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Two Crises or One? Persistence and Disappearance of Simple Commodity Production in Tobacco in Turkey and Canada

Mustafa Koc

Through a comparison of the conditions of tobacco production in Turkey and in Canada, this study aims to bring an understanding to the conditions of persistence and disappearance of simple commodity production in agriculture. It is argued that the variations in the scale of production and in labor—and capital—intensity between these two cases reflect two different tendencies in the decomposition and transformation of simple commodity production.

Mustafa Koc (Ph. D. Sociology, University of Toronto, Canada) teaches at the Comparative Development Studies Program at Trent University, Canada. He has researched topics including sociology of agriculture and food, change and development, and policy analysis. Dr. Koc current research interests include simple commodity production, commodity market, international trade and water resource management. He is the author of various journal articles.

Introduction

Through a comparison of the conditions of tobacco production in Turkey and in Canada, this paper aims to bring an understanding to the conditions of persistence and disappearance of simple commodity production (SCP) in agriculture. It is argued that the variations in the scale of production and in labour- and capital-intensity between these two cases reflect two different tendencies in the decomposition and transformation of simple commodity production. The Turkish case presents an example for the resiliency of a small scale and highly labour intensive pattern of simple commodity production based on use of family labour. The Canadian case in contrast, is an example of the so-called "modern family farm"; large scale, specialized, mechanized and capitalized.

The paper argues that the differences in the organization of production among simple commodity producers have to be examined within the context of unique patterns of transformation of agriculture in both countries, differences in natural imperatives of flue-cured and oriental tobacco production, markets and state policies. After examining the historical dynamics that have led to the emergence of these two variants of SCP, the paper attempts to examine the conditions

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that threaten the survival of SCP in agriculture by comparing the effects of recent crises in the tobacco market.

Persistence as a Historically Specific Possibility

The question of the persistence of non-capitalist forms of production in agriculture has been the focus of an extensive debate in recent years. Much of this debate focuses on the conceptualization of SCP as a distinct form and its conditions of reproduction (Friedmann, 1980; Gibbon and Neocosmos, 1985; Bernstein, 1986). Most of these studies agree that SCP, rather than being an anomaly, is a product of capitalist relations dominating the economy. Explanations for the persistence of SCP vary. While some argue that SCP has been preserved by capital because of its functionality for the accumulation process (Vergopoulos, 1978), others point out the role of various obstacles to the expansion of capitalist forms in certain branches of agriculture for the persistence of SCP (Mann, 1990; Goodman and Redclift, 1985). Most of these studies also agree on the point that the internal dynamics of household production give simple commodity producers a competitive edge under certain historical circumstances (Friedmann 1978b; Koc, 1989; Reinhardt and Barlett, 1989). Infact, Mooney (1988) points out the "substantive rationality" of family farmers to explain the maintenance of SCP in agriculture. Finally, emphasizing the historical specificity of SCP, several studies underline the peculiarities of the labour market and the role of state policies in persistence of SCP (Bonanno, 1987; Koc, 1990).

Another important question has to do with the wide variations simple commodity producers present in terms of organization of production. Identification of both modern, capitalized family farms, as well as small-scale, labour intensive units as SCP, created challenges for its conceptualization (Friedmann, 1978 a; Koc,

1989). A solution to the variations that SCP presents is offered by Gibbon and Neocosmos (1985). Conceiving SCP as a "phenomenal category of capitalism", they argue that the "relative equilibrium" between the "side of capital" and "side of labour" within the simple commodity producing unit is only one of the possibilities. Shifts in either direction, then, also have to be seen as possibilities under the laws of capitalist competition, accumulation and concentration (Bernstein, 1988: 263; Gibbon and Neocosmos, 1985: 178-80). Semi-proletarian and capitalized farmers, in this sense, can be seen as variations of the contradictory unity between labour and capital within SCP which are not completely transformed into capitalist or proletarian categories (Koc, 1990)⁽¹⁾.

I will argue that tendencies towards capitalization or proletarianization need to be examined not within the realm of the individual enterprise but in the context of its relations with other enterprises engaging in production, distribution and finance within the agri-food system. In the post-World War II era, family farmers have been increasingly subordinated to financial and productive capital (Friedmann & McMichael, 1989, Friedmann, 1990). They have turned into buyers of chemical, mechanical, and biological inputs and sellers of raw materials for the manufacturing industry. Production under these conditions has also required increasing dependence on credit agencies which in their turn subordinated farmers to the financial capital and the movements of money markets (Friedmann, 1990: 20). Under these conditions, modernization of the production process implied intensification of commodity relations. Depending on the characteristics of specific commodity markets, state policies which applied to particular branches of agriculture, and the historical dynamics under which such transformation occurred, simple commodity producers have responded to commodity pressures differently.

The following comparison of the conditions

of tobacco production in the Aegean region of Turkey and in Ontario, Canada will help bringing insights in different patterns of transformation of simple commodity production by emphasizing variations in historical dynamics, natural imperatives of production, characteristics of the markets, and state policies. Canadian and Turkish cases offer us a valuable comparison in terms of identifying variations of responses of commodity producers to different patterns of commodity pressures. Canada represents a typical example for the so-called "American path" without a significant peasant past. Farmers have been involved in commodity production to a certain degree from the early days of settlement on. Transformation of agriculture have led to significant degree of concentration, centralization, and capitalization. In contrast, Turkey represents a typical case of the "transformed peasant path" where commodity production was introduced through state involvement and assistance. Transformation of agrarian economy from mostly subsistence based peasant production to SCP, has led to the consolidation of small-holder farming rather than large scale capitalized forms (See Table 1). Comparison of the Turkish and

Canadian cases also help us to examine the significance of variations in production imperatives and marketing arrangements of different tobacco varieties.

Crisis of Tobacco Farming in Turkey and Canada

Since the 1960s, increasing information on the health risks of smoking and a determined anti-smoking campaign have been threatening the future of the tobacco industry. Nevertheless, until early 1980s tobacco production has remained as a viable enterprise and millions of families around the world kept on producing it in ever increasing quantities.

Tobacco producers in Canada and Turkey entered the 1990s in an atmosphere of pessimism facing doubts about the future of the industry. During the last decade number of tobacco producers declined from 2,566 (in 1980) to about 1,000 (at present) in Canada. Although the decline in the number of producers was less drastic in Turkey (from 255,000 in 1980 to 230,000 in

Table 1. Tobacco Farms Classified According to Size (hectares)

Aegean Region		S. Ontario	
Farm size (hectares)	%	Farm size (hectares)	%
> 2	28.7	> 36.5	18.0
2.1-5	50.0	36.6-61	65.0
5+	21.3	61+	17.0
Total	100.0		100.0
Average Tobacco area		20.6	
Source: Derived from (Agmaz, 1978, Table 1., and Klosler, 1980)			

1990) sharp downturn in real prices since late 1970s has worsened their economic conditions. In Canada, tobacco farmers are suing the federal and provincial governments for deliberately aiming to destroy tobacco farming through over taxation of tobacco products. There were hundreds of farm bankruptcies and several reported suicides due to adverse market conditions. In Turkey, tens of thousands of tobacco producers, protesting recent structural changes in the marketing of tobacco, and the low prices for their crops rioted in February 1990. In the following section I will examine the conditions which led to the survival and demise of tobacco producers in Canada and Turkey in the post World War II era.

Conditions of flue-cured tobacco production in Ontario, Canada

Different from their counterparts in the Old World, farmers in Canada do not have a peasant past⁽²⁾. Settler farming has, from the beginning, presented less resistance to pressures of commoditization. Nevertheless, until the 1940s, and particularly during the Depression years, Canadian farmers combined a highly diversified labour-intensive pattern of farming with self sufficiency in domestic consumption. This was a strategy to get some protection against unpredictable price fluctuations, natural hazards, and the vulnerability which results from dependence on a single commodity. However, the low productivity of these units, increasing labour-supply problems and, most importantly, the cost-price pressures progressively undermined the viability of diversified farming and pushed farmers towards specialization in the post WWII era (Hedley 1976, 418).

The rise in farm wages due to labour shortages in the early war years, and the cost-price pressures that have been pushing farmers towards greater efficiency stimulated the use of agricultural machinery, a process which had already gotten underway in the 1920s. Between 1941 and 1951

alone, tractors more than doubled, motor trucks tripled, and combines almost quadrupled in quantity (Winson, 1985: 425). Long term credit provided by the state for the purposes of expanding operations and increasing volume of production was also instrumental in the early phases of this expansion. Farmers expanded their assets by purchasing more land, agricultural machinery, livestock and other inputs. The average value of assets on Canadian farms rose to \$ 420,336 in 1981, from \$ 5,788 in 1941 (Ghorayshi, 1986:147).

The process of expansion has not been a uniform one, however. Concentration and centralization of productive wealth accompanied the processes of specialization, mechanization and capitalization of production. While thousands of dispossessed families moved to other branches of the economy in the post-war era, a small number of farms have gained control of much of the productive wealth in agriculture. Simple commodity producers in Canada have always been subordinate to capital (Fowke 1946). Farming in Canada, as in the U.S., has evolved without a peasant past, and been integrated into the commodity markets without significant resistance. The subordination of simple commodity producers has been maintained through the vertical integration of capital in agricultural input (Knutilla and McCrorie, 1980), marketing and processing (Mitchell 1975; Warnock 1988), and by the dependence of farmers on financial capital for credit (Bernier 1976). Increasing indebtedness and the oligopolistic behaviour of agribusiness have caused farmers to experience continuous cost-price pressures and have increased their vulnerability. Farm foreclosures, auctions and bankruptcies have become common scenes in the post-war era. In four decades, the number of farms has declined by almost 57 percent, from its peak of 733,000 in 1941 to 318,000 in 1981 (Census figures).

Canadian farmers did little collectively in resisting the existing structure of the commodity

markets. While those who could no longer survive on land were forced to move out, others tried to secure their position by expanding, often benefiting from the demise of their losing neighbours. When there was organized opposition, this was usually directed against the state and mostly in the form of demands for subsidies to avert general crisis of reproduction. Even marketing boards and supply management schemes were mechanisms to secure the position of already privileged units and had little to do with major structural changes. Defending the status quo was a losing battle and the post-World War II era witnessed hundreds of thousands of casualties. The real winners in this pseudo-competitive rationalization process have been agribusiness and the banks⁽³⁾.

The reasons for mechanization, specialization and capitalization has been especially more compelling for tobacco producers. Tobacco production in Ontario has been regulated by a quota system since 1934. While the quota system has been effective in controlling supply and protecting farmers from a cut-throat competition among themselves, it has made entry into the sector quite difficult. To buy a tobacco farm and a quota and the necessary equipment, a farmer needed to make a big investment. This has meant dependence on credit agencies. Paying back the mortgage on the farm required a significant cash flow which could not be maintained without large-scale specialized tobacco production.

Tobacco production has been an extremely labour intensive process, and without sufficient supply of wage labour, large-scale production could not be possible. Finding a cheap supply of wage labour, however, has increasingly become a major problem in the post-World War II era. One of the causes of labour shortage has been the success of modern farming itself. As concentration and centralization became the dominant feature of Canadian agriculture, families who lost their access to land moved to the cities where they could get higher wages and more steady jobs.

Unemployment insurance and other welfare measures, on the other hand, reduced the desperation of urban and rural poor to accept arduous jobs in the tobacco farms. By late 1970s, finding farm workers during the harvesting season became so difficult that the state had to get into seasonal labour arrangements with Mexico and the Caribbean countries⁽⁴⁾.

Under these circumstances, farmers were forced to resort to using labour saving technology, such as bulk curing kilns, mechanical harvesters, and transplanters, to lower their labour costs. Tendency towards mechanization, however, has meant increasing indebtedness to credit agencies and, in return, created even more pressure for expansion of production. This tendency, however, cannot be understood without examining the characteristics of the tobacco market.

The Flue-cured Tobacco Market

As mentioned earlier, tobacco production in Ontario has been regulated with a quota system since 1934. From 1957 on, the Ontario Flue-Cured Tobacco Growers' Marketing Board, the regulatory agency representing all flue-cured tobacco producers in Ontario, has been in charge of operation of the quota system and orderly marketing of leaf tobacco. Each year, representatives of the marketing board and tobacco manufacturers meet and set the allowable production limit for the coming growing season. Although both sides are equally represented, in practice, tobacco manufacturers have had the final say in determining price and quota levels (Tait, 1968).

The strength of manufacturers come from their oligopsonistic control of the tobacco market. At present, subsidiaries of three multinational firms, Rothmans and Benson and Hedges of Canada (a subsidiary of Rothmans Inc.), RJR-Macdonald (a subsidiary of RJR Nabisco), and Imperial Tobacco Limited (a subsidiary of IMASCO which in turn is a subsidiary of B.A.T.

Industries) and four leaf processors are each acting for a multinational control of the tobacco trade and cigarette manufacturing industry. These companies do not only control tobacco industry but also have large investments in other branches of the agri-food chain (Clairmonte, 1979). With widespread and diversified business practices throughout the world, these multinationals have the ability to move flexibly from one market to another, often manipulating the prices to their advantage.

Crisis of the Modern Farm

Until the late seventies tobacco producers were among the most prosperous farmers in Canada. Production continued to rise despite declining numbers of farmers. This situation changed dramatically in the early 1980s. Probably the most widely accepted reason for the crisis in the tobacco production is the decline in cigarette smoking in Canada. After its peak in 1981, between 1982 and 1987, cigarette and fine-cut tobacco sales declined by 14.4 percent. This was partly due to a major campaign against smoking. Smoking was banned in public places, in federal and provincial government offices. Restrictions were set for cigarette advertisement. Both federal and provincial governments kept on increasing cigarette taxes. Between 1980 and 1987, taxes on a package of 25 cigarettes rose from 63 cents to 1.82 cents. Manufacturers have contributed to the decline in demand for leaf tobacco in an indirect way as well. To satisfy health conscious smokers, they introduced new low-tar, low-nicotine varieties. The easiest way of reducing tar and nicotine could be achieved by lowering the amount of tobacco in each cigarette. In king size cigarettes of Imperial Tobacco, for example, amount of tobacco was reduced from 1.13 grams in 1974 to 0.86 grams in 1984 (Lipovenko, 1984). Using reconstituted tobacco also allowed manufacturers to reduce the tar and nicotine content by using lower quality leaves and tobacco

waste. While "healthy cigarettes" allowed manufacturers to reap higher profits, they meant lower business for the tobacco producers.

The decline in demand for leaf tobacco hit particularly those farmers who got into debt in the late 1970s and early 1980s. Looking for reliable costumers in an era of high interest rates, Canadian banks played a significant role in actively encouraging borrowing among tobacco farmers. Farmers who would go to a bank to ask for a \$10,000 loan were leaving with a \$100,000 loan with the insistence of the bank managers. After all, there were no signs of a declining market and encouragement of the bankers were also an indication of trust in the tobacco market. Young farmers who wanted to make an entry, as well as older farmers who wanted to expand their farms or modernize their equipment were the major borrowers.

The bottom fell after a drastic cut in tobacco purchases by the manufacturers in 1984. Realizing that the future of the tobacco industry was in danger, bankers rushed to salvage what ever they could get from the tobacco farmers. Their attempt to clear "risky accounts" resulted in large numbers of farm bankruptcies. Unable to pay back the loans in short notice, hundreds of farmers lost their land, quota and even houses. For the survivors, the situation was not any better. The decline in demand reduced the value of their quota and land. The quota for a kilogram of tobacco, once worth of \$7.50 Cdn., was selling for as low as 80 cents. Farm machinery used for tobacco production and kilns could not even find buyers.

Getting out of tobacco farming in dignity and without major losses proved to be impossible for the tobacco farmers. In desperation, they asked for government assistance. After all, the federal and provincial governments had been making billions of dollars out of tobacco sales and could easily solve the problems of nearly 1,500 farmers. However, subsidizing tobacco farmers was not a popular decision for the politicians given public

concerns about smoking. Tax revenues coming from cigarette sales could be collected from cigarettes made with imported tobacco as well. Furthermore, 1,500 farmers even with their dependents, were not a significant enough electoral force for political parties to pay attention to.

Through the Tobacco Assistance Program (TAP), the state offered some help for those who wanted to quit tobacco production. But the total amount which was around \$30,000,000 was only one tenth of what farmers thought to be a realistic sum. The TAP was in a way a slow death verdict for the tobacco farmers. Money was given to farmers with the condition that they would quit tobacco farming by selling their quota on an agreed rate (25 percent had to be sold individually at the going market rate).

Conditions of Oriental Tobacco Production in the Aegean Region of Turkey

The Turkish Republic, which was founded in 1923, inherited a war-torn country and an almost totally bankrupt economy. The development strategy of the Turkish state was based on the introduction of commodity relations in agriculture—with state aid in supplying credit, means of production, and distribution—aiming to accelerate the accumulation process in the countryside, a process that would parallel and supplement the development of the urban industrial sector.

One of the most important changes in the agrarian sector was the replacement of the in-kind tithe tax with new cash taxes. This decision played an important role in the intensification of commodity relations by forcing peasants to enter into the commodity market. Another significant change was the new Civil Code which gave full legal recognition to private property rights on land which had an ambiguous status in the

previous Ottoman state. Paralleling these measures were low interest credits which were given through the state owned **Agricultural Bank**, a limited land distribution and resettlement scheme, construction of railroads and highways throughout the country, and establishment of agricultural schools. These measures were further extended in the 1950s, supported by a limited land distribution scheme and the introduction of mechanization in agriculture.

With over 35 percent share of Turkey's total export revenues, tobacco production could not be ignored by the state. The foreign controlled tobacco monopoly (Regie) was purchased by the Turkish state in 1925 and transformed into the Turkish State Monopolies. The state monopoly was responsible for purchasing tobacco for domestic consumption, and manufacturing and selling cigarettes and other tobacco products. Private capital was allowed to buy and process tobacco only for export purposes.

The attempts of the state to encourage commodity relations in agriculture have proven to be effective. However, they have also increased the vulnerability of producers to market forces and to natural disasters. Producers were relieved from the burden of the tithe. But they now had to pay taxes in-cash rather than in-kind. Subsidized credit saved the producers from usurers (at least partly), but it also led to increasing indebtedness and, more importantly, it made indebtedness a routine. Recognition of private property rights that was applauded by the propertied, prevented the access of landless families to land. While they could open up a farmstead on state property in the Ottoman era, they could now gain access to land only by tenancy or by ownership. Despite increasing vulnerability of the small peasantry, the relative shortage of farm labour and the decline in world tobacco market during the Great Depression and the following war years in the 1930s and 1940s, prevented a possible emergence of landlord capitalism in Turkey. Sharecropping proved to be the best solution for both the landlords

and the poor peasants. Those large landowners who could not find sharecroppers, on the other hand, sold part of their properties in installments to peasant families.

The vulnerability of commodity producers to adverse market conditions meant that the state had to find means to avoid major crises that would seriously disrupt agricultural production and decelerate expansion of commodity relations in the countryside. Especially after the Great Depression, the state was actively involved in regulating agricultural commodity markets (through support buying and pricing policies) and distribution of credit. Since 1946, the State Monopoly was authorized to carry out support purchasing of tobacco crop exceeding domestic consumption and exporting capacity.

Transformation of agriculture continued with great momentum in the post-World War II era, as commodity relations became firmly established in the countryside. This process, however, did not result in a significant degree of polarization among rural producers. In fact, the post-World War II era in Turkey was characterized with the transformation of peasant agriculture into simple commodity production and small ownership. In 1980, units with less than 100 decares of land constituted 82.3 percent of the total, and operated 41.4 percent of all the land used. While the figures representing the weight of small units remained more or less the same during these three decades, large units lost ground significantly. In 1980, units over 500 decares, made up only 0.8 percent of the total and controlled 9 percent of the land used, a major decline from the 1952 figures of 1.51 percent and 24.81 percent, respectively.

Tobacco producers have presented an even more extreme case of the preponderance of small units in agriculture, in the Aegean region. Tobacco producing units operating on less than 50 decares of land constituted

over 73 percent of all tobacco producing units in 1980 (SIS, 1980:222).

Imperatives of Oriental Tobacco Production in Setting Limits to Expansion

Production of oriental tobacco is an extremely labour intensive process. Because the leaves are primed one by one manually as they mature, harvesting extends through a three month period with varying intensity of labour requirements. There are, on the other hand, significant limitations to the application of labour-saving and productivity-raising technology. The small leaf size and the high field density of oriental tobacco makes it highly perishable and restricts the use of labour saving devices during cultivation and harvesting of the plant. Use of chemical fertilizers and artificial irrigation, which could raise the yield per decare have been restricted by the quality requirements imposed by the market and reinforced by law. These restrictions, while reducing the yield, also lower the cost of inputs, allowing those who do not have enough capital to remain in production. The most significant difference between the oriental and flue-cured varieties in terms of cost of production, however, is due to the differences in curing techniques of the leaves. Oriental tobacco is cured under the sun without the costly expenses of building curing barns and heating.

The price advantage of tobacco in comparison to other crops grown in the Aegean region, its lower costs of production, and the possibility to respond to production requirements of oriental tobacco with minimum use of wage labour, have allowed small producers to survive on land. Under these conditions, for those who integrated commodity production in their cycle of reproduction, and had limited access to land and other means of production, tobacco production has become a necessity rather than a choice. Despite the relative success of small-scale family

farming, however, thousands of others who could not gain access to land and basic implements have left the countryside in search of better job opportunities in urban centers or abroad.

For the larger units, expansion of tobacco production by using wage labour continued to be an unprofitable venture. Instead, they switched to alternative crops which could offer better returns for large-scale mechanized producers in an expanding market. If they ever produced tobacco, the amount they produced was limited to a scale which could be achieved using mostly family labour. Other large landowners, on the other hand, left agriculture completely with the hope of getting better returns in the rapidly flourishing urban sector.

The Oriental Tobacco Market

Given its unique labour requirements, probably the most important obstacle to the expansion of large scale capitalized farming in oriental tobacco production has been the oligopsonistic market conditions and interventions of the state monopoly agencies into the production process. Since the introduction of state monopoly on tobacco, the production and marketing of tobacco in Turkey has been regulated by law. Although there have been subsequent changes over the years, the core principles have remained the same. According to these regulations, The Turkish State Monopoly (Tekel) was given the monopoly for purchasing and processing tobacco for domestic consumption, manufacturing and selling of cigarettes and engaging in matters pertaining to tobacco. Local and foreign buyers have been allowed to purchase and process tobacco only for export purposes. The state monopoly has been responsible for annually setting the prices for different quality categories. Private exporters, in contrast, have been operating as the middle men for the multinational cigarette manufacturers. The competition among oriental tobacco producing

countries and the global trade strategies of multinational corporations have forced the exporters to accept the prices dictated by foreign buyers.

The interference of the State Monopoly in the organization of production has been another important reason for capital to shun away from tobacco production. Concerns about standardizing the quality of the commodity and preventing loss of revenues due to contraband have led the state to define the ways in which production, handling and marketing of tobacco should take place. The areas where tobacco production can take place, the proper ways of the preparation of seedlings, planting, picking, drying and storing the leaves have all been defined by law. Monopoly representatives have had the right to inspect tobacco fields and storage places regularly to check for any irregularities. Such strict controls over the production process have reduced producers' flexibility in applying labour-saving and productivity-raising technology and negatively effected the profitability of capitalist farming.

Role of State Policies in the Persistence of Small Producers:

From the beginning the Turkish state has played a very active role in the intensification of commodity relations in the countryside. State subsidies have aimed to prevent a major crisis of reproduction among producers by helping them to cope with unfavorable production and market conditions. The major concern for the state has been the revenues coming from taxation of tobacco sales and exports rather than the welfare of producers. Tekel revenues from tobacco sales within the country in the 1960s and 1970s consisted of 6 to 7 percent of the total budget revenues. Exports, on the other hand, despite a gradual decline, have played a significant role in bringing in the vitally needed foreign exchange⁽⁵⁾. The significance of export revenues, also implied

that the state policies had to pay attention to the concerns of private exporters.

Motives behind state subsidies can not always be reduced to accumulation concerns, however. After the introduction of the multi-party regime in the post-World War II era, with the possible exception of periods of military rule, governments have more or less been receptive to electoral pressures (Erguder, 1981). Different from the Canadian case, tobacco producing families have constituted a significant electoral block in Turkey. During the 1960s and 1970s tobacco producers tried to influence the governments with their voting preferences.

Crisis of small-ownership

Tobacco producers in Turkey have never enjoyed a similar degree of affluence as their counterparts in Canada. Nevertheless, they have managed to maintain themselves despite their limited resources in a commodity economy. However, over the years, as the pressures on land increased, fragmentalization reduced the size of productive units, and prices received by the producers declined in real terms, the possibility of survival on land has become a limited possibility particularly for the younger generations. As their situation continued to deteriorate, tobacco producers have become even more determined in expanding production within the maximum capacity of their family labour power, while at the same time using electoral pressures to guaranty higher support prices. In the long run, this has led to a piling up of tobacco stocks in the warehouses of the state monopoly. Unable to cope with the cost of keeping these stocks, Tekel has had to sell them to foreign buyers at discount prices or destroy them. By the mid-1970s, especially after the oil-crisis, the farm support policies began to be considered as undesirable financial burdens for the state.

The state monopoly, Tekel, was also paralysed as a result of clientelist appointments in the

1970s. Despite the idle capacity of the state owned cigarette industry, despite construction of new factories, Tekel could not respond to the increasing domestic demand. By the late 1970s smuggling of American brand cigarettes became a lucrative business. Although the taste was different and the price was higher, they were at least available, of better quality, and more fashionable. All these developments paralleled a campaign by the private sector representatives who tried to abolish the state monopoly on cigarette production in Turkey. It was argued that joint ventures between Turkish investors and foreign multinationals would not only bring in foreign investment, but also improve the quality of tobacco in the domestic market and expand Turkey's export potential abroad.

After the military coup in 1980, the Turkish state adopted a politically coercive and economically liberal regime. Measures were taken to reduce state intervention in the economy, allowing market forces to operate with lesser restrictions. High support prices that tobacco producers received during the mid-1960s and throughout most of the 1970s, declined drastically in the 1980s⁽⁶⁾. Another important development that took place in the 1980s was the legalization of sale of foreign brand cigarettes in Turkey. The Tekel agreed to import and market foreign brand cigarettes. Sale of American blend cigarettes increased rapidly beyond the expectations of proponents who claimed that the foreign varieties would not be a threat to the sale of domestic varieties. Between 1984 and 1987 alone, the amount of imported cigarettes rose 477 percent while domestic production declined 5.6 percent.

Finally, in 1986, the government introduced a major package of structural changes in the tobacco sector. The new regime turned Tekel into a state economic enterprise, requiring it to become a profitable venture while abolishing the state monopoly on cigarette production. It also brought new restrictions in support purchasing and pricing policies. Previous policy that the Tekel would

buy all tobacco "to the last leaf", was replaced by a new one which was summarized as "good price for good tobacco".

It is argued that declining significance of export revenues from tobacco sales within Turkey's balance of payments and the fiscal burden of support policies lead the state to adopt these changes. The restrictions in democratic rights in the post-1980 military-civilian regime also made the passage of such drastic measures easier. Another important factor in the restructuring of the tobacco sector was the pressures of foreign multinationals. In fact, some observers even claimed that the organizational failure of the Tekel during the late 1970s was a conspiracy (Bag, 1984:17). Whether this was true or not, the abolition of state monopolies and domination of multinational firms in the production and marketing of tobacco products has been the trend observed in many Southern European as well as the Third World countries. It was argued that this trend was a reaction of multinational cigarette companies to the decline in cigarette consumption in the West⁽⁷⁾. (Muller, 1978; Taylor, 1984).

Expansion of foreign brand cigarettes in the Turkish market implied a decline in demand for oriental tobacco, which constitutes only a small percentage (up to 20) of the new brands. Attempt to grow flue-cured and Burley tobacco varieties have been largely unsuccessful due to climatic factors and the inability of small scale family farmers affording such a costly transformation. As demand rose for the foreign brands (16 percent of the market in 1987), even the Tekel began importing flue-cured tobacco to produce new cigarette varieties in an attempt to compete against foreign manufacturers. The decline in demand and the changes in state support policies have worsened the conditions of small-scale tobacco producers. The riots of February 1990 was a demonstration of their disapproval of the changes in the tobacco market as well as their fears for the future.

Conclusion

The Turkish and Canadian cases present two variations of the simple commodity production in agriculture. The tobacco producers in these countries differ from each other by the variety of tobacco they produce, by their degree of mechanization, capitalization and use of wage labour. These differences, in turn create variations in the conditions of reproduction of simple commodity producers in agriculture. The differences between the production imperatives of oriental and flue-cured tobacco varieties, however, are not sufficient by themselves to explain these variations.

As Bernstein (1988) and Gibbon and Neocosmos (1985) point out, conditions for the reproduction of SCP are constantly "created" and "destroyed" under the laws of capitalist competition, accumulation and concentration. While certain factors such as, natural and technical imperatives of production, family labour strategies, conditions of the market, and state policies may lead to the persistence of SCP, the contradictory unity may also shift in opposite directions leading to capitalist or proletarian forms. The possibilities of expansion of production, capitalization, specialization, use of wage labour may depend on the unique combinations of these factors.

In the case of oriental tobacco production, family labour was able to satisfy the production requirements of a small-scale, highly labour intensive operation. This could, however, be possible due to the dualistic nature of the market in which producers faced not only merchant capital but also a state monopoly that was trying to regulate the market with support pricing and purchasing policies. The initial success of small-holder farming has also meant that the tobacco producing families could use their electoral strength to pressure the state monopoly to continue with its support policies to the advantage of small

producers. Restructuring of the market and dismantling of the state monopoly and its support policies, became possible only under the military rule in the 1980s. Such a revision was partly due to the fiscal crisis of the Turkish state and its attempt to scrap costly subsidies in agriculture. The other reason, however, was the pressures of multinational cigarette manufacturers who were searching for alternative markets in response to declining consumption in the West.

In contrast, flue-cured tobacco production required large-scale, capitalized, mechanized farming, within a market in which entry was restricted with a quota system, and the subsidiaries of the multinational manufacturers were the major buyers. Although a marketing board was regulating the marketing of tobacco, it had very limited power against the oligopsonistic cartel of the manufacturers. Given tobacco's relative insignificance for the accumulation process within Canada (as opposed to wheat for example), the state did little in interfering the market. Under these conditions, competitive pressures has led to concentration and capitalization reducing the rank of tobacco farmers, further diminishing their electoral importance for the governing parties for taking measures in support of tobacco producers. When the final crisis hit the tobacco sector, less than two thousand tobacco farmers, producing a publicly undesirable crop, were left alone to the mercy of the marketplace.

Neither capitalization and wage labour use, nor dispossession of property and sale of wage labour necessarily imply a complete transformation of SCP. Transformation should rather be conceived not as a quantitative process but a definitive qualitative change in the relations of production within the unit of production. Depending on the socio-historical conditions within which commodity producers are located, simple commodity producers may present variations in terms of use and sale of wage labour, degrees of capitalization, and scale of production. These variations are results of the contradictory

unity within the simple commodity producing unit and have to be conceived within the context of strategies of reproduction of the family and the enterprise. Such a perception does not deny the possibility of dissolution of the conflict between labour and capital within the unit of production and transformation of these units into pure categories of labour and capital.

While examining unique paths of transformation in different social formations, we also need to pay attention to increasing globalization of the conditions of production and circulation of commodities. Commodity producers, whether capitalist, simple commodity producer or else, are completely subordinated to capital which now operates with little restrictions by national boundaries. In this sense, producers and consumers in the agri-food system have become vulnerable to changes in completely different parts of the world. Decline in smoking in advanced capitalist countries, for example, has led multinational cigarette manufacturers to move to new locations of production and markets in the Third World causing crises in the conditions of tobacco farming and redefining the conditions of existence or disappearance for the producers.

While globalization of production and distribution erodes the boundaries of the nation state, ironically, it also increases the dependence of producers on state subsidies and gives legitimacy to state intervention. Depending on the political conjuncture, these policies may lead to the survival of simple commodity producers or may work against them. In the pre-1980 Turkey, using their electoral power, Turkish tobacco producers managed to gain state support (although they later lost it under the new-regime created by the army). In contrast, in Canada, lacking such a strength, the fate of tobacco farmers was left to the verdict of the market.

Our review demonstrates that despite differences in organization of production, the conditions of reproduction of farmers in different parts of the world are interlinked through the

global trade practices of agribusiness. Despite differences in the patterns and conditions of their existence or demise, neither the modern, capitalized nor labour-intensive, small-scale family farmers are immune to the effects of the markets. This vulnerability also shows us the superficiality of those arguments about the viability of different forms of farming based on explanations on the internal organization of the unit of production.

Notes

1. Transformation is conceived as a qualitative change that results in a complete restructuring of the relations of production within the enterprise.

2. Seigneurial regime in Quebec can be seen as an exception.

3. Producers of agricultural implements have also become the victims of their own success. While increasing "rationalization" and "modernization" meant better sales at the beginning, accompanying trends of centralization and concentration reduced their market sharply resulting in bankruptcies of several domestic farm implement producers such as Massey Ferguson.

4. As of 1989, there were 12,224 foreign farm workers employed by 1708 employers in Canada. 92 per cent of these workers (11,288) were employed in Ontario.

5. In 1957, for example, renewes from tobacco exports constituted as high as 50 per cent of the total export earnings.

6. Throughout the 1980s tobacco prices fluctuated around half of their mid-1970 levels in real terms.

7. Another reaction of the multinational cigarette producers to the decline in consumption was diversification of production into other branches of agri-food chain.

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RESUMEN

¿Una o Dos? Persistencia y Desaparición de la Producción Simple de Tabaco en Turquía y Canadá

A partir de la comparación de las condiciones de producción de tabaco en Turquía y Canadá, este estudio apunta a poner de manifiesto y a entender las condiciones de persistencia y desaparición de las producciones simples de mercancías en la agricultura. Para ello se argumenta que las variaciones en las escalas de producción, así como, de la intensidad en el uso del trabajo y el capital en estos dos casos, refleja igualmente, dos tendencias diferentes en la descomposición y transformación de la producción simple de mercancías.

Mustafa Koc, Phd. en Sociología en la Universidad de Toronto, Canadá. Es profesor del Programa Estudios de Desarrollo Comparativo en la Universidad de Trent, Canadá. Ha investigado en el campo de la sociología sobre agricultura y alimentos, y en el análisis de las políticas para el cambio y el desarrollo. Los intereses actuales de investigación del Dr. Koc, incluyen la producción y el mercado simple de mercancía, los tratados internacionales y el manejo de los recursos hídricos. Es autor de artículos para diversas revistas.