land-ownership. This pattern was especially marked in the two provinces of Punjab and Sindh. It should also be pointed out that 79% of landowners and 89% of area owned in Pakistan (excluding Baluchistan) were in these two provinces.

In Punjab and Sindh, owners of holdings over 100 acres constituted only 2 percent of all owners, but they owned 41% and 51% of area in the two provinces. The very large land owners, with holding over 500 acres, constituted 0.5 percent and one percent of all owners, but owned 25 and 30 percent of area. The cultivated area of these holdings was operated mainly by tenants: 75% in Sindh and 60% in Punjab. Peasant proprietors, with holding of 5 acres or less were more numerous in Punjab than in Sindh: 67% of all owners in the former and 30% in the latter.

In the NWFP the pattern was somewhat different: about 86% of owners had marginal holdings (less than 5 acres) and 41% of all area. In the province of Punjab and Sindh about 7% of landowners owned 51% of land with the top 1% owning 30% of the land.

Whereas the ownership pattern was quite similar in most parts of Sindh and Punjab, there existed a significant difference between the two. In Punjab a significant class of rich farmers had also emerged. This class was the product of large-scale canal colonisation in late nineteenth century.

With the passage of time the number of landholdings of less than 10 acres size substantially increased, mainly on account of sub-divisions of land within the small landholdings. In fact owners of these land holdings are the small and marginal farmers or peasants who increasingly are forced to lease their land to rich peasants and seek alternative employment. This is becoming all the more a general practice because on the one hand the small and marginal farmers have to share the cost of seed, fertiliser and utilisation of implements with the landlord and on the other they possess limited finances. As the formal an

Number and Area of Private Farms by Tenure, Pakistan 1990

	Farms		Farm Area	
	Number	%	Hectares	%
Pakistan				
Owner cultivator	3,490,988	69	12,433,598	65
Owner cum tenant	626,456	12	3,634,753	19
Tenant	953,557	19	3,081,276	16
Total	5,070,963	100	19,149,637	100
Punjab				
Owner cultivator	2,054,184	69	6,740,734	61
Owner cum tenant	463,867	16	2,672,762	24
Tenant	439,350	15	1,556,676	14
Total	2,957,390	100	10,970,189	100
Sindh				
Owner cultivator	405,804	51	2,063,265	59
Owner cum tenant	61,253	8	420,792	12
Tenant	334,918	42	997,921	29
Total	801,963	100	2,358,442	100
NWFP				
Owner cultivator	834,956	78	1,720,324	73
Owner cum tenant	89,407	8	364,877	15
Tenant	144,467	14	273,245	12
Total	1,068,827	100	2,358,442	100
Baluchistan				
Owner cultivator	196,044	81	1,909,275	82
Owner cum tenant	11,929	5	176,322	8
Tenant	34,822	14	253,434	11
Total	242,783	100	2,339,041	100

Source: Census of Agriculture 1990

semi-formal sources of loans prefer landowners, peasant farmers are forced to depend on informal sources and pay interest rates as high as 35%. This high percentage creates a permanent cycle of debt bondage for small and marginal farmers. In their bids to pay off the loans, small and marginal farmers are often forced to sell their market surplus at inopportune times, thus realising lower rates.

The importance of land reforms was voiced from for much of the 20th Century. A positive role for the demand was also on account of the situation in Sindh where the Sindh Hari Committee (1930-70) was active. Yet the land reforms of 1959 and 1972 (and the proposed land reforms of 1977) failed to dent the dominating position of the landlords.

Some changes in the agrarian scenario might have taken place if the Land Reforms Act 1977 had been implemented in letter and sprit. The said Act, passed at the time national elections were due, limited land ceilings to 100 irrigated acres or 200 non-irrigated acres. These new limits were two-thirds that of the ceiling of the 1972 land reforms, landlords were to be paid compensation in transferable bonds and the surrendered lands were to be distributed among landless haris. Further, land taxes were to be abolished for owner-cultivators with less than 25 acres. However, with the overthrow of the Bhutto Government in 1977, the government of martial law that followed kept the Land Revenue Act of 1977 in cold storage and though the Land Reforms Act was neither abrogated nor amended it has never been implemented.

Further problems arise in that the redistribution of resumed land has never been transparent. Successive governments have redistributed land to landless haris for political gain but in many

cases successive rulers allot the same lands to the same haris. Although the land reform laws specifically mention that the resumed land would be allotted to landless peasants or farmers, a big chunk has also been allotted to retired defense personnel, especially in areas adjacent to the border with India, and some has gone to the retired civil bureaucracy. However, not all of the resumed land appears to have been allotted; in the Indus basin resumed land is 589,499 acres but only 52% of the this was considered cultivable, giving the impression that the landlords have more often than not surrendered lands not fit for cultivation.

Women's Labour Force in Agriculture

Statistics indicate that 37.6% of the male labour force and 9.7% of the female labour force was involved in agriculture, fisheries, forestry and hunting in 1997-98. The plight of the small segment of female labour force is yet another aspect on which study has not been made. Most of them are paid in kind or nominal wages and landlords expect women of tenant households to provide free labour during harvest times, especially in the cotton sector.

Peasant Movements in the Past

After the conquest of Sindh in 1843, the British held that similar to Punjab, the land was owned by the state and was allowed to be the cultivated by landlords under a tenancy system. This prevailed to the introduction of first irrigation system in 1932 when large tracts of land were given to influential persons in various areas as grants or jagirs. As the landlord, earlier himself a tenant of the state, was converting to be a master, hari activists formed the Sindh Hari Committee in 1930. The hari movement became a strong voice with the separation of Sindh from Bombay in 1936. The change in the political structure of the province made it possible to start a serious debate on the conditions under which haris were exploited. No tenancy regulations existed in Sindh at tha time, while tenancy reforms had taken place in other areas of India.

The pre-independence peasant movement was not limited to Sindh as there existed a peasant organisation with 27,000 members in Punjab and in two areas of NWFP.

Pressured by the hari movement, the Sindh provincial government appointed a tenancy legislation committee in 1943. The disputed recommendations of the committee announced in 1945 were not implemented and thus the Hari Enquiry Committee was appointed in 1947, headed by a landlord. The majority report of the committee published in 1948 recommended the retention of some aspects of the feudal land system.

At the same time the provincial government disallowed the publication of the minutes of dissent of the third member, who had made a case for proprietary rights to all the tenants.

The hari leaders of Sindh thus drafted a bill in late 1949 and presented this to Sindh Legislative Assembly asking for abolition of rent in kind and permanent tenancy rights to haris. On its passage the Sindh Tenancy Act 1950 provided for permanent rights of tenancy to haris on four acres of land if it was cultivated continuously for three years. To defeat the act, landlords sought to influence local revenue officials to hinder the process of registration of residence and tenancy rights. Subsequent to the passage of the act, the Sindh Hari Committee continued to use pressure for the safeguard of the rights of peasants.

The haris were motivated by the slogans of Pakistan Peoples Party and supported the leadership of Z A Bhutto with the hope that the Government would safeguard their rights. However, the land reforms of 1972 were below their expectations and when rioting broke out in the rural areas of Sindh and Punjab these were mercilessly crushed by the government. By becoming a part of the institutional political

movement, the peasants' class organisation was weakened which meant the possibility of applying pressure for the implementation of the Tenancy Acts was also weakened.

The late 1990s

No major structural changes have taken place except the announcement by the government that it is committed to improving the conditions of peasantry.

The government has also announced that it is considering the extension of labour laws to corporate farms. When enacted with a system in which the hired labour is paid, it is likely to influence the movement of the tenants at will.

The government in its devolution plan reserved seats for peasants and women in local assemblies.

However, the elected representatives at these seats are mostly the nominees of the big landlords, although it is hoped that with subsequent elections to local bodies the real peasantry will have a chance of elevating themselves to political power.

Organising in the Future

With the dissolution of Sindh Hari Committee and the suspension of sister peasant organisations in Punjab, representative organisations of the peasantry are few. The devolution plan of the Musharaff government provides an opportunity for the peasantry to be activated through elected councilors. Small committees composed of real peasants and peasant activists may be formed in every union council or town committee mainly as an advisory committee to peasant councilors. The peasant councilors or these committees of the different towns can, in the second stage, be merged into one single organisation representing the interest of the peasants and small farmers

Initially, efforts might be made so that these organisations pressure the administration for the implementation of the Tenancy Acts and at subsequent stages demand further agrarian reforms.

Agricultural Labour Unions in India and Their Understanding of Globalisation*

Swapan Ganguly
Paschim Banga Khet Majoor Samity (PBKMS)

Introduction

A number of IUF affiliates in India representing agricultural workers met on 26 May 2001 at Badu near Calcutta in West Bengal. The purpose of the meeting was to examine how the problem of agricultural workers could be raised at the national level and to find out what kind of organisational framework is needed to initiate an organised agricultural workers movement in India.

The participants felt that preliminary ground work was needed to initiate action for agricultural labour unions. The meeting suggested that other unions throughout India should be contacted through a research study.

The objectives of the study were defined as follows:

1) to document the general situation of both landless workers and workers with small and marginal land holdings, with specific focus on the situation of women workers;
2) to document the present state of organisation amongst agricultural workers and to understand the existing state of co-ordination at the local, state and national level.
3) to understand the views of unions on the impact of global restructuring on Indian agriculture and its workers and the implications for landless workers and small and marginal land holders.

The researchers agreed to the following basic tenets for an understanding of globalisation:

- Globalisation involves the extension of the market. It makes people dependent on the market, rather than on production for self-consumption. It involves the breaking down of any barriers that resist the extension of the market.
- Globalisation leads to commercialisation and modernisation, with the adoption of capital intensive technology, and the displacement of labour.
- The process of globalisation, as an extension of the market, is not a new phenomenon. It was a process that started with the colonisation of countries, and has continued apace. Wherever there has been an abundance of production, the need for a wider market has also arisen.
- The independence of various nations and the emergence of democratic and civil rights has meant that the old method of the use of military force and state power for the extension of market is not possible. So, now under the guise of free trade and globalisation, the market is extended.

Difficulties and Parameters of the Research Project

Research was begun in September 2001. A questionnaire was designed for use in interviews with union leaders and members.

Union leaders and members from 14 unions in Maharashtra, Gujarat, West Bengal and Delhi have thus far been interviewed. However, there have been difficulties in contacting unions. Sometimes people do not respond to letters or do not seem interested in the study. In some places the atmosphere of suspicion was so great that it was difficult to take out the questionnaire to even

* This paper was originally presented at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001. The paper does not necessarily reflect the views of the IUF.

conduct an interview.

Furthermore, some of those interviewed had very little ground-level information about the exact effects of globalisation on the states or areas where they work. There seems to be a great deal of difference in the level of awareness between the leadership and the ordinary members about globalisation and its impact. In spite of all this, ultimately, we found that the interviews gave us at least some insight into the functioning of unions and the effects of globalisation.

We also tried to organise discussions with two small groups of agricultural workers and small farmers in West Bengal, in order to see if such a tool would help us get better information.

The Centre for Education and Development, Bombay, has provided the study with a great deal of support by collecting and collating documents. Dr. Subhendu Dasgupta was also consulted fo the framework of the study. Documents have also been collected from Nagrik Mancha, Calcutta, and the Centre for Education and Communication, Delhi. An annotated bibliography of the same is under preparation.

Partial results of the interviews and the group discussions are provided on the pages following. What we have given here are observations and we note the need for quantification, which can only be done through further research. Clearly, we must also ask: if we are able to identify certain effects of globalisation on our members, what do we do to combat this impact?

Summary of Union Views on Globalisation

Aspect	*Observations by union representatives interviewed*
Views on globalisation as a whole	- Some unions have not heard about globalisation or the World Trade Organisation (WTO), and have not thought about its effects on agricultural workers. - Many unions would like to trace the changes in agriculture to the Green Revolution, rather than after the establishment of WTO. - Many unions would also like to see globalisation as a continuation of the capitalist intervention in agriculture, which predates the era of economic reforms begun in 1991.
Differential impact	- The impact of the invasion of the market seems to be different in areas which are close to urban centres and those which are far away. - There seems to be a difference in impact between irrigated and non-irrigated areas.
Changes in crop pattern	- Shift in crops from subsistence crops to more profitable crops. In some cases these have been from paddy to vegetables, in others from food (wheat, millets, vegetables) to non-food crops (roses for export) or cash crops like onion and sugar cane; shift from less profitable cash crops like jute to more profitable cash crops like oil seeds or paddy; shift from local varieties to high yield varieties (HYVs). - All the shifts have one thing in common - production is now for profit and not for subsistence or self consumption; also, production now tries to maximise use of land. - Some unions say that changes in crop pattern sometimes leads to falls in employment (eg the shift from jute to other cash crops has reduced employment). - Some unions feel that a farmer is an entrepreneur and should be allowed to decide on what crop is to be grown in order to maximise profits. Other unions feel that there should be social control over what is grown, as this has an impact on food security, employment, bio-diversity and the environment. The latter also feel that the Government must play an interventionist role in agriculture for this reason.
Use of natural resources	- Natural resources are now of commercial value and not freely useable. e.g. pond water is now for sale and is not available for washing, bathing etc by villagers in West Bengal - Natural resources have come under tremendous pressure. Eg big farm houses use so much water that there is a problem for poor villagers in Maharashtra; due to huge use of shallow tubewells in the paddy crop, villagers find their drinking water tubewells running dry in April in West Bengal.
Impact on small scale industries	- Due to the onslaught of globalisation, hundreds of thousands have been thrown out of employment in small scale industries. This has meant that there are more and more unemployed people falling back on agriculture and the pool of workers has increased.

Aspect	*Observations by union representatives interviewed*
Land use	- Changes in land use from monocultural cropping to multiple cropping. - Changes in land use leading to labour displacement (eg emergence of prawn aquaculture). - Lands near cities are being purchased for large farm houses; horticulture; floriculture; setting up of parks, industries etc. People from outside the local area are now buying land. All this is leading to displacement of labour. There has also been the entry of land mafia in land deals. - Liberalisation of land related acts (eg in 1984 in Maharashtra) is taking place, as are attempts to reverse land reforms and land ownership ceilings. This is making it easier for corporate interests to enter agriculture. - Land ownership is shifting from small owners to corporates or is being taken on lease by large owners or fishery owners. - Traces of contract farming exist in some states (eg Maharashtra), as is the emergence of sophisticated green houses for cultivation of exotic vegetables and fruits.
Modern machinery	- Use of machinery (power tillers, tractors, threshers, pump sets etc) has increased in agriculture. This has led to large scale displacement of labour from agriculture.
Migration, child labour and women's labour	- Displacement of labour in agriculture means that agricultural workers have to resort more and more to migration and other kinds of work for their sustenance. Common amongst the other kinds of work are in brick fields and road building, or work in agriculturally advanced areas. - While migration in one way means people are freer than they were before, it is also exploitative because migrant labour is not protected by legislation and is more vulnerable. - It is mostly men who migrate, and the needs of land owners in the sites of outward migration are filled by the labour of women and children, who are paid very badly.
Inputs	- Shift from local varieties to HYVs has been so great that in most areas people say that very few of the local varieties of seeds are left. Framers are more and more dependent on purchase of seeds and no longer keep their own seeds. - Use of pesticide and chemical fertilisers has increased, in order to maximise production. This means that agricultural workers are now more exposed to chemical hazards. - Purchase of inputs like seeds, pesticides and fertilisers makes agriculture a much more risky proposition. - The use of pesticides and fertilisers is leading to a gradual fall in production. - There has also been the entry of genetically modified organisms (GMOs) like BT cotton, without adequate safeguards, leading to risks for people.
Occupational disease	- Occupational disease may be increasing due to globalisation and change in production processes, but there is no clear system to identify such effects on workers and no way of understanding that this is due to occupational problems.
Declines in dairying and keeping of cattle	- Import of dairy products and milk has meant dying out of keeping of 1-2 cows by agricultural workers. - Plough animals are no longer kept in villages due to the entry of power tillers and tractors, leading to lack of compost. - Loss of village commons causes declines in grazing lands available for cattle.

Aspect	*Observations by union representatives interviewed*
Community knowledge	- Community knowledge, especially in tribal areas, is being replaced by marketised techniques. This is happening in farming methods, pest management and the use and availability of medicinal plants. - There has been no documentation of these techniques and they are likely to be lost forever.
Changes in culture	- The general culture is now for acceptance of the market and its demands. This culture is visible at all levels ranging from tribal youth to top level planners. - The way in which production is viewed has changed (eg an agricultural worker if he catches a king prawn from a canal thinks of selling it first rather than self-consumption). The need for cash has increased. - The tendency is now to think that individuals have to fit into the market system. The state has managed to convince people about this so that there is now a tendency to see the hardship of the poor as their individual failure rather than the failure of the system.
Role of government and subsidies	- The Government has reduced subsidies to farmers and seems to be interested in subsidising the corporate sector. This means the ruin of farmers and declines in production, with consequent unemployment for agricultural workers. - The Government has reduced its subsidies for health, education etc, which means these are now commodities for purchase, which are outside the capacity of agricultural workers. - The Government is trying to withdraw from the Public Distribution System of basic foods instead of strengthening it, resulting in hardship for the poor. - The Government is not taking action to develop infrastructure in agriculture or to develop capacity for research into new seeds etc, making the agricultural sector more and more vulnerable to the invasion of the corporate sector and foreign capital.

SEWA's Activities with Agricultural Workers and Small/Marginal Farmers in India*

Jyoti Mecwan
Self Employed Women's Association (SEWA)

The Self Employed Women's Association (SEWA) is a trade union of women workers in the informal sector in India. The main aims of SEWA are full employment and self-reliance of members. By full employment we mean employment which ensures income security, food security and social security (eg child care, housing, insurance etc). By self-reliance of women we mean self-reliance not only in terms of economic self-reliance but also self-reliant in terms of decision making.

Membership in SEWA is divided into three categories: vendors and hawkers, home based workers and service providers (eg agriculture workers).

As of 2001 SEWA had organised 300,000 women workers, of which more than 50 percent are agricultural workers.

In the state of Gujurat the main problems for women agriculture workers are: irregular employment and low incomes, mechanisation, changes in crop patters, lack of consciousness in identifying as workers, low bargaining power (no alternative sources of income, unable to receive minimum wage), lack of social security (no childcare, healthcare, housing).

The main problems for small and marginal farmers include: returns on investment in production is very low because of high cost for seeds, fertiliser and water; low quality of materials; lack of information related to production work; capital required means borrowing at high interest rates (5 percent per month); marketing problems - concentrated ownership among distributors; climate changes. Many have mortgaged land and affected by drought.

SEWA's Activities

1. In the process of researching requirements to facilitate savings;
2. Training: use and understanding of pesticides, fertiliser, seeds; organic farming; water management; soil management;
3. Formed marketing organisation where farmers sell production directly to consumers;
4. Information and discussion with farmers and workers on the topics of privatisation and globalisation;
5. Savings and credit programme for agricultural inputs, redemption of land, purchasing of cattle (which includes the encouragement of land ownership by women);
6. Water campaign-availability of water through watershed management, quality, building water infrastructure (dams, pumps);
7. Childcare, healthcare, housing and insurance.

Challenges for Campaigns in Agricultural Sector

1. Creating alternative employment opportunities to increase income and increase bargaining power;
2. Strengthening the capacity of the marketing organisation to help the farmers not only to market products but make available improved varieties of seeds;
3. Formed new agricultural training centre which includes education on types of soil, compost fertiliser, preserving

* This is an edited version of a speech delivered at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001.

traditional methods, organic farming;
4. Campaigning aimed at the government to secure funds for training in agriculture;
5. Coordinating with government for the issuing of identity cards so that farmers get proper access to public schemes;
6. Providing social security;
7. Building capacity of grassroots members
8. Expanding and strengthening women's organisations at all levels;
9. Campaigning for an Agricultural Workers Bill.

The Position of the Peasantry in Bangladesh*

Nurul Anowar
Bangladesh Agricultural Farm Labour Federation (BAFLF)

Introduction

Bangladesh's society, economy, politics, literature and culture have for many centuries centred on the land. Even the history of two centuries of colonial rule is a history of oppression, harassment and exploitation based around land and agriculture.

Most of the people of the country are directly related with agriculture. But they have no land or means of production of their own. As a result, they are deprived of the benefits of production. Land is the source of 80% of criminal litigation and disputes in Bangladesh. It is clear land issues deeply affect Bangladesh's socio-economic infrastructure and social life.

From the past history we know that the rural social system of Bangladesh was a self-reliant economy. The farmers were self-dependent. They need not go anywhere for essential elements of livelihood except kerosene and salt. The land of Bangladesh was very fertile and agricultural production was possible with relatively little labour. Still we came to know from the elderly people that it was not necessary to till the marshy land for growing crops. In the months of Chaitra and Baishakh (March and April) it was only required to level the land for sowing seedlings with harvesting in the months of Agrohayan and Paish (November and December). It was not required to weed the land. This means that with three months labour, food could be produced which would last nine months. So the villagers could pass their leisure time by singing, dancing, merry-making and by making sculptures. For this reason there were various kinds of festivals all the year round.

Since agricultural production was much easier in Bengal, the people from different parts of India migrated and settled permanently. As a result the density of population was higher in Bengal than any other parts of India. The feudal lords coming from outside ruled Bengal in different times.

But the peasants never faced any scarcity of land for cultivation. During the golden time of Bengal, the peasants not only grew food, but also made agricultural and consumer products to fulfill their own and local needs. In this situation a new merchant class grew in our society and also a foreign group of merchants came from outside the country. From the effect of these groups of merchants, the independent economic social structure began to collapse. On the other hand, oppression and harassment were growing more and more upon the peasants. As a result, where once the people earned their livelihood in Bengal, they were compelled to migrate to Assam and Burma. Today, landless people always dream of owning land because a piece of land can assure social, political, economic and psychological safety to a person. The proper utilisation of land can give a neglected person the right to a proud life and the assurance of freedom.

Land and Peasant

According to the 1998 statistics of the Bangladesh Statistical Bureau, the total amount of cultivable land of the country is 17,771,339 acres. According to the Agricultural census of 1996, 76% of all agricultural families of Bangladesh are ranked as low income. They possess only

* This paper was originally presented at the IUF Land & Freedom Asia and Pacific Regional Conference, Bandung, Indonesia, December 10-12, 2001. The paper does not necessarily reflect the views of the IUF.

0.05 to 2.5 acres of land per family. The middle peasants who possess 2.5 to 7.5 acres land per family are 12%. So the total of middle- and low-income families is almost 90% of all agricultural families.

The same feudal system still exists in our agricultural production system. The number of landless people is increasing steadily. Living standards are falling below the poverty line every day. This problem was not serious before the 1940s. In 1947, the landless population was 8% and in 1972, this rose to 34%. Since Independence landlessness has continued to grow. In 1991 it was 68.8% according to Government reports.

Despite such landlessness there exists 3.3 million acres of identified government land in the country. Of these lands, 800,000 acres are farmland, 1.7 million acres non-agricultural land and 800,000 acres are marsh land.

There are three categories of the landless peasants. The first category has neither land for residence for cultivation. The second category has no cultivable land but land for residence. The third category has a little land but not more than five acres. According to the surveys of 1995-96, the total labour force of Bangladesh is 56 million. Of that, the agricultural and rural labour force is 45.4 million, 82% of total manpower. There is no labour law for the agricultural and rural labour force. The existing labour law of the country only covers 18% of the labour force, that is, the law only covers the non-agricultural labour force.

The Condition of Poor Peasants

The landless farm labourers of Bangladesh have no social status. They are seriously deprived of the fundamental rights of human life. They have no political or social rights. Constitutional rights are beyond their limits. They are living amongst hunger, poverty, illiteracy, obstacles, hindrance, diseases, unhygienic environments and their future is dark and insecure. The larger portion of the population is leading a miserable and inhuman life. They are severely oppressed by the landlords, they are deprived of their wages regularly and face the oppression of the police and the state.

In recent times, the main problem of landless and farm labourers is unemployment. In Bangladesh agricultural work is seasonal. So, they cannot work in one place all the year round, usually staying in one place for four to five months. Moreover, in rural areas most people only have the capacity to work in agriculture. It is quite impossible for them to manage essential organisations, equipment and capital to enhance their working opportunities.

The poor farm labourers are continuously selling their lands and becoming poorer and landless. They are also deprived of the rights of having government lands. The announcement of distribution of government lands among the landless peasants is the result of various struggles. According to government policy on land distribution, public lands should be given to the landless peasants. But the rich and elite people obtain these lands anyway through money and power. 51% of total cultivable land is held by 10% of landowners. These landowners are generally absentee landlords and do not think about agriculture and land. They live in the city or outside of Bangladesh. This is another important cause of landlessness.

The landless-farm labourers have many problems in the villages. They constantly have to face various problems such as job insecurity, unsteadiness of wages in different seasons, marketing of agricultural products, police and court problems, bank loans, education and health facilities for families etc.

After the abolition of zaminderi (provincial king and taxation system) in 1950, a land ownership limit was set at 16[illegible] acres. But, it was found that many landlords continued to own thousands of acres of lands. In the ordinance of 1954,

the limit was reduced to 20 acres. But despite the declaration of this ordinance, many remained above the limit. In this law, share-cropping cultivation was fixed for five years. In reality, however, this policy protected the interests of the land-owners instead of landless peasants since no enforcement occurred. Another aspect of this law established the distribution of government land among the landless peasants. But the rich farmers and powerful people became the owners of the lions' share of those lands.

During the 1960s irrigation and high-yield seeds were introduced into Bangladesh. Average production was increased and small cultivating remained. In previous times, average yields were 1,200 kilograms of crops per acre whereas it increased to 2,400 kilograms per acre at present. Mechanisation has also occurred through the introduction of power tillers. However, because of the land concentration in Bangladesh, even with the rise in yield, the benefits flowed to the already rich.

The landless farm labourers play an important role in the voting politics of Bangladesh. The major portion of total voters is landless farm labourers. The political parties come to power by their support. The political parties create hopes and promise to solve their problems but no one keeps their promises after being elected.

Movement for Land

Most of the landless farm labourers and rural labourers of Bangladesh are not united. There is no tendency for becoming united spontaneously among them. The communist or the leftist political workers have tried to unite them since British rule. During the British period, a large number of peasant organisations formed in Bengal. The famous Tevhaga movement occurred at that time. The Tevhaga movement was the first peasant movement demanding land. In the long run, the abolition of Zaminder system did not occur. During the Pakistan period (1947-1972), a large mobilisation was held under the leadership of Bhasani. But no other peasant movement was as powerful as Tevhaga. The subsequent movements were mainly of a campaign nature.

Local movements during the pre-liberation time (before 1972) in Bangladesh were often centred on the issue of land. During the 1970s and 1980s there was a rise in the number of local struggles. This included: Potuakhali under the leadership of the Farmers' Federations which demanded government lands in 1979; the movement of landless farmers under the leadership of Samata also seeking land; the movement of Nabogram of Noakhali in 1987 under the leadership of "Nigera Kori"; landless people at Bit-Kurlalia of Chat Mohar of Pubna under the leadership of "Talia Krisok Samity"; landless people at Tevhaga of Pirojpur in 1993 under the leadership of 'Talio Krisok Samity' of Khet Mojore Union.

In general, however, there was a scarcity of workers to organise the farmers. As a result, the number of farmers' organisations did not expand. The basic aim of the Nakshal movement was a joint peasants and farm labourers' struggle. Yet, this was not successful.

The post-independence political parties such as the Bangladesh National Party and the Awami League formed nation-wide peasant organisations, but these were formed to establish the interests of the parties. They have no close relationship with the grassroots level peasants. After independence several NGOs came to Bangladesh. They also tried to organise landless peasants and farm labourers, but they were relatively unsuccessful. Some NGOs formed credit organisations, but such organisations remain dependent on donors.

Conclusion

The problems of landless farm labourers

are related to the problems of land. And if the landless farm labourers cannot survive, saving and developing agriculture is not possible. As Bangladesh is small with a large population, job rehabilitation and poverty alleviation of peasants will not be possible without giving freedom of ownership of land. In Bangladesh, the principle of "those who till the land will be the owner of the land" must guide a policy of total land reform. It is only then possible to lessen the number of landless peasants and to rid poverty from Bangladesh.

Vietnam and the World Coffee Crisis: Local Coffee Riots in a Global Context*

Gerard Greenfield
Social Action Workshop for Alternatives in Asia

We hope that it is feasible to use coffee beans as fuel.
Manfredo Topke, President, National Coffee Growers Association (Anacafe)

Hunger is what pushed us here.
Euxenio Rugama,
Nicaraguan coffee plantation labourer in a protest march from Matagalpa to Managua in August 2001

The Coffee Crisis

On May 24, 2001, 14 young Mexican immigrants died in the Arizona desert while attempting to enter the US to find work. Of the 14 who died, six were bankrupted coffee farmers from the state of Veracruz. They were among an estimated 300,000 coffee farmers in Mexico who have been forced to leave their land in search of work. These deaths - directly linked to the collapse of world coffee prices - symbolise the desperation and sense of crisis faced by small coffee farmers and coffee plantation workers throughout the region, and the world.

In Nicaragua hundreds of unemployed coffee workers and their families began a different journey - marching from Matagalpa to Managua to protest the destruction of their livelihoods and to demand government support for small farmers. Nearly 400,000 families in Matagalpa are dependent on wages paid by 44,000 coffee growers. As the price of coffee continues to decline (down 64% in two years), these families face even greater poverty.

World coffee prices have fallen to their lowest level in 32 years. Before this price collapse coffee was the world's largest traded primary commodity after oil. An estimated 60 million people make their livelihood from coffee, and that livelihood - precarious and impoverished even in better times - is now under threat.

In El Salvador the drop in coffee prices, combined with the devastation caused by the January 2001 earthquake, left more than 30,000 coffee workers unemployed.

In East Timor income from coffee production fell by 35%, affecting 40,000 families who rely directly on coffee growing for their livelihood.

In Indonesia the selling price for a kilogram of coffee beans fell to Rp. 3,000/kg, more than the cost of production at Rp. 4,000/kg. In coffee-growing regions such as Lampung, Sumatra, small farmers were plunged deeper into debt.

In southern India the price of robusta fell from Rs73.03 in 1998 to Rs30.24 per kg in 2001 - a drop of 58.6%. At the same time production costs rose from Rs45.98 to Rs66.75 per kg, more than double the current selling price.

In Guatemala coffee growers are also faced with bankruptcy as selling prices continue to fall below production costs. They have started selling low-grade coffee to burn as industrial fuel in the hope that it can fetch a higher price.

The burning of coffee occurred in a different context in Chiapas. On April 17, 2001, members of the indigenous coffee cooperative Maya Vinic burned part of their coffee crop in protest at the collapse in

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prices.

Another instance of coffee burning took place in Vietnam a year earlier, in August 2000, when more than 150 ethnic Edeh in Dak Lak Province in the Central Highlands attacked a settlement of coffee farmers, destroyed houses and burned two hectares of coffee trees.

Despite the aggressive crackdown by the Vietnamese government, the protests escalated, and in February 2001 an estimated 4,000 ethnic Edeh and Gia Rai (Jarai) held protests in Pleiku, the capital of Gia Lai Province, while another 1,000 protested in Buon Ma Thuot, the capital of Dak Lak Province. They blockaded National Highway 14, setting up barricades on the roads 10 km outside Buon Ma Thuot. The protesters demanded the return of ancestral lands and an end to the coffee plantations that are destroying their forests. Despite the use of armed military troops and the arrest of 30 protest leaders, the the protests lasted nearly two weeks. This was the most serious rural uprising since the protest by 10,000 villagers in the northern province of Thai Binh in mid-1997.

The common thread underlying the coffee burning in Chiapas and Guatemala, and protests in Nicaragua and Vietnam is the impact of the global coffee crisis on small farmers, agricultural labourers and their communities. Within this is an even greater impact on indigenous peoples and their communities, as they respond to both the failure and 'success' of export-oriented coffee cultivation.

Vietnam's Rise

Vietnam has become a successful producer. In general, we consider it to be a huge success.
Don Mitchell, Economist, World Bank

The bankruptcy of coffee farmers in Guatemala and Nicaragua, massive financial losses in the Honduras, El Salvador, East Timor and Indonesia, and even the deaths of Mexican immigrants in the Arizona desert have all been linked to Vietnam. The oversupply of coffee in the world market and the subsequent fall in prices is blamed on Vietnam's recent rise as a world coffee producer. The head of Vietnam's Coffee and Cocoa Association (VICOFA), Doan Trieu Nhan, recently quoted the president of the International Coffee Organisation (ICO) as stating that Vietnam is "the culprit of plummeting world coffee prices." (Thanh Nien, August 12, 2001).

Within a decade Vietnam has risen from an insignificant coffee producing country to be the second largest coffee exporter in the world, and the largest producer of robusta coffee beans.

In 1999 Vietnam surpassed Indonesia as the largest producer of robusta coffee and the third largest coffee producer in the world after Brazil and Columbia. By the end of the year 2000, Vietnam's coffee production surpassed that of Columbia, making it the second largest coffee producer after Brazil.

Most of this growth occurred in the last 5 years, with an expansion of harvested area from 155,000 hectares in 1995 to 550,000 hectares in 2001. Exports rose in this period from 4 million to 14 million bags (accounting for 12.3% of the world's 114 million bags). Only 4% of coffee grown is consumed domestically, with the rest exported. Due to the limited number of coffee processing plants all of the coffee exported is unprocessed. Existing plants, such as the state-run Bien Hoa Coffee Factory and Nestle Vietnam, are geared towards the domestic market and are operating well below capacity.

Coffee growing in Vietnam is concentrated in the Central Highland Provinces of Dak Lak, Lam Dong, Gia Lai and Kon Tum. There at least 470,000 hectares of land under coffee cultivation, accounting for 85% of Vietnam's total coffee harvest area. (Some estimates put the total coffee area in the Central Highlands at 514,000 hectares). Dak Lak has the largest area under cultivation, with

264,000 hectares.

These coffee plantations have their origins in the official re-settlement of nearly one million ethnic Kinh people (the majority ethnic Vietnamese) to New Economic Zones in the Central Highlands. Since these provinces border Cambodia and Laos, the Vietnamese government actively promoted the migration of ethnic Kinh to ensure national security and protect against subversion by ethnic minorities. Members of indigenous groups (such as the Edeh and Gia Rai who rioted in February) now make up only 25% of the population of these provinces.

Even after official government re-settlement ended, a 'free flow' of migrants into the Central Highlands continued, largely because of the promise of wealth in growing coffee. The coffee tree was now called the 'dollar tree.'

Since 1996 an estimated 400,000 people migrated to Dak Lak to benefit from the coffee boom. More than 120,000 hectares was burned and cleared to make way for new coffee plantations.

As the ancestral forests of the indigenous people were turned into coffee plantations, many joined the rush to plant the 'dollar tree', while others waged a campaign to protect their land.

The destruction of forests, rapid expansion of coffee cultivation, and intensive irrigation practices led to soil erosion and serious water shortages. Natural rivers and estuaries ran dry and underground water levels dropped. When drought struck in 1998, 200 reservoirs ran dry and underground water supplies were over-exploited. During the drought it was estimated that 90% of families in Dak Lak did not have access to sufficient water. As water prices rose by 25%, small farming families lost over 70,000 hectares of coffee trees.

Despite the drought coffee cultivation expanded and more and more small farmers borrowed money to plant coffee trees and buy fertiliser. Coffee traders began lending money to farmers in advance for the purchase of their crops - locking them into debt and mono-cropping.

An estimated 80% of coffee trees in the Central Highlands are owned by small-scale private farmers. On average farming households own only one to two hectares. The other 20% is owned by the subsidiaries of the state-owned Vietnam National Coffee Corporation (VINA CAFE).

Since 1994, coffee has been the second most important foreign exchange earner for Vietnam after rice. But in 2000, Vietnam's coffee export earnings fell to US$458 million, a fall of 18.8% compared to the previous year's earnings of US$564 million. In the period from January-September 2001, revenue declined by 30% compared to the previous year. In the Central Highlands coffee growers lost an estimated US$172 million from the 2000-2001 crop.

In early 2001, there were temporary price rises which encouraged small farmers to continue growing coffee despite signs of a long-term collapse in coffee prices. In January 2001, the per kilogram price of coffee rose by VND1,000 in Lam Dong and Dak Lak. But another price drop followed only three weeks later. In mid-February prices fell each day for 5 consecutive days. In response, coffee farmers started burning their trees. In Dak Lak alone over 10,000 hectares of coffee was cut down, burned or abandoned.

At the same time official plans were announced to reduce total coffee output and raise prices by cutting down 150,000 to 180,000 hectares of coffee trees, including 70,000 hectares in Dak Lak and 40,000 hectares in Lam Dong (Thanh Nien, August 12, 2001).

The Collapse of ACPC

The Vietnamese government's plans to destroy up to 180,000 hectares of coffee trees follows a series of failed attempts to reduce output and restore world prices.

On May 19, 2000, the Association of Coffee Producing Countries (ACPC) passed a resolution requiring its members

to retain the equivalent of 20% of export volume. Created in 1993 under the leadership of Brazil, the ACPC comprised 14 member-states, and was designed to regulate world coffee prices in the same way that OPEC regulates oil prices. Significantly, Vietnam was not a member of the ACPC.

The retention scheme launched by the ACPC in May 2000 was intended to reduce oversupply in the world market and raise coffee prices. Although Vietnam was not a member of the ACPC, the Vietnamese government announced plans to support the proposal and retain 20% of export volume, or 150,000 tonnes. The Government bought and stockpiled 60,000 tonnes at the end of 2000, then another 90,000 tonnes in early 2001. However, the Government released most of the stockpile within 6 months, causing a further drop in prices.

When the retention plans failed and global oversupply reached more than 10%, the ACPC passed a resolution on September 27, 2001, suspending the retention plan effective on October 1. The ACPC then ceased operations.

Following the failure of the ACPC retention plan, new regional arrangements were sought, especially by Indonesia. In early December 2001, the Association of Indonesian Coffee Exporters (AEKI) announced that the world's three largest producers of robusta coffee - Indonesia, Vietnam and India - will meet in Hanoi in January 2002 to discuss joint action to limit exports and raise coffee prices.

Despite these attempts to establish a post-ACPC bloc of robusta producers to regulate prices, Indonesian coffee exporters played a role in the recent price collapse. In the 2000-2001 season, Indonesian exporters imported 500,000 bags of green coffee beans from Vietnam for re-export. Of this amount 200,000 bags were supplied to the domestic roasting industry then exported, while the other 300,000 bags were re-exported unprocessed. In April 2001, Indonesian coffee exporters again started importing cheaper green coffee beans from Vietnam in order to meet new orders for dried and roasted coffee at prices.

Global-Local Linkages

Every week the price falls sharply on the American market in New York. The price fluctuations affect us badly in Timor Lorosae because our coffee is sold on the American market.
Sisto Moniz Piedade, Operational Director, Cooperative Cafe Timor (CCT)

It's an excess of supply and not enough demand. Even so, the farmer survives. He will not become rich, but he will not starve. His level of poverty will be acceptable.
Celsius Lodder, Executive Director, International Coffee Organization (ICO)

While Vietnam's failure to reduce export levels contributed to the collapse of the ACPC, there is a more important political and economic global-local dynamic involved. This dynamic is based on several factors, including:

1. The impact of international financial markets
2. The role of TNCs which dominate the global coffee industry
3. The power of the 'Agro-Export' model

1. The impact of international financial markets

The basic price of coffee is set by traders on the New York Coffee, Sugar and Cocoa Exchange Inc. and the London International Futures Exchange. It is these prices which directly impact on local traders and growers. For example, on October 9, 2001, the price of robusta on the London International Futures Exchange fell to its lowest level in 30 years. On the same day the price of coffee beans in Dak Lak fell to VND4,000/kg - half the production cost of VND8,000/kg. In one sense the speed of this reaction, and its

direct impact on local prices, reflects the impact of new technologies. On the other hand, the power of traders on the coffee exchanges and the hyper-exploitation of small growers through their speculative transactions is nothing new, and is consistent with the world coffee industry's colonial past.

The point is that as long as prices are determined on the London and New York exchanges by powerful economic interests in Europe and North America, the ACPC could not effectively manage prices and protect its members. In fact, the ACPC was only created in 1993 because of the collapse of the International Coffee Agreement four years earlier. In its drive to impose the 'free market' on the rest of the world, the US government strongly opposed the regulation of world coffee prices through the Agreement, forcing its collapse in 1989. It was only after this that low-cost producers such as Vietnam entered the market and undercut prices.

Vietnam's Coffee Exports, 1995-1997 (tonnes)

	1995	1996	1997
Singapore	69,490	53,935	72,156
Switzerland	21,942	21,242	66,338
United States	38,578	27,278	37,900
Germany	15,001	22,014	28,725
Japan	15,458	14,020	22,027

2. The role of TNCs which dominate the global coffee industry

Despite the crisis - or more accurately, because of it - the transnational corporations (TNCs) which dominate the global coffee industry continue to profit. Proctor & Gamble (which owns Folgers), Philip Morris (whose subsidiary Kraft Foods owns Maxwell House), Sara Lee (Hills Bros., MJB) and Nestle dominate the world coffee market. As Nestle's annual report on its coffee-trading performance in 2000 states that: "trading profits increased ... and margins improved thanks to favourable commodity prices." (Quoted in Oxfam, Bitter Coffee: How the Poor are Paying for the Slump in Coffee Prices, May 16, 2001).

Not only do these TNCs profit from the crisis faced by coffee growers and workers, but their manipulation of prices and world coffee demand contributed to the current crisis. In the 1980s and early 1990s, fierce competition between TNCs for market share saw an emphasis on price rather than quality, encouraging the use of lower-grade robustas, especially in canned coffees. This led to the rapid expansion of lower-grade robusta coffee.

The devaluation of the Vietnamese dong in 1997 was quickly exploited by coffee traders and retailers. TNCs such as Nestle started sourcing from Vietnam to drive down prices, forcing its traditional suppliers in Mexico and Central America to lower their prices. However, even Vietnam did not benefit from this shift. Despite raising production levels to meet an expected demand of 55,000 tonnes of robusta for instant coffee in the 1998-99 season, Nestle purchased only 4,500 tonnes from Vietnam. Similar price manipulation was demonstrated by Nestle's recent pressure on the Mexican government. In January 2001, the Mexican government gave Nestle a license to import 600,000 bags of coffee from Vietnam. This led to a drop in local prices before any coffee was even imported.

Nestle is now financing new R&D programs in coffee production in Vietnam's neighbour Thailand. It has already identified 7 out of 20 coffee strains it plans to promote for widespread, export-oriented coffee production. Similar R&D is currently being financed by the World Bank in another of Vietnam's neighbours - Laos.

The expansion of genetically modified (GM) coffee beans by TNCs threatens to further reduce coffee prices and undermine the livelihood of the small farmers. The advance of GM coffee will facilitate increased concentration of coffee growing in agro-industrial plantations and TNC-based contract growing.

While the impact of TNCs has been extensive, it is important to recognise two other important factors:

First, Vietnamese companies played a direct role in driving up coffee production. State-owned corporations, in particular VINA CAFE and its subsidiaries, encouraged local speculation in coffee. VINA CAFE built close ties to overseas trading companies and retailers and acted as a conduit for their exploitation of Vietnamese coffee farmers. State commercial banks also saw greater returns on coffee and geared lending to local farmers in this direction. Another driving interest behind coffee cultivation was the sale of fertiliser - both by state-owned corporations searching for a new internal market of intensive fertiliser consumption and state trading companies profiting from the import of fertilisers (especially from countries such as Indonesia).

Second, regional TNCs within Asia have played a critical role. VINA CAFE's closest ties are with Japanese trading companies such as Itochu and Mitsui. The over-expansion of robusta was in part due to rising demand for low-grade beans use in canned coffee. Much of this trade was conducted via Singapore.

Another significant regional TNC is the Singapore-based corporation, Olam International. Olam is a global trading house which deals in agricultural commodities including coffee, cashew nuts and cotton, and is one of the world's largest shippers of robusta coffee. In fact, from 1995 and 1996, Vietnam's coffee exports to Singapore were double exports to the US, and in 1997 Singapore still ranked higher as an export destination than Switzerland and the US.

More recently Olam established a US$1.7 million joint venture, Olam Viet Nam Ltd., in Vietnam. This involves the opening of two new coffee processing factories in Lam Dong Province's Di Linh District and Dac Lac Province's Dac Nong District. The Di Linh factory has a processing capacity of 15,000-18,000 tonnes per year, while the Dac Nong factory will have an initial annual capacity of 8,000 tonnes. The opening of these factories not only takes advantage of lower costs in Vietnam but also encourages small farmers in the area to continue producing coffee.

3. The power of the 'Agro-Export' model

Although a number of NGOs, 'fair trade coffee' campaigners, and journalists have blamed World Bank policies for Vietnam's over-production of coffee, there is not much evidence to support this claim. There was minimal direct Bank lending to the coffee industry in Vietnam. Indirect loans may have played a role, but decisions on actual financing were made by the Vietnamese Bank of Agriculture and state commercial banks. More importantly, the timing of Vietnam's coffee boom does not match the increase in World Bank activity in Vietnam. Given that coffee trees take four to five years to mature, the extensive planting which led to an explosion of coffee output would have taken place in 1990-91. The bulk of World Bank lending and its imposition of 'free market' policies did not begin until after the US embargo was lifted in 1995. In fact bilateral loans and 'aid' - particularly from Western European countries and Japan - have played a more significant role in financing Vietnam's coffee expansion. (Even at the height of the crisis the France Development Fund announced a US$40 million loan to Vietnam in 1998 to create 40,000 hectares of arabica coffee. Although this was presented as an 'alternative' to robusta coffee, the emphasis was still on export-oriented expansion of coffee plantations. The recent decline in arabica prices means that farmers who borrowed under this fund at a rate of VND15 million per hectare face financial difficulty even before the trees can be harvested.)

What this suggests is a common weakness in the analysis of globalisation among some NGOs, social movement organisations and trade unions. The search

for direct institutional links between the World Bank/IMF/WTO and domestic economic policies often leads to the neglect of more powerful structural and ideological influences. Since 1989 the Vietnamese government has embraced key elements of neoliberal ideology - imposing far-reaching de-regulation and privatisation programs and enforcing the commercialisation and export-oriented expansion of agriculture.

In February 2000, the Government recognised the existence of capitalist production in agriculture and endorsed its expansion. Labeled the "farm economy", this type of production is based on the private accumulation of land and hiring waged labour. Under the new resolution on the farm economy, farm owners can hire an unlimited number of workers and determine their wages. In addition they may use their land to mortgage loans from state commercial banks.

It is in the context of the commercialisation of agriculture, export-oriented expansion and the rise of the farm economy that the World Bank plays an important role - not in terms of direct loans, but in shaping and reinforcing a dominant neoliberal development ideology. This is further reinforced by the conditions imposed on Vietnam by the US government under the new Vietnam-US bilateral trade agreement and the painful process of gaining accession to the WTO.

Structural pressures are equally important. By structural pressures we mean the social, political and economic conditions which force governments to adopt export-oriented development strategies and lock them into a specific 'development model.' A key influence is the pressure of external debt repayment.

Driven by Debt

I've been working hard for 40 years, and now I owe money.
Santiago de la Rosa, small coffee farmer, El Pajal, Guatemala

Why should coffee be stored when world prices are taking a nosedive and the next crop is approaching? Also, VICOFA has loans to repay and can't afford to wait for higher prices.
Doan Trieu Nhan, President, Vietnam Coffee and Cacao Association (VICOFA)

Farmers are selling everything they can to repay bank debts. Anything of value in their house - all goes for sale to please the debt collectors.
Local coffee trader, Dak Lak Province, Vietnam

We live with coffee, we die with coffee.
Woman coffee farmer, Duc Minh, Dak Lak Province, 1998

One of the reasons that the collapse in coffee prices has been so devastating for so many countries in the 'South' is that coffee exports are a crucial source of foreign currency needed to service external debt. The pressure of debt repayment is a driving force behind exports, locking these countries into the free trade and investment regime of the WTO and the structural adjustment policies of the World Bank and IMF. Failure to meet debt repayment deadlines merely places the governments of these countries under greater control by the transnational banks and the IMF.

The pressure of debt also locks in small farmers. Loans made under contract-growing arrangements promote dependence on a single cash crop (mono-cropping) and are tied to meeting quotas. The risk of defaulting means the loss of land. In April 2001, the Bourban-Gia Lai sugarcane processing joint venture prepared a lawsuit against 267 farming households in Agun Pa, Gia Lai Province, for defaulting on loans to grow sugarcane (Lao Dong, April 30, 2001). Coffee farmers in the province have already been threatened with similar lawsuits by coffee traders.

In October the State Bank of Vietnam

ordered that coffee growers be given a moratorium of 3 years to repay loans. However, this only applies to formal loans from state commercial banks. Many coffee farmers are indebted to private lenders and traders who charge high interest rates and seek repayment in the form of land or coffee.

Ultimately farmers are prevented from diversifying their crops and are locked into loans geared to production for export. This is especially serious for coffee growers because of the long period it takes for coffee trees to reach harvesting age. Ironically, even as coffee prices collapse coffee growers are forced to intensify the use of fertilisers and raise production to try to meet debt repayments. The result is usually bankruptcy. According to a report by Vietnam Economic News (January 29, 2001), falling agricultural export prices coincide with rising costs of fertiliser. (The report also shows that only 9% of 12 million farm households live in permanent brick houses. Nearly 3.5 million have no access to electricity, and between 3 to 4 million do not have access to clean drinking water.)

In Dak Lak coffee farmers who burned their coffee trees are desperately trying to find another agri-export crop to earn enough to repay their debts. But the low price of other commodities - including rice and black pepper - has made this difficult. The only commodity not suffering a decline is fresh fruit and vegetables. The sense of desperation faced by small farmers threatened with debt and bankruptcy, like the desperation which drove coffee growers from Veracruz into the Arizona desert, is very clear. As a local coffee trader in Dak Lak Province observed: "Farmers are selling everything they can to repay bank debts. Anything of value in their house - all goes for sale to please the debt collectors." (Quoted in Clare Black, "Hunger, disease grip coffee areas after price dive," Reuters, October 26, 2001.)

Sleepless Since Seattle: What is the WTO About?*

Philip McMichael
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Introduction

Post-Seattle, the WTO is under investigation for alleged conspiracy to establish a system of undemocratic rule and rule making for managing the global economy. The fall-out from the so-called 'millennial round' is a debate about WTO procedure, about channels of representation and transparency, about content of rules, and even about the WTO's viability and right to exist. It is too early to say how this debate will progress and how the WTO will evolve as an institution. But it is timely to comment on the world-historical significance of the WTO crisis.

The question about the WTO's representativeness ultimately concerns the hasty and little publicized launch of the Organization by governments around the world in 1995. In the negotiations over the transformation of GATT into the WTO only corporate access to government delegations was allowed. Rather than the WTO being viewed simply as an evolving bureaucracy in step with the expanding scale of economic integration, in order to understand the nature of the crisis it is important to situate the WTO in its world-historical context. This context involves the corporate attempt to secure global market rule, framed by a pervasive discourse of neoliberalism, and to impose it as the preferred model of the dominant capitalist state. When Marx declared in the *Manifesto* that:

> the bourgeoisie has at last, since the establishment of Modem Industry and of the world-market, conquered for itself, in the modem representative State, exclusive political sway. The executive of the modem State is but a committee for managing the common affairs of the whole bourgeoisie
> (Marx and Engels, 1970: 37)

he was perhaps presaging the formation of a political body like the WTO. Accordingly, we can think of the WTO as the would-be executive of the modem state system, acting as a committee for managing the common affairs of transnational corporate and financial interests. Marx, a perceptive political sociologist, was also observing that modem states comprise both an executive branch of governing bodies and ministries and a substantive relationship of civil representation, at the same time as they embody the political history of capitalism and its structuring of power.

The WTO, however, is not a state, it is a disembodied executive. The crisis of the WTO centres on the issue of representation, but it ultimately concerns power. Comprised of member states, the WTO not only instrumentalises the competitive and hierarchical relations among those states, but it also denies full representation from civil society. The WTO denies broader civil representation in two senses: by operating via secretive, bureaucratic tribunals removed from public scrutiny, and by using this mechanism to undermine and reverse the substantive representational institutions, social protections and laws that constituted the member states in the first place.

As Marx and Polanyi observed in the nineteenth century, market construction is inherently political, and, as such, it is contested. As markets recompose social

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relations and structures of power, counter-movements act to preserve traditions of moral economy and/ or to secure political, civil and social rights. Such struggles have defined states, insofar as states are constituted as relations of power between governments and citizens across time and space. The so-called welfare state was the outcome of this evolving power relation whereby capitalist institutions such as the market and private corporations came to be socially regulated.

It is this social regulation, including its constitutional foundations, that the WTO is perceived to threaten since is it the principal vehicle of market rule. The compromise of public institutions repoliticises civil society as social protections are threatened. Citizens are recognizing that nation-states embody distinct social and political histories which may be reversed through the restructuring of public institutions to manage unstable global circuits of money and commodities. The attempt to impose market rule is a rerun of the nineteenth-century installation of markets, but this time via multilateral agencies on behalf of apolitically assertive form of capitalism. This assertiveness ems from the accumulated power of nsnational banks and corporations hose principal supporter is the USA), d targets the historic bridling of capital y the welfare/development state. Capital's assertiveness has three forms: (1) the attempt to elaborate a global state function to manage capital's affairs; (2) the subordination of individual state policies to the surveillance of financiers and currency speculators; and (3) a hegemonic ideology that development is a private, not a public, function.

(1) A Global/Collective State?

The notion of a global, collective state managing capital's affairs is foreshadowed in the organizational structure and operation of the WTO: composed of member states which author and operationalise rules through collective, binding agreement. The key function is that of guaranteeing corporate rights and freedom to operate across state boundaries, in the mobility of products and, eventually, of capital. As yet, the WTO is empowered only to rule on 'trade-related investments' (TRIMS), providing the framework to restrict or eliminate the rights of nations to determine domestic policies regarding finance and investment, such as local content and performance requirements (Barker and Mander, 1999: 36-7). Meanwhile, the 1997 WTO Financial Services Agreement promoted the right of commercial presence in new markets for transnational banks and financial corporations, and in 1998 the IMF moved to amend its Articles of Agreement to obtain global authority to impose full capital account liberalization on member states. Since protectionism has historically defined individual states, notably in the post-Second World War era of 'embedded liberalism' (Ruggie, 1982), the deployment of a 'collective state' to abolish protectionist barriers to the movement of money and products is historically significant.

Arguably this project has already taken effect: by 1999 transnational corporations accounted for a third of global exports, according to the UNDP, and cross-border mergers have created an unprecedented centralisation of capital, where control of sectors by their ten largest corporations accounts for 86 percent in telecommunications, 85 percent of pesticides, 70 percent of computing, 35 percent of pharmaceuticals and 32 percent of commercial seed (Borosage, 1999: 20). It is important to note the geopolitical concentration of the TNCs: of the world's largest 500 TNCs, 477 are based in OECD countries. Their target is global presence, and especially access to southern resources. The urgency follows a rising share of world GDP controlled by TNCs: from 17 percent in the mid-l960s through 24 percent in 1984 to 33 percent in 1995, and a growing concentration, where just 1

percent of the world's corporations are responsible for 50 percent of all global foreign direct investment (Hoedeman et al., 1998: 159). Laying the discursive foundation for world market rule, EU Commissioner Sir Leon Brittan commented in 1995:

> Investment is a desirable and desired thing....Nonetheless, governments still sometimes find it threatening, because free direct investment limits administrations' ability to control and shape their countries' economic destiny. This is a small price to pay for allowing private sector decision-makers to generate economic benefits world- wide. (quoted in Hoedeman et al., 1998: 154)

The 'collective state' function, while anchored in the WTO, undoubtedly depends on its ongoing collaboration with the Bretton Woods institutions. During the would-be millennial round of the WTO in Seattle, the heads of the WTO, the World Bank and the IMF signed a joint statement on 'coherence', in order to coordinate their policies regarding international trade and investment:

> We shall build on the strong collaboration between our three organisations to enhance the capacity of developing countries - to foster their economic and social development, and we will continue to work together closely, under our Cooperation Agreements, to help them increase the coherence of economic policy-making.

A confidential report circulated within the World Bank in 1998 stated: The globalisation of economic activity has made it useful to put the existing structures of cooperation on a more formal basis' (Paulsen, 1999).

The 'collective state', however, is a contradiction in terms. It is no secret that the initiative for the establishment of the WTO came from the USA and its corporate lobby. Washington favoured the dispute resolution and enforcement mechanism of the WTO as a decided improvement on the more diffuse rules and operation of GATT. However, the enforcement of trade sanctions against member states violating 'free trade' rules would have dramatically different impacts since some states are more equal than others. Further, the original ambivalence on the part of Japan regarding its industrial system and its rice culture, and of the EU regarding protection of agriculture, as well as the southern states' preference for plural institutions and negotiations rather than a single trade bureaucracy, still disrupt the attempt to establish a uniform set of rules. Finally, strong-arm measures orchestrated by the US Trade Representative in Seattle, via the exclusive 'green-room' negotiations, only confirmed Caribbean and African (and Latin American) states' perceptions of the WTO as an instrument of the superior trading power of the north, which has garnered 70 percent of the benefits of WTO trade liberalization (Fleshman, 2000). This dynamic arguably has accelerated global inequality, where, according to UNCTAD, the income gap between north and south has widened to 74:1 from 31:1 in 1960 (Hilsenrath et al., 2000).

(2) State Subordination to Surveillance by Financiers and Currency Speculators

Beyond building a global institutional complex, the political assertiveness of capitalism drives the structural adjustment of states, justified by neo-classical economic ideology .The neo-classical revival was conditioned by the financial surpluses of the late 1960s, exacerbated by the declining profitability of productive investment (see O'Connor, 1986). The structural need to accommodate 'financialisation' (Arrighi, 1994) began with the shift to floating exchange rates, offering an outlet for financial speculation as a form of crisis management, favouring speculative profiteering over productive investment (Amin, 1997). Symbolically, the dismantling of the Bretton Woods regime in the early 1970s was also the end of a coherent political economy of development

and the beginning of the 'globalisation' era. That is, financial capital, aided by significant deregulations from the 1970s on, gained considerable relative power, shaping policies of debt management originating in the 1980s in the interests of the solvency and profitability of global banks, and encouraging a turn towards fictitious, rather than productive, capital accumulation. Management of the debt crisis included financial liberalisation with currency devaluation and export intensification across the south, as tools of recolonisation and shifting the burden of indebtedness from north to south, from capital to working citizens.

Arguably, structural adjustment programmes managed by the IMP and the World Bank contribute to a 'decomposition' of the national economy (reorganizing it as part of the global cheap labour economy through domestic deflation) and a 'recomposition' of consumption through trade liberalization to allow imports of luxury commodities for the upper classes, and exports for their foreign counterparts (Chossudovsky, 1997: 78). The connection between financial discipline and export intensification expresses the securing of global circuits of money and goods in the WTO regime of market rule.

Nation-state 'decomposition' does not mean states are eliminated, rather they are reconfigured to secure global circuits of money and commodities. Arguably this is also part of a regime of crisis management Today the total value of global financial transactions is twice the total value of world production. Since the value of money is no longer governed by the effective command of wage labour (Marazzi, 1995: 74), rather by speculative circuits of financial capital, global regulatory policy is geared to avoiding financial collapse. It has two goals: to underwrite and reschedule debt on a decidedly ad hoc basis (and with apparently increasingly frequent occurrence); and to use debt rescheduling as a lever to liberalize national financial systems. This is and was exemplified in the emergency financial bail-out of beleaguered Asian-Pacific national banking systems in late 1997, by IMF packages supplemented with northern financial assistance. The IMF's role was to extract financial adjustment in the assisted states to sustain global capital flows.

Globalisation, today, involves a profound reformulation of money and states (McMichael, 1999). For the nineteenth-century world, Polanyi noted 'the constitutive importance of the currency in establishing the nation as the decisive economic and political unit' (1957: 203). The principle of territorialism within a world market depended on the national currency and its coordination with gold, as the standard of value, via national central banking policy. In turn, the politics of currency management encouraged constitutionalism to represent domestic social interests affected by changes in value of the national currency .In the era of dollarisation and now financialisation, citizens and governments no longer have effective control of national currencies. The evaluation of currency values occurs in real time, via information technologies and the 'information standard', which abstracts the determination of value from territorial and social criteria.

Currency is now an object of speculation, and currencies (and hence countries) are brought directly into competition with one another. The effect is to force states to adopt competitive market policies in order to defend their national currency. As Altvater and Mahnkopf argue:

> When interest and currency rates are no longer determined politically by legitimate institutions of the nation-state but rather are formed by global markets, the market dynamic can no longer be politically regulated according to directives which are incompatible with it. ...Politics does not disappear, but its rationality is synchronised with the economy. (1997: 463)

It is not surprising that Malaysia's Trade Minister, Rafidah Aziz, should request

increased bail-out money from the west at the thirtieth meeting of ASEAN (December 1997) thus: 'Forget politics. It is pure survival of the global economy' (quoted in Mydans, 1997: D6). But politics is not totally rationalized. A dramatic example, in early 2000, was the broad resistance by the Ecuadorian Confederation of Indigenous Nationalities, CONAIE, to the government's devaluation of the sucre as it embraced dollarisation to stabilize and synchronize Ecuadorian financial relations with the global economy.

(3) Development as a Private, Versus a Public, Function

On 4 March 1998, the WTO Director-General Renato Ruggiero declared:

> More than ever before, the world's prosperity -and America's - rests on maintaining an open international economy based on commonly agreed rules. Joining the WTO is not like joining a political forum or an organization which can provide loans or grants; it means hard negotiation with existing members and very often major changes in national policies in order to be able to sign on to binding commitments across the whole trade spectrum. But countries which join the WTO gain security and predictability in their trade relations, and gain the assurance of equal access to the dispute settlement system. *Most important of all, by opening their economies these countries accelerate their development*, while their partners know that unilateral economic reforms are henceforth bound into an international legal framework. (1998; italics added)

The message was clear: development now depends on the management of global markets, and this requires the institutionalisation of a 'free trade' regime within state regulatory structures to establish common trade and investment policies. In effect, development becomes less a socially purposeful national initiative, and more a reward for joining the global market. Within the terms of the WTO regime, development is deemed to be the function no longer of states but of private capital and a world market presented in naturalized terms. In a post-Seattle spin, the WTO Director-General Mike Moore declared: 'Globalisation is not an ideology, not a political theory, but economic evolution' (Washington Post, 12 February 2000).

The 1997 Asian crisis exposed this private model of development, of 'fast-track capitalism' (Bello, 1998). In Asia, 'fast-track capitalism' depended on the stabilizing effect of massive regional inflows of Japanese capital, following yen revaluation in 1985, and a demonstration effect, attracting capital from the regional NICs, the USA and Australia. By the 1990s, structural changes in global markets (privatisation, financial liberalisation, economic integration) encouraged institutional investors to target the South-East Asian markets and their high interest rates as sources of quick yields on the huge savings, pension, mutual, government and corporate funds that they managed. Arguably, the tolerance shown by the Bretton Woods institutions towards the accelerating foreign debt was because it was privately financed (Bello, 1998). The attraction of funds followed financial liberalization. As currencies tumbled, broad segments of the G7 citizenry's savings were implicated, requiring the IMF, as the instrument of US diplomacy, to resolve the crisis in favour of the banks and their investors. In global terms, the reality is that vulnerable states (with weakened currencies) cushion, by absorbing, financial crises.

A pattern had emerged in the 1990s where financial liberalisation integrated money markets on the one hand, but rendered the global financial system more vulnerable to financial (including currency) speculation on the other. In the Asian case, governments used a 'dirty float' to link their currencies to the dollar as a device to attract foreign capital, and, implementing the private development model, exercised

little control over the largely speculative disposition of the capital inflow. The increasing fragility of South-East Asian debt eventually attracted the attention of the currency traders. The IMF-supervised Asian currency devaluation was a politicised correction, shifting the burden of capital loss onto the citizens of the adjusted states, from South Korea to Indonesia. For South Korea, the 'showcase' of the era of US hegemony (Grosfoguel, 1996), the absorption of debt through drastic devaluation, fire sales of Korean assets to foreign investors and even chaebol break-up, the crisis revealed that global market rule takes no prisoners, since it now privileges management of financial crisis. That is, South Korea is no longer so much an example of successful development, as it was made an example of; through adjustment, in order to manage the financial crisis.

Given existing global power relations (expressed in a currency hierarchy), while all states surrender power to anarchic global financial markets, some states must pay for the casino-like movement of short-term funds in search of quick profits. Arguably, this renders the new private model of development quite problematic - not only because it is not universally replicable, but also because it obscures the regressive redistribution of income (nationally and internationally) associated with this model.

Conclusion

This brief article has argued that the WTO crisis must be set in context. That context is the attempt to implement market rule globally in order to facilitate corporate access to markets and raw materials, and investor and speculator access to financial markets, and to recalibrate the ideology of development as a global project. The WTO is a tool of the counter-mobilization by transnational capital against social protections.

The problem is that the WTO, being authored by states, is also accountable to them, or at least their competitive relations. Further, within the frame- work of the neoliberal project state-authored rules of the global market have been well insulated from democratic input. Both of these areas of accountability continually return to roost.

The politics of market rule concern not simply its institutionalisation in rival states, and in the WTO as a surrogate 'collective state', but also the appropriation of the rights, historic entitlements and culture of its 'subjects', in the name of 'development'. The naturalisation of the market in WTO-inspired discourse has become its blind-spot, where the political relations of the market are fetishised and obscured. As the intensification of market rule reveals these relations, the WTO becomes the lightning rod of contention. Nowhere was this more evident than in Seattle, where the WTO was confronted with a crisis, much of its own making: a crisis of representation, of all members of the collective state, of citizens, and of social goals.

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The first IUF Asia and Pacific regional conference of the Land and Freedom project, meeting in Bandung, Indonesia, December 10-12, 2001;

Notes;

a) The dramatic impact of globalisation on plantation and agricultural workers and marginal farmers, especially as a result of the liberalisation of trade in agriculture through the World Trade Organisation. We are seeing increasing casualisation of the plantation workforce; the introduction of task and piece-rate work; the expansion of contract labour and declining occupational health and safety.

b) Throughout the region agricultural workers lack fundamental rights to organise and collectively bargain. In a number of countries unionisation of agricultural workers and marginal farmers remains illegal.

c) At the same time marginal farmers are under increasing pressure to produce for export, but declining prices in many commodities, mean such commodities must be sold at less than the cost of production. Under these conditions it is impossible for marginal farmers to prosper, let alone survive, on their lands and must seek alternative sources of income and employment.

d) The drive to open up agricultural markets is leading to more and more production for export. Crops for local consumption (eg rice, potatoes, cereals, sugar) are being replaced by high value fruit and vegetables and cut flowers. Local varieties of seeds are replaced by high-yield varieties (HYV) and even genetically modified seeds. Basic commodities cannot compete with the high intensive-high input systems of North America, Europe and Australia. The competitive pricing structure of the world market places marginal farmers in a race to the bottom. Children are increasingly involved in agricultural production to the detriment of their education and women are more involved in marginal agriculture through the enforced migration of many male partners. Technological change and industrial development have further compounded the forces of displacement and led to losses of employment.

e) Biotechnology in agriculture remains clearly driven by the needs of corporations and agribusinesses, both local and transnational, and the covert ways in which such technology has been introduced into agricultural systems is fundamentally undemocratic and threatens ecological security.

f) While successful land reform programmes historically have been undertaken in Japan, South Korea and Taiwan, no other country in the region has been able to undertake comprehensive reforms or maintain reforms previously enacted. Despite numerous countries in the region having land reform programmes and statutes, land remains undistributed and bureaucracies responsible for such distribution are notoriously corrupt. Furthermore, land reform programmes which have distributed land have generally failed to incorporate the necessary components for sustaining agrarian livelihoods, such as the provision of credit, access to water, infrastructure, security of tenure and points to sell or exchange goods produced. In many cases it seems national governments have given up their interest in equitable land distribution.

g) Of particular concern is the recent promotion of market-assisted land reform by the World Bank, which in effect abrogates the right of marginal farmers, and agricultural workers who wish it, to land, since access to land is through privatised and financial means.

* These conclusions constitute recommendations to the Land & Freedom Project and do not necessarily reflect the views of the IUF.

h) The international structure of debt has also contributed greatly in facilitating the entrenchment of inequality among marginal farmers, agricultural workers and plantation workers. As countries must meet loan repayment requirements in foreign currencies the only option available is to seek export crops. But these crops inevitably suffer from dramatic price instability and whatever crops are chosen, indebted countries are unable to pay off external debts. It is worth noting that much of the debt acquired by countries in the Asia and Pacific region occurred through the connivance of authoritarian governments and international lending institutions fully aware of endemic corruption.

i) Yet, debt is more than a national crisis. Household debt is a fundamental limitation on marginal farmers and agricultural workers to pursue and sustain their livelihoods. In the case of marginal farmers, interest rates are usurious and the requirement for purchasing many agricultural inputs through loans, compels marginal farmers into an escalating cycle of debt in order to survive.

j) The fundamental inhumanity of the present world agricultural system is that it actually produces more food than is needed. World markets are confronted, in all basic commodities, with oversupply. Inequality in the distribution of food, rather than the incapacity to produce enough food remains a central problem. Neither food security nor food safety can be guaranteed. Millions of people do not have enough to eat and starvation continues to occur in the region.

Therefore, conference adopts the following themes to the Land & Freedom work programme in the region:

1. Food Security, Food Safety, Food Sovereignty
2. Alternatives for protecting livelihoods-community/collective based, employment security, opposition to privatisation and enterprise restructuring.
3. Land & Agrarian Reform
4. Organisation Building, Alliance Building (proposed Indian Agricultural Workers Bill, ILO conventions, freedom of association, right to safe workplaces)
5. Education on Globalisation, WTO and Agriculture.
6. Biotechnology
7. Gender

There should be campaigns focussed on food security, food safety and food sovereignty.

We understand this to encourage trade unions and marginal farmers' organisations to work together on common campaigns for these rights at local, national and international levels.

Practical activities could be research, workshops, sharing of information and taking part in wider networks which share our concerns.

On land and agrarian reform IUF Land and Freedom should continue to gather and disseminate information and work towards a global perspective on these subjects. This would include visions and alternatives to the present system of world agriculture.

Biotechnology will remain a focus for IUF Land and Freedom, especially in exploring alternative cropping and production systems, making biotechnology unnecessary and continuing to highlight its negative consequences.

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