

Go global or stay local?

Farmers return to the local economy



Farmers challenging 'globalisation'. People's Caravan 2000.
Photo: PAN-AP

Editorial

International trade is growing fast. Products traded internationally are found everywhere in evidence of 'globalisation'. The World Trade Organisation (WTO), World Bank (WB), International Monetary Fund (IMF) and national governments enforce trade liberalisation and the removal of trade barriers with the strong conviction that it offers the best route to increased prosperity. Farmers are promised increasing benefits from free trade if they specialise on those products, which can be sold on the global market most competitively. In line with this thinking, export agriculture, Green Revolution (GR) technology and biotechnology are promoted globally (World Bank 2001; IFAD 2001) as the tools to increase agricultural production, alleviate rural poverty and eradicate hunger.

The negative impact of free trade

However, an analysis of the impact of free trade shows that most small farmers cannot compete on the global market (Madeley p.6). Decreasing prices and growing costs, due to national price policies, cheap imports and a host of other reasons, are forcing farmers to sell below cost price and to deplete their natural resource base (Panhwar p.8). Women farmers are affected disproportionately; this poses a threat to the food security of their families. In some countries, the production of main crops by millions of family farmers, like wheat in Brazil and oil seeds in India, has reached a near full stop and brought about large-scale unemployment (Madeley p.6). Many small farmers have become tied up in debt or in contract production, thus becoming poorly paid workers on degraded land (Hassarangsee p.36). Due to the disintegration of the collective spirit and the feeling that they have lost control, farmers in India often resort to suicide, seeing no other way out. (Vasavi p.9). Clearly, it is large export oriented farmers, agribusiness and especially Trans National Companies (TNCs) that are benefitting most from trade liberalisation.

A recent WB study by Lundberg and Squire found that free trade does indeed lead to income growth among the top 60% of the population, but has the opposite effect among the poorest 40%. Since 1990 the number of poor people is increasing again.

Presently 1.2 billion people have to survive on less than 1 US dollar a day (IFAD 2001). 75% of them live in the rural areas, and include indigenous people, small farmers, women and children, who never had a chance to be part of or have fallen out of the global development model.

Globalisation of trade and technology are part of a much broader process of cultural globalisation. Due to the general increase in international trade, travel and mass communication, the Western consumer culture, symbolised by Coca Cola and MacDonald, is spreading fast. This is contributing to the loss of traditional culture, values and knowledge, disintegration of communities, loss of mutual solidarity and degradation of the environment (Vasavi p.9; Norberg-Hodge p.20).

The anti-globalisation movement

In reaction to these processes, a fast growing anti-globalisation movement is strongly manifesting itself. The People's Caravan (p.11) that travelled through Southeast Asia in November 2000 is one such manifestation, which campaigned for food security, land reform and agriculture free of poisons and biotechnology. The warning by IFOAM (p.31) that genetic pollution is spreading fast in the USA shows how important such protests are in raising awareness among citizens.

From 25-30th January this year the World Social Forum had its first global meeting in Porto Alegre, Brazil, to discuss the problems caused by globalisation. The dominance of economic over social interests, the growing inequality, the lack of human rights and respect for nature, and the increasing influence and lack of democratic control of TNCs and international institutions like the WTO were amongst them. But the main outcry of the conference was for a "different" agriculture. It called for an agriculture that produces the food needed locally and nationally, at human scale, with land given back to the farmers. It called also for minimum price guarantees and control given to farmers and nations instead of to TNCs. Ecologically sound agriculture producing safe food in an animal-friendly way was the alternative.

This emerging alternative to 'globalisation' is increasingly called 'localisation' (Hines 2000). As an alternative development approach, it gives priority to endogenous development - building on local concepts and resources, but does not exclude exogenous development - building on solutions from outside.

Understanding globalisation and localisation

It is important that family farmers are aware of and understand present trends of development, and how they are and will be affected by globalisation. They need to know what opportunities they have on the world market, how they could benefit from localisation and what choices they have to make. By strengthening farmers' organisations to analyse their situation, CIRAD (p.24) is helping farmers to design strategies to navigate their lives in a fast globalising world.

An analytical framework can be very useful for this purpose. The framework used by neo-liberal economists cannot explain local economies sufficiently as it looks mainly at the financial aspects. Pretty (1998) and Bebbington (1999), on the contrary, recognise five different capital assets, fundamental for local economic development and welfare:

- Natural capital – nature's goods and services.
- Social capital – the cohesiveness of people and societies
- Human capital – the status and capacities of individuals
- Physical capital – local infrastructure and stocks of produced products
- Financial capital – stocks of money

To understand these highly abstract concepts, one should consider the local economy as a bucket that the community likes to keep full. But, the bucket has holes in it. Every time someone buys something from outside the local economy, money leaks out. Each time natural resources are depleted or polluted, the natural stock diminishes. To balance this, money must flow in from the sale of raw materials, products or services to outsiders, or from migration work, pensions, grants or subsidies from outside. In an open market economy, the inflow of money is maximised by making use of comparative advantages, thereby increasing prosperity. But prosperity can also be increased by reducing the outflow of money and other resources by plugging the holes, preventing degradation of the natural resource base and, in a selective way, raising some additional income from outside, e.g. from niche markets instead of bulk markets (see Box).

Recreating local economies

It is important to note that local economies are not a strategy to create autarchic communities that are only self-sufficient, but totally disconnected from the rest of the world. Rather, it is first to make the best use of available resources (the first four principles), and then to engage and trade with other economies (the fifth principle). OA and LEISA help the local economy in a number of ways. They make better use of available natural and social resources. This is done by minimising the use of external inputs, by utilising and regenerating internal resources (nutrients, water, genetic resources, knowledge, skills) effectively or by combining both (see for example the principles of Nayakrishi Andolon, Mazhar et al, p.16).

Local economies foster deeper community spirit and self-reliance, ensure a better environment and provide more sustainable jobs (Pretty 1998). Where natural and financial resources are scarce, farmers cannot afford to use these resources in an inefficient and degrading way, as in Green Revolution agriculture. Where farmers cannot compete on the market without depleting their resource base and culture, a self-reliant local economy is a viable alternative to protect farmers from ending up in the urban drain. Endogenous development of local economies is not backward at all; it is an artful and knowledge-intensive way of living, as demonstrated, in principle, by many traditional 'agri-cultures'.

Gonese & Tivafiri (p.12), Mazhar et al. (p.16), Zhardhari (p.19), Norberg-Hodge (p.20) and Pichpongsa (p.21) present cases of endogenous development of local economies. After experiencing that their natural, social, human, physical and financial capital assets were draining away due to globalisation, farmers decided to return to community based endogenous development. They are recreating their local economies by building on indigenous culture, values, institutions, knowledge, seeds, medicines, local currency and traditional and organic agriculture or LEISA. These farmers produce mainly for self-sufficiency, but obtain some income from surplus sales on the regional market and from eco-cultural tourism.

Also for market agriculture

Market oriented farmers in economic stress situations follow similar strategies. In the Netherlands and Europe, *farming economically* is becoming an important alternative to the dominant model of large-scale specialised agriculture propagated by the Government. It is basically a way to counter decreasing prices, increasing costs and the obligation to farm in a

more environmentally sound way by mobilisation, use, development and reproduction of internal resources combined with a high level of technical efficiency. Low-external-input agriculture taken up by the economic farmers generates more income and employment and tends to be more sustainable. To obtain additional income, economic farmers diversify with new activities such as subsidised landscape management, organic farming, local products, direct sales, tourism and off-farm activities (Van der Ploeg p.26).

Local economies and farming economically in the South and North move towards the 'subsistence perspective' which Mies and Bennholdt-Thomsen (1999) explain to be 'empowerment based on people's own strength and cooperation with each other and nature. Rather than endless accumulation of wealth, the aim of the subsistence perspective is happiness, quality of life and human dignity'. Isn't this truly sustainable development?

Self-reliant sustainable development possible?

But in the end, whether people really can escape from free trade thinking and take charge of their own development again may be a matter of community-based learning and values (Molineaux p.22). Changing the economic, political and institutional system will be a much harder and longer battle, but has to be pursued as well. Small farmer organisations and NGOs are, for example, trying to increase the influence of small farmers in setting priorities for international agricultural research (Gura p.28). These first efforts already give hope!

References see p. 29-31.

Five principles to enhance local economies

A – Make best use of local resources

1. Plug the leaks by using local renewable resources rather than externally sourced:
 - Organic Agriculture (OA) or Low-External-Input and Sustainable Agriculture (LEISA)
 - Local food systems and direct marketing
 - "Buy local" campaigns
 - Renewable energy generation
2. Recycle financial resources within the system by buying local goods and services:
 - Local currency and barter systems (Pichpongsa p.21)
 - Credit unions and other micro-finance arrangements
 - Community banks
3. Add value to local produce before it is sold to the outside:
 - Local processing and manufacturing
 - Labelling and accreditation for food and timber
 - Direct marketing, consumer supported agriculture
 - Eco(cultural) tourism
4. Connect people and institutions to build trust, new linkages and more exchanges:
 - "Buy local" networks
 - Democracy and participatory governance for community planning
 - Strengthening of local institutions, farmers' groups and community co-operatives

B – Exchange with other economies

5. Make use of external opportunities to attract external resources, especially money, knowledge, skills and new technologies:
 - Selling of quality products after value adding, e.g. certified organic or forest products
 - Farmer-to farmer exchange programmes
 - Rural radio, internet and other communication programmes
 - Governmental or non-governmental subsidies for rural development

Adapted from Pretty, 1998.