



Informe de Coyuntura #27

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CAP.1

Social Upgrading and the State in the Agricultural Value Chain

Social Upgrading and the State in the Agricultural Value Chain

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In this short essay, I theoretically yet briefly discuss social upgrading and the state intervention at the lower ends of the agricultural value chain. Stating the obvious, the labour laws, the state's institutional enforcement capacity, etc., are all directly crucial to the working conditions of the farm workers and smallholders. Its role in the governance of the agricultural VC as a regulator, as an important buyer, and even as a producer in some cases, also affects the upgrading processes (Horner, 2017).



Even though its influence on the working conditions in the agricultural VC is evident, the bulk of literature on agricultural VC tends to overlook the role of the state. As neatly put by Neilson et al., “state action and inaction is often a key aspect of GVC/GPN research narratives (about firms, regions, nations), but is rarely placed in the foreground, and even more rarely, given due theoretical consideration” (Neilson et al., 2014, p. 3). It is largely because the VC analysis as a research agenda, since its inception, has been a firm-centric approach, in order to capture globally dispersed economic activities of conception, production and consumption (Gereffi et al., 2001; Gereffi et al., 2005; Gereffi & Korzeniewicz, 1994). Thus, the analysis focuses more on interconnectedness of the firms

and how the activities are privately governed, rather than focusing on the role of state involvement in the development at macro level. Economic and social upgrading as concepts are generally ascribed to the firm's position, as well as the governance in the VC.

What also enhanced the absence of the state in the global VC research agenda is the imaginary of the retreat of the state from economic sphere. This imaginary emphasizes the rise of the private governance to fill the governance void created by the retreat (Alford & Phillips, 2017). In the case of the agricultural VC, the third-party certifications, which have sprung up like mushrooms, can be taken as an example of such private governance. The third-party certification in general is regarded as a response to the rolling-back of state regulations in the age of neoliberalism. Concomitantly, it is to the increasing environmental and social concerns, especially for the forestry and agricultural sector (Bacon, 2010; Kiker & Putz, 1997). While the certification can be found in the center of social upgrading debate, truly little attention is given to the role of the state.



My guiding assumption is predicated upon the limited impact of the private governance of the agricultural VC in ensuring social upgrading. Several certification bodies aim to promote working conditions, but the results are not always positive. In the case of Fair Trade, for instance, there is a bulk of literature pointing out the limited impact of private governance on social upgrading. Besky raises a crucial and central question: “Can a Plantation be Fair?” (Besky, 2008, p. 1). Relying on her case study on the tea plantations in Darjeeling (Besky, 2014), her answer is straightforwardly negative. She compares the Plantations Labour Act enacted just after the independence of India with the standards imposed by the TransFair USA. Her comparison is striking, since the Act is presented much ‘fairer’ than the standards. She successfully highlights the fact that: “The Plantations Labour Act goes into much greater detail as to what a safe working environment should entail” (Besky, 2008, p. 6).

The author also shows the reasons for fair-trade standards can even erode the labour rights under the setting of highly unequal relations between plantation owner and workers. A report published in 2014 by a researcher team based in SOAS reached a conclusion that questions the impact of fair trade on poverty. A part of this research is set out to compare the fair-trade certified production sites with non-certified ones. What the enormous data collected on these sites (of coffee and flowers in Ethiopia and coffee and tea in Uganda) points out is in line with Besky's findings. As it is put plainly by the authors: “the research findings show unambiguously that Fairtrade has made no positive difference - relative to other forms of employment in the production of the same crops - to wage workers” (Cramer et al., 2014, p. 120).



My guiding assumption, which highlights the constraints on private governance, is shaped in such a way not only because there are studies showing the limited impact of the different certification bodies, but also because the geographical coverage of the standards set by these certification bodies is territorially confined. The certification can only be effective for social upgrading in certified farms. In the Global South, the demand for certified produce from the North determines the geographical coverage in question. Most food is supplied domestically (FAO, 2017, p. 29), and only a small fraction of internationally traded agro-food products are certified. This suggests that the certified farms only constitute a small percentage of total agricultural land. So then, even if a configuration fashioned by private governance leads to social upgrading in a rural settlement, adjacent settlements will most likely not benefit from this.

This argument should not be taken to conclude that private governance has no effect. Social upgrading in a particular chain can be the result of governance of the chain in question. The existing chain governance configurations are outcomes of past conflicts and compromises and, as Alford (2019) reminds us, they are open to new challenges which may lead to new configurations. Alford takes the example of the mobilization of the farm workers, and how this led them to gaining concessions. For example, farm workers uprising of 2012/2013 in South Africa doubled the daily sectoral minimum wage. However, the change to minimum wage law in 2013 has largely not affected the many farm workers who do not have formal contracts: farm owners can successfully apply to be exempt from this new law thanks to certain legal loopholes and manoeuvres to side-step the payment of a legal minimum wage (Visser & Ferrer, 2015). This reminds us of the general rule that the legal endorsement of certain rights does not guarantee their implementation in the absence of political pressure to enforce them. From the framework provided by Alford (2018), this can be read as a result of antagonistic governance between private and public governance. The way the states govern formal employment activities is different from the governance of the value chain, which also includes informal employment relations.

Following historical materialist tradition in general, and Bob Jessop's works in particular, the state should not be conceptualised simply as an actor but as a social relation, i.e. as a terrain, on which different actors compete with each other to impose their own interests (Jessop, 2007). The state can perhaps be best perceived as the battleground for the competing strategies between different actors, social forces and classes (Jessop, 2016). However, the competing strategies to gain state power are not equal; some strategies have more advantages in the selection process than others. The state offers unequal opportunities to the different strategies adopted by different class-relevant forces and other social forces to use the state's potential structural powers in a given spatio-temporal context (Jessop, 2016). Therefore, the state system can be analysed "as a system of strategic selectivity" (Jessop, 2007, p. 36).



One of the conclusions that can be derived from the discussion above is that the policy orientation of the state is, to an extent, the result of competition/cooperation between political forces. The power asymmetry between farm workers and other actors in the value chain reveals itself in this competition. The farm workers or smallholders suffer from the absence of this power, even though they outnumber other actors. The argument positing that, on the terrain of the unequal character of the state, farm workers and smallholders face more constraints, should not be taken as a conceding position. As we claim in one of our previous articles (Karatepe & Scherrer, 2019), the constraints that farmers or smallholders face can be overcome, if workers and smallholders succeed in collectively mobilizing their various power resources in a calculative manner in pursuit of social upgrading. The mobilization in question does not guarantee success, yet it is a prerequisite for the social upgrading through state backing.



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