

SCARCITY, INSECURITY AND POVERTY: AGRICULTURAL WORKERS AMID THE GLOBAL FINANCIAL CRUNCH

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An agricultural worker in Batangas, Philippines. *Photo by:* Unyon ng mga Manggagawa sa Agrikultura (UMA) or Union of Agricultural Workers

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INTRODUCTION

The global financial and economic crisis has already ravaged millions of jobs and livelihood across the world. It has intensified hunger and poverty that were already wreaking havoc on billions of people long before the current crisis blew up.

While some, like the US Federal Reserve and International Monetary Fund (IMF), claim that the world economy is now on recovery mode, evidence suggests otherwise. For the working people, the most telling indicator that the crunch is not yet over is the continuing massive displacements. Firms continue to fold up or downsize to cope with the crisis. It is estimated that the jobs crisis will linger for as long as eight more years before global employment can get back to its pre-crisis level.¹

All workers around the globe have been affected by the crisis, though at varying degrees. Among economic sectors, workers in manufacturing, commerce, construction, and agriculture including plantation are those most badly hit.² Meanwhile, some analysts observed that the direct blow on employment in agriculture seems not as prominent as the impact of the crisis on jobs in industry and services. One possible explanation they cite is that consumers may stop purchasing electronic gadgets or cars but will continue to buy food. It must be pointed out however that while people may continue to need food as a basic necessity, food prices have skyrocketed. This was not accompanied by a substantial increase in workers' real wages, including those of agriculture or plantation workers, thus eroding their capacity to buy food.

Measuring the true impact of the crisis on agricultural employment however may not be as easy as assessing the effects on industrial

employment. Export-oriented manufacturing firms and others involved in the production of consumer goods took a direct blow from the slowing demand in recession-hit countries. These firms are concentrated in export or industrial zones such as those in China, Taiwan, the Philippines, etc. Thus, their displacements are more visible and monitored faster, culled, and reported. On the other hand, agricultural employment is highly casualized and less documented and monitored. One agribusiness transnational corporation (TNC) for instance, may have a nucleus of 1,000 workers in its farm or plantation but also has under its employ a network of several tens of thousands of out-growers and seasonal farm-workers. In addition, a big portion of agricultural workers are migrant workers, many of who are undocumented. Thus, their displacements from work are not properly and fully captured in official reports. These are the invisible agricultural workers who are not taken into account when appraising the impact of the crisis on jobs.

It must also be noted that while the crunch-related displacements in agriculture may not be as immediate and dramatic, the crisis does create added stress on rural employment. The United Nations (UN), for instance, noted that displaced workers from export-oriented sectors either become jobless or are forced to move back from urban to rural areas. Some 20 million workers in China alone were displaced in these ways in 2008, according to the UN.³ With a bigger surplus workforce in the rural labour market long beset by

chronic unemployment, depressed wages, and high level of casualization, agricultural workers face even greater exploitation and abuse. Indeed, the crisis is certainly raising to a higher level the age-old problems confronting agricultural workers worldwide. If it would seem that the crisis is affecting agricultural workers less than their counterparts in industry, it is simply because they have been in perpetual state of crisis before the housing bubble burst, giant investment banks collapsed, and TNC factories and plants shut down.

It is observed that while there is a wealth of literature and materials about the impact of the crisis on jobs in general and on manufacturing in particular, there is little discussion on the state of employment in agriculture in the context of the current global crunch. A similar situation was noticed during the 1997 Asian financial crisis though one paper that gathered available data on the impact of the crisis on the agricultural productivity of selected Asian countries observed that the pattern was “rather similar to that of the overall economy”.⁴

Even official sources such as International Labour Organization (ILO) have not yet released any documentation of the impact of the present crisis on agricultural employment.

This study is an initial attempt to look into and summarize how the global financial and economic crisis has so far affected agricultural workers. It has relied on separate information and data available from various sources, (including pre-crisis ILO papers, studies, and reports on agricultural workers) and attempted to synthesize and summarize recent developments in order to establish trends and provide general insights.

The global financial and economic crisis: a brief background

We are in the midst of what some experts have called a looming Greater Depression. The housing bubble in the US, which started to burst in 2006, has caused the collapse of some of the biggest and most prominent of US neoliberal corporations, among them some of its oldest financial giants. (See *Annex 1 for a chronology of the crisis*)

Expectedly, the crisis has quickly spread from the financial sector to the real economy. The

giant American automakers, the remaining huge investment banks, and the rest of the monopoly corporations in the US have managed to keep afloat only because of the bailout money that Presidents George Bush Jr. and Barack Obama have squeezed from the American working class. Latest estimates say that the Obama and Bush administrations have already spent an amount that is equivalent to almost 30% of the US gross domestic product (GDP), or more than US\$4 trillion at current prices, to stimulate recovery in the world's largest economy. That amount is about 12 times more than the stimulus spending during the 1930s Great Depression.

The current global financial and economic crisis has exposed the deep-seated flaws of capitalism, in particular neoliberal free market fundamentalism that has dominated national economic policies and thinking around the world in the last three decades. Even some of the most ardent supporters of neoliberal economics have begun to acknowledge the “excesses” of unregulated markets like the US financial market.

In its recent summit last April 2, 2009, the Group of 20 (G20) richest nations said in a communiqué that “major failures in the financial sector and in financial regulation and supervision were fundamental causes of the crisis”. And they want to remedy the crisis by extending “regulation and oversight to all systematically important financial institutions, instruments and markets” including, for the first time, “systematically important hedge funds”. In effect, the richest nations want to moderate the greed of their corporations and banks. But as history has taught us, capitalist greed for profits could never be moderated.

This is because while the housing bubble set off the financial crunch, at the heart of the crisis is capitalism's nature to overproduce. The ceaseless need of the monopoly bourgeoisie to extract surplus value from the working class and to increase super-profits through further depression of incomes have continuously and progressively undermined the capacity of society to absorb capitalist production. Capitalism tries to correct this through, among others, creating the illusion of wealth such as the housing loans and other forms of credit. But as the mortgage meltdown showed, such an illusion is simply that – an illusion.

Indeed, in reality, the American working class is in its most miserable state. US households are deeply in debt and millions are being economically displaced. US household debt, in the last few years, has stayed close at around 100% of the GDP – the average throughout the 1900s was 40-70% – and the last time it reached 100% was in 1929, the year that the Great Depression started. Meanwhile, the US unemployment rate is pegged at 10% as of December 2009⁵, the highest since 1983, and 2.6 percentage points higher than the December 2008 figure. In Southeast Asia and the Pacific, unemployment rate is expected to jump from 5.4% in 2008 to as high as 6.2% in 2009; in East Asia, from 4.3% to as high as 5.8%; and in South Asia, from 5% to as high as 5.6 percent. Global unemployment rate is projected to increase from 5.9% in 2008 to a worst case scenario of 7.4% in 2009.⁶

The crisis is felt throughout the industrial world that even institutions like the IMF and the World Bank are forced to recognize its gravity, of course only to use the crisis as a pretext to impose more conditions and policy dictates on the Third World.

Bankruptcies and bailouts of financial and industrial firms and record joblessness and economic dislocations are also unfolding from Europe to Japan. Media reports noted that this will be the first time since the 1974-75 oil price shock that the centres of global capitalism will enter into a recession around the same time. Unprecedented as well is the collective decline in economic output of the member-countries of the Organization for Economic Cooperation and Development, an organization of the world's largest economies, since the group started keeping records in 1970.

Overall, the World Bank projected that the global economy will contract by as much as 2% in 2009, while the ILO estimated that global unemployment will increase by 40 million, including those in the agricultural sector. (See **Table 1**)

Amid the global financial and economic crisis, Third World economies face deepening backwardness, especially those that continue to rely on the export of raw materials including agricultural products and low-value added semi-manufactures, such as garments and electronics, which are also

Table 1. Number of jobless (in million) and unemployment rate worldwide, 1998-2008 preliminary at 2009 projections

| Year | No. of jobless | Unemployment rate |
|------------------|----------------|-------------------|
| 1998 | 165.9 | 6.1 |
| 1999 | 171.8 | 6.2 |
| 2000 | 170.4 | 6.1 |
| 2001 | 172.7 | 6.1 |
| 2002 | 175.7 | 6.1 |
| 2003 | 185.2 | 6.3 |
| 2004 | 188.0 | 6.3 |
| 2005 | 187.7 | 6.2 |
| 2006 | 183.8 | 6.0 |
| 2007 | 179.5 | 5.7 |
| 2008 preliminary | 190.2 | 6.0 |
| 2009 projections | | |
| Scenario 1 | 198.0 | 6.1 |
| Scenario 2 | 210.0 | 6.5 |
| Scenario 3 | 230.0 | 7.1 |

Notes:

Scenario 1 – Projection on labour market data to date and IMF Nov 2008 revised estimates for economic growth

Scenario 2 – Projection on the historical relationship between economic growth and unemployment at times of crises in each economy; IMF Nov 2008 revised estimates for economic growth

Scenario 3 – Projection on the basis of a simultaneous increase in unemployment rate in the Developed Economies and the European Union equal to the largest increase in 1991 and half of the largest increase since 1991 in economies in other regions; IMF Nov 2008 revised estimates for economic

Source: Global Employment Trends, ILO, Jan 2009

mainly assembled from imported inputs.

For many decades, underdeveloped countries have been dependent on the market and capital of rich, industrialized countries as a result of colonial and neocolonial policies designed to make the domestic economy serve the needs of the huge First World economy. Today amid the global crunch, the capitalist crisis of overproduction is again being passed on the Third World by further depressing wages, retrenching work force, opening up their domestic economies and natural resources for plunder and exploitation, etc. at the great expense of its economy and people, especially the most vulnerable and marginalized.

THE STATE OF AGRICULTURAL WORKERS

A history of displacement

Farmworkers or agricultural workers are people hired to work in the agriculture including plantation sector on a wage basis. In the hierarchy of social classes, they are among the most marginalized, oppressed, and exploited. They receive the lowest wages and work the longest hours. Together with smallholder farmers, landless, indigenous peoples, artisanal fisherfolk, and nomadic pastoralists, farmworkers comprise the huge population of the rural poor. (See **Annex 2** for employment classification in the agriculture sector)

Their account is a history of alienation of the direct agricultural producers from land, their primary means of production, in the context of the historical development of capitalism. Historically, farm work has been associated with slavery and colonialism. Like the industrial proletariat, the rural proletariat were also former peasants or from peasant families who have been driven away from their land. They were the tenant farmers who were forced out of their land so feudal lords could use land for commodity exports, forcing tenant farmers to seek wage-labour.

During the colonial period, they were made to toil the land to produce crops and other raw materials needed by the expanding economy of the colonizing countries. In some cases, landless

peasants from the colonies were “imported” by the colonizers to become farm-workers such as the case of Mexicans, Chinese, Japanese, Filipinos, and others brought to labour in California’s farms in the late 1800s and early 1900s.

Landless and not owning any means of agricultural production except their labour power, farmworkers are distinct from farmers. But due to a long history of colonization that distorted agricultural development in poor countries and aggravated by flawed national agricultural development programmes and the impact of neoliberal restructuring in agriculture in recent decades, such distinction becomes less and less clear-cut especially with regard to small, poor farmers.



A significant portion of small farmers are also considered “part-time waged agricultural workers”. According to the ILO, they work on the plantation or farm for a part of the year to supplement their meager income from their own farms. Their annual income also depends on waged work as a regular source of revenue. In Mexico, a 1998 study showed that as much as 78.3 percent of the rural labour force is farmers working as part-time agricultural workers.⁷ This point is critical in appreciating the impact of the current global crisis on waged agricultural workers and requires us to necessarily take into account the impact of the financial and economic crunch on small, poor farmers as well.

The rise of farm-workers is attributed to the development of industrial agriculture, whose birth in turn coincides with that of the industrial revolution in general. The rapid rise of mechanization in the late 19th and 20th centuries pushed farm production into a pace and magnitude never seen before. Profit-driven technological advancements such as the development of synthetic fertilizers and pesticides and improved transportation system have put intensive farming onto a higher level.

In the US for instance, the total area of farms has remained steady over the last century but the number of operating farms has declined. Many farmers were forced off their land during the Great Depression of the 1930s. Between 1950 and 2001, over half of the farms were gone but land area used for major commodity crop production has stayed the same, according to the US Department of Agriculture (USDA).⁸

These indicate an intense consolidation of farm enterprises by few large agricultural corporations that monopolize agricultural production, commodity markets, and the economic power of a limited number of multinational agri-businesses in the industrial food chain. It is estimated that between 1820 and 1975, global agricultural production doubled four times, a huge portion of which comes from large corporations. In the US, for example, only four companies kill 81 percent of cows, 73 percent of sheep, 57 percent of pigs, and produce 50 percent of chickens.⁹

Washington-based research organization Worldwatch Institute said that 74 percent of poultry, 43 percent of beef, and 68 percent of

eggs are produced in factory farms. Furthermore, over 80 percent of world grain is distributed by just two companies (Monsanto and DuPont/Pioneer, both US-based), about 75 percent of the banana trade is controlled by five corporations and trade in such commodities as tea, cocoa and coffee is heavily concentrated in the hands of a limited number of multinational companies.¹⁰ The same is true for fresh fruits and vegetables, most of which are sourced from a handful of underdeveloped countries in Asia, Latin America, and Africa but of which the production and marketing are heavily controlled by few First World TNCs. (See **Box 1**) (See **Table 2**) Overall, the whole production and distribution network of agricultural produce are heavily concentrated among TNCs based in rich, industrial countries. (See **Table 3**)

As ILO noted in a 2008 study on fresh fruits and vegetables: “High rates of corporate concentration and growing vertical integration means that in some products and markets just a handful of large companies dominate major segments of the value chain. Anonymous wholesale markets are giving way to tightly knit, highly coordinated supply chains, led by international supermarket chains and branded food manufacturers, who are increasingly able to control what is produced, where, how, by whom and on what terms. These structural changes have significant – but also complex, variable and contradictory – implications for the farmers, workers, their family members and local communities who are involved in producing agricultural and food products for export”.¹¹

Such intense concentration of agricultural production in the hands of few companies or individuals illustrates the intense concentration as well of the means of productions in their hands. And as farm production moved away from the family farms and towards an industrial agriculture model, wage labour became more crucial. Increased competition among agricultural producers and consolidation has created a need for large, inexpensive, temporary or seasonal workforce. The ever-growing demand for raw and semi-processed materials for First World-based industries pushed former colonial masters to continue their control over agricultural production in erstwhile colonies. This process of agricultural displacement has been greatly accelerated by neoliberal restructuring of agriculture worldwide. (See **Box 2**)

Box 1. Growing retailer power in global banana value chains

The global banana sector is a classic oligopoly, with the majority of banana marketing and trading activities controlled by a small number of multi-national corporations, involved in production, sourcing, shipping, ripening, packing and distributing bananas.

In 1999, the top three companies, Chiquita, Dole and Del Monte Fresh Produce, accounted for 65 percent of global banana imports and 60 percent of exports. Including the 4th and 5th largest firms (Ecuadorean exporter, Noboa, and Ireland-based, Fyffes), that import share rises to 84 percent (in 1999).

The majority of banana exports come from Latin America (80 percent), especially Ecuador, Costa Rica and Colombia. The Philippines is a major supplier to Japan, whilst European markets are also supplied by producers in Latin America, West Africa (Cameroon, Cote d'Ivoire) and the Caribbean (Windward Islands, the Dominican Republic and Suriname).

Most export production takes place on large plantations (above 1,000 hectares), which use technologically sophisticated production techniques, and are owned by or contracted by multi-national firms. Overall, it is estimated that about half of the bananas marketed by Dole, Del Monte and Chiquita originate from their company-owned plantations.

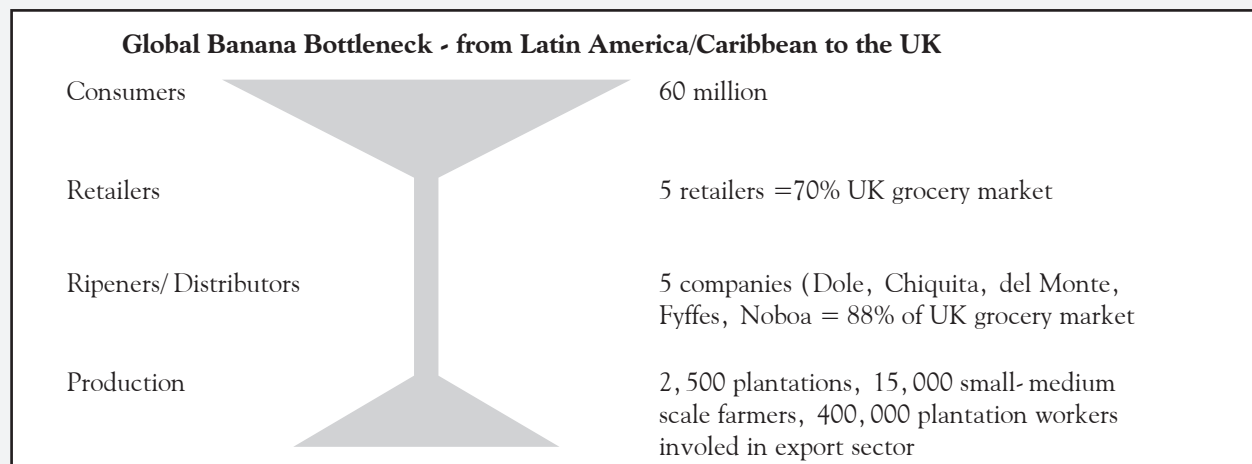
Important exceptions are Ecuador and the Caribbean, where domestic-owned, medium and small producers predominate.

In spite of its oligopolistic nature, the trade in bananas is extremely competitive. Unit margins for multi-national firms are low and profits are based above all on the large quantities of bananas they market.

The structure of the banana chain is changing. Global over-supply and declining prices, and consolidation in the retail sector, means the balance of power and profits are shifting upwards, into the retail segments. In response, banana firms are restructuring their operations by:

- Selling off/outsourcing production and transport facilities, to focus on higher value marketing and distribution.
- Diversifying out of bananas and expanding their ranges of other fruits and vegetables.

For instance, within Dole, non-banana fresh fruits and vegetables, and packaged fruits and juices, now make up around 65 percent of turnover. Del Monte Fresh Produce is the world's leading pineapple and melon exporter. Chiquita markets a range of fruit and vegetables, like mangoes, kiwis and citrus, avocados, asparagus and potatoes, under a variety of brands (such as Consul, Amigo and Premium).



Sources: Arias et al., 2003; Vorley, 2003 as cited in International Labour Office (2008), "Global agri-food chains: Employment and social issues in fresh fruit and vegetables", Employment Sector, Employment Working Paper No. 20, p. 31, Geneva

Table 2. Sources of fresh fruit and vegetable exports

| Product | Leading country suppliers | Joint percentage of world exports (value) |
|-------------|-------------------------------|---|
| Asparagus | Peru, Mexico, Thailand | 94 |
| Mangoes | Brazil, Mexico, Philippines | 62 |
| Pineapples | Costa Rica, Cote d'Ivoire | 61 |
| Bananas | Ecuador, Colombia, Costa Rica | 60 |
| Avocados | Chile, Mexico | 53 |
| Tomatoes | Mexico, Syria | 52 |
| Grapes | Chile, China, Mexico | 38 |
| Green beans | Jordan, Kenya, Mexico | 49 |
| Green peas | Guatemala, Kenya, Zimbabwe | 38 |

Compiled by Diop and Jaffee (2005), Table 3.14 p. 224 as cited in International Labour Office (2008), "Global agri-food chains: Employment and social issues in fresh fruit and vegetables", Employment Sector, Employment Working Paper No. 20, p. 20, Geneva

Table 3. Top 10 supermarkets, food and beverage processors, pesticide companies, and seed companies in the world

| Supermarket | Food and beverage processors | Pesticide companies | Seed companies |
|-------------------------|------------------------------|------------------------|------------------------------|
| Wal-Mart (US) | Nestle | Bayer (Germany) | Monsanto (US) |
| Carrefour (France) | Archer Daniels Midland | Syngenta (Switzerland) | DuPont/Pioneer (US) |
| Metro Group (Germany) | Altria Group | BASF (Germany) | Syngenta (Switzerland) |
| Ahold (Netherlands) | Pepsico | Dow (US) | Groupe Limagrain (France) |
| Tesco (UK) | Unilever | Monsanto (US) | KWS AG (Germany) |
| Kroger (US) | Tyson Foods | DuPont (US) | Land O' Lakes (US) |
| Rewe (Germany) | Cargill | Koor (Israel) | Sakata (Japan) |
| Costco (US) | Coca Cola | Sumitomo (Japan) | Bayer Crop Science (Germany) |
| ITM (France) | Mars Inc. | Nufarm (Australia) | Taiki (Japan) |
| Schwarz Group (Germany) | Group Danone | Arysta (Japan) | Delta and Pine Land (US) |

Compiled from ETC group (2005), Communiqué 91, Nov/Dec 2005, Oligopoly, Inc. 2005. Available at www.etcgroup.org

Box 2. Modern commercial farming

Modern commercial farming places an emphasis on capital formation, technological progress and scientific research and development aimed at ever higher levels of output and productivity. Production is entirely for the market. Although specialized farms vary in terms of size and function, in most cases, they are likely to employ sophisticated labour saving mechanical equipment, ranging from huge tractors and combine harvesters to airborne spraying techniques which permit the cultivation of many thousands of hectares of land often for a single crop such as wheat or maize. Through capital-intensive methods and reliance on economies of scale, such commercial farming affects market structures nationally and globally, in many cases, undermining the viability of small-scale farming and threatening the livelihoods of small-scale farmers.

As lifted from International Labour Office (2008), "Promotion of rural employment for poverty reduction", Box 2.3 p. 21, Geneva, International Labour Conference, 97th Session, 2008

The globalization of agrochemicals through the Green Revolution in the 1960s to 1970s impoverished many farmers especially in the Third World. Many fell deep in debt, went bankrupt, and were dispossessed of their land due to high cost of agricultural inputs.

At the same time, it further tightened the control of large transnational agribusiness corporations on vast tracts of land in underdeveloped countries. It also intensified the monopoly of large agrochemical TNCs in the supply of inputs. According to a 2008 study titled “Who Controls Nature” by the ETC Group (Action Group on Erosion, Technology, and Concentration), only 10 pesticide companies control 90 percent of agrochemical sales worldwide from dozens three decades ago. The same report also noted that only 10 biotech companies today account for 75 percent of industry revenues while just 15 decades ago, there were more than a thousand biotech startups. The intense monopoly that a few TNCs exert over the world’s agricultural inputs is illustrated by the fact the top six seeds companies are the same top six companies in pesticides and biotech, as noted in the ETC Group study.

Structural adjustment programmes (SAPs) in the 1980s, meanwhile, meant further liberalization of agriculture and deepened the reliance of farm production in poor countries on First World market, capital, and technology. SAPs, including currency devaluations establishing competitive exchange rates and the liberalization of domestic financial markets, and free trade agreements stimulated the exports of agricultural products and foreign investments.

Neoliberal restructuring also subverted the process of agrarian reform in these countries through privatized, market-oriented land reform. In some cases, tenant farmers who are supposed to be land reform beneficiaries are encouraged to become farm-workers for their landlord. Furthermore, governments continue to directly promote the paramount role of corporations in neoliberal agriculture. Revocation of individual farmer rights, land use conversion to exempt agricultural lands from land reform, outright government usurpation of agricultural lands tilled by peasants through various development schemes such as export processing zones and industrial estates and outright land grabbing remain prevalent in the world’s rural areas.

The result of all these was intensified rural unemployment and a huge army of agricultural workers who have nothing left but their labour power. If they do not end up in urban centres or abroad, they become the steady source of wage labourers in corporate farms and plantations in the countryside.

Profile of agricultural workers

Agriculture employs over 1 billion people worldwide, accounting for about 33.5% of global employment, placing it behind services as the second largest sector in terms of workforce, according to the 2009 Global Employment Trends report of the ILO. There is a heavy concentration of agricultural workers in Asia, which accounts for about 69.2 percent (or 716.71 million) of the total. A far second is Africa (Sub-Saharan and North Africa), which comprises around 20.4 percent (or 211.7 million). Within Asia, most agricultural workers are found in East Asia (309.79 million). Also, 98.2 percent of all agricultural workers can be found in non-developed and non-EU countries. (See **Table 4**) Among countries, China and India together represented almost 60 percent of global agricultural employment.

In the last 26 years, however, the size of workforce in agriculture has remained stagnant at 1.04 billion. This is largely due to huge declines in agricultural employment in developed economies and EU (38.7 percent), Central and South-Eastern Europe (22 percent), and East Asia (20 percent). They offset the huge increases in the size of agricultural workforce in the Middle East (46.6 percent), Sub-Saharan Africa (40.3 percent), and North Africa (38.9 percent). Relative to total global employment, the share of agriculture sharply fell from 45.2 percent in 1991 to 34.9 percent in 2007. The decline is attributed to the shift to industry and services, “urbanization”, and demographic changes in the rural labour force.

Wage workers comprise about 20 percent of the agricultural workforce worldwide, according to the World Bank’s World Development Report (WDR) 2008. (An earlier ILO study, meanwhile, pegged the proportion of wage agricultural workers to total agricultural employment at a much higher 40 percent.¹²) In South Asia and Latin America and the Caribbean, agricultural wage workers account for 21.8 and 20.9 percent, respectively of rural male adult population. In addition, women wage

Table 4. Total employment in agriculture (in '000)

| Region | 1991 | 2001 | 2007 |
|---|-----------|-----------|-----------|
| Developed economies and EU | 30,126 | 24,090 | 18,468 |
| Central & South-Eastern Europe (non-EU) & CIS | 40,732 | 36,717 | 31,787 |
| East Asia | 387,010 | 362,734 | 309,797 |
| South-East Asia & the Pacific | 118,308 | 117,769 | 120,825 |
| South Asia | 256,371 | 299,488 | 286,085 |
| Latin America & the Caribbean | 45,321 | 42,734 | 46,383 |
| Middle East | 7,697 | 10,502 | 11,282 |
| Sub-Saharan Africa | 136,841 | 176,837 | 192,007 |
| North Africa | 14,178 | 16,015 | 19,697 |
| World | 1,036,584 | 1,086,886 | 1,036,331 |

Source: ILO Global Employment Trends 2007

Table 5. Rural employment by sector of activity, selected countries (percent of adults)

| Sector of activity | Sub-Saharan Africa | South Asia | East Asia & the Pacific (excl. China) | Middle East & North Africa | Europe & Central Asia | Latin America & the Caribbean |
|-------------------------------|--------------------|------------|---------------------------------------|----------------------------|-----------------------|-------------------------------|
| Men | | | | | | |
| Agriculture, self employed | 56.6 | 33.1 | 46.8 | 24.6 | 8.5 | 38.4 |
| Agriculture, wage earner | 4.0 | 21.8 | 9.4 | 9.4 | 10.1 | 20.9 |
| Non-agriculture self employed | 6.9 | 11.8 | 11.5 | 8.8 | 7.4 | 9.2 |
| Non-agriculture, wage earner | 8.6 | 15.4 | 17.4 | 30.9 | 31.3 | 17.2 |
| Nonactive or not reported | 21.7 | 14.6 | 14.4 | 26.0 | 27.5 | 13.4 |
| Women | | | | | | |
| Agriculture self employed | 53.5 | 12.7 | 38.4 | 38.6 | 6.9 | 22.8 |
| Agriculture, wage earner | 1.4 | 11.4 | 5.7 | 1.0 | 5.4 | 2.3 |
| Non-agriculture self employed | 6.8 | 2.9 | 11.3 | 2.8 | 1.6 | 11.7 |
| Non-agriculture, wage earner | 2.8 | 2.7 | 8.4 | 3.9 | 18.1 | 11.5 |
| Nonactive or not reported | 32.7 | 64.3 | 35.5 | 53.3 | 46.9 | 51.2 |

Note: Data are for 2000 or the nearest year. Based on representative household surveys for 66 countries, which accounts for 55 percent of the population in Sub-Saharan Africa, 97 percent in South Asia, 66 percent in East Asia and the Pacific (excluding China), 74 percent in Europe and Central Asia, 47 percent in the Middle East and North Africa, 85 percent in Latin America and the Caribbean.

See 'Sources and References' - 19, chapter 3, page 272 for the methodology and the list of countries.

Source: World Development Report 2008

workers in agriculture comprise 11.4 percent of adult women population in rural areas in South Asia. (See **Table 5**) Note, however, that the figures are much higher when we consider that a significant portion of farmers (*i.e.* "agriculture, self-employed" in the table) also become part-time wage workers to augment their income. In addition, the figures do not reflect those considered as informal or un-contracted women workers who help in the production. They also do not reflect undocumented migrant workers in agriculture.

In fact, according to a 2007 ILO study, there are more workers in waged employment in agriculture today than at any time. The UN body observed that the share of waged employment in agriculture, including the number of wage-dependent smallholders in agriculture, is continuing to increase in virtually all regions, and it is now a central feature of employment and income in rural areas. This trend may have been pushed by the rapid expansion in corporate agriculture and contract in the past decades which forced many farmers, including those who previously own land,

to become agricultural workers. It also noted that “the share of wage employment seems to move inversely with the share of the agricultural labour force – that is, the smaller the labour force in agriculture, the higher the share of waged employment. As the economy absorbs more labour in other sectors, and the agricultural labour force shrinks, production units in agriculture are transformed from small family holdings to large units relying on wage labour.”¹³

Despite the decline in agricultural workforce in rich countries, the share of farm-workers has remained large. In the US, 90 percent of agricultural workers are farm-workers, of which migrants make up a big portion. It is estimated that almost four out of every 10 hired farm-workers in the US are migrant workers. Crop production accounts for around 72 percent of migrant farm work in the US. About 77 percent of migrant farm-workers are Mexicans and an estimated 52 percent are undocumented immigrants.¹⁴ In Malaysia, meanwhile, 70 percent of workers in palm oil plantations are migrants, of whom at least 40 percent are undocumented.

A separate estimate pegged the number of migrant and seasonal farm-workers (MSFW) at 1.4 million out of the total 2.5 million farm-workers (or 56 percent). About two-thirds of MSFWs are “shuttle migrants” or those who travel from a home base (either inside or outside of the US) to a specific destination for seasonal employment in agriculture. The remaining one-third follows crops for employment and moves from place to place.¹⁵

Like their counterparts in the US, European fruit and vegetable growers face fierce international competition and have sought to reduce costs through recourse to a population of semi-legal foreigners, many of who come from North and West Africa and from the poorer countries of Eastern and South-Eastern Europe. The corresponding decline in pay and working conditions coupled with the fact that much of the work in the fields and greenhouses is dirty, demanding and dangerous make such work unappealing to local workers. Despite political pronouncements to the contrary, tolerance of large populations of undocumented migrant workers together with lax enforcement of labour laws, especially in agricultural areas with seasonal imperatives for extra labour, facilitate the widespread use, if not outright exploitation, of foreigners made vulnerable by need and precarious legal status.¹⁶

Studies show that in many countries, especially in Asia and Africa, agriculture is an important source of employment for women. (See **Table 6**)

Rural women are estimated to produce more than half of food grown worldwide.¹⁷ They are more likely than men to work in agriculture. In rural Africa, 80 percent of foodstuffs are produced, processed, and stored up by women. In South Asia and South-East Asia, women account for around 60 percent of food production and processing.¹⁸

Women agricultural workers account for 54.9 percent of women rural population in Sub-Saharan Africa, of which 1.4 percent are wage

Table 6. Women employment in the rural sector, percent of total, 2007 preliminary estimates

| Region | Share of rural employment to total employment | Share of women employment to rural employment |
|---|---|---|
| World | 34.9 | 41.3 |
| Developed economies and EU | 3.9 | 36.2 |
| Central and South Eastern Europe (non-EU) and CIS | 19.5 | 44.0 |
| East Asia | 38.4 | 47.4 |
| South East Asia and the Pacific | 43.9 | 41.4 |
| South Asia | 48.0 | 36.6 |
| Latin America and Caribbean | 19.1 | 22.7 |
| Middle East | 17.5 | 47.7 |
| Sub-Saharan Africa | 64.7 | 44.4 |
| North Africa | 32.8 | 23.9 |

Source: ILO (2007)

workers, based on WDR 2008 data (See **Table 5 earlier**). In East Asia and the Pacific (excluding China), women agricultural workers comprise 44.1 percent, of which 5.7 percent are agricultural wage workers. In addition, many women workers are classified as “unpaid family workers” especially in the agricultural economy of the Third World. In the case of Pakistan (2005–06), for example, agriculture accounts for more than two-thirds of female employment and contributing family workers account for 57 percent cent of all female employment. In addition, more than 90 percent of all female contributing family workers (across all sectors) are in agriculture.¹⁹

It has also been observed that the gap between the number of new rural workers and number of new jobs in agriculture has been widening since the 1960s. Such trend is growing in Sub-Saharan Africa, South Asia, the Middle East, and North Africa while the gap remains wide in

other regions.²⁰ With deteriorating unemployment in agricultural rural areas, problems that are associated with low wages and forced migration are also guaranteed to worsen.

Unions, as a form of political organization that agricultural workers can rely on for collective bargaining (See **Box 3**), are also wanting. To illustrate, only 1 percent of Chilean fruitworkers are said to belong to unions, while none among Kenyan packhouse workers in its vegetable sector is a union member. Such situation creates a significant representational gap for workers, where they lack the space, resources and influence to protect and advance their needs and rights at work. Most national legislations exclude irregular and temporary workers from laws mandating the formation of unions therefore leaving out millions of agricultural workers un-ionized.²¹

Box 3. United Farm Workers

The importance of unions for workers in general could not be overemphasized. In California, the only US state that by law protects union organizing, the United Farm Worker (UFW) has through the years achieved significant gains to protect and advance the interests of farm-workers, including migrant workers.

These include the following:

- The first genuine collective bargaining agreement between farm workers and growers in the history of the continental United States beginning with the union contract signed with Schenley vineyards in 1966;
- The first union contracts requiring rest periods, toilets in the fields, clean drinking water, hand washing facilities, protective clothing against pesticide exposure, banning pesticide spraying while workers are in the fields, outlawing DDT and other dangerous pesticides, lengthening pesticide re-entry periods beyond state and federal standards, and requiring the testing of farm workers on a regular basis to monitor for pesticide exposure;
- The first union contracts eliminating farm labour contractors and guaranteeing farm workers seniority rights and job security;
- Establishing the first comprehensive union health benefits for farm workers and their families through the UFW's Robert F. Kennedy Medical Plan;
- The first and only functioning pension plan for retired farm workers, the Juan de la Cruz Pension Plan;
- The first functioning credit union for farm workers; the first union contracts regulating safety and sanitary conditions in farm labour camps, banning discrimination in employment and sexual harassment of women workers; the first union contracts providing for profit sharing and parental leave; and
- Abolishing the infamous short-handled hoe that crippled generations of farm workers and extending to farm workers state coverage under unemployment, disability and workers' compensation, as well as amnesty rights for immigrants and public assistance for farm workers.

As lifted from International Labour Office (2008), "Promotion of rural employment for poverty reduction", Box 2.3 p. 21, Geneva, International Labour Conference, 97th Session, 2008

Various forms of abuses and exploitation

At present, more than one billion people worldwide are permanently hungry, according to the United Nations. Ironically, hunger most affects those who directly produce the food the world consumes – the farmers and farm-workers. The UN Special Rapporteur on the Right to Food said that 80 percent of the hungry are either farmers or farm-workers. Asia not only accounts for the largest share in number of people dependent on agriculture for jobs and livelihood (69.2 percent of the global total), it also accounts for 62 percent of the world's permanently hungry.²²

The strong economic, social and political power imbalances between employers and workers are a dominant feature of the rural economy. While this is also true in urban settings, the imbalanced relationship tends to be more prevalent and intense in rural society than in urban areas. To illustrate, employers often own and control not only agricultural land, but also other assets needed by workers, such as housing, access to water, access to forest resources, animals, convenience stores, credit and, in some cases, schools and health-care facilities. Complex interlocking relationships that can involve wages, barter and other types of exchanges between employers and workers can reinforce workers' dependence. (See **Annex 3** for a case study on sugar plantation in the Philippines)

Based on data from the World Bank's WDR 2008, almost 1.9 billion people in the rural areas live on less than US\$2.15 a day. Using this standard of poverty, the rural poor comprise 74 percent of the total number of poor. In addition, rural poverty at the said standard is pegged at 71 percent, higher than urban poverty (34 percent) and total poverty (55 percent). A similar pattern is observed at the lower poverty standard of US\$1.08 a day but the share of rural poor to total poverty rises to 77 percent. (See **Table 7**)

Access to adequate food and housing compounds the problem of low wages. Housing may be rented by the farmworker or provided for free but much of the housing provided is inadequate and overcrowded. Extremely low wages can prohibit farm-workers from buying enough food to feed their families.

Agricultural workers perform a dangerous

Table 7. Extent of rural poverty worldwide

| Indicators | Extent of poverty |
|---|-------------------|
| Population (in millions) | |
| Total | 4,632 |
| Rural | 2,686 |
| Poverty @ US\$2.15 a day | |
| Total poverty rate (percent) | 55 |
| Number of rural poor (million) | 1,899 |
| Share of rural poor to total poor (percent) | 74 |
| Rural poverty rate (percent) | 71 |
| Urban poverty rate (percent) | 34 |
| Poverty @ US\$1.08 a day | |
| Total poverty rate (percent) | 22 |
| Number of rural poor (million) | 785 |
| Share of rural poor to total poor (percent) | 77 |
| Rural poverty rate (percent) | 29 |
| Urban poverty rate (percent) | 12 |
| <i>Processed from WDR 2008</i> | |

job- working with animals, pesticides, heavy machinery; they toil in rain and mist, on hills and earth sleep; and doing physically demanding tasks. Chronic back injuries, serious respiratory problems, and pesticide poisoning are common. Migrant farm-workers suffer from the highest rates of toxic chemical injuries of any group of workers in the US; the Environmental Protection Agency (EPA) estimates that 300,000 farm-workers suffer acute pesticide poisoning each year.²³

Because agricultural manual labour is often seasonal employment, job insecurity among farm-workers is chronic and prevalent. Their irregular and insecure employment restrains them from effectively organizing for decent wages and better working conditions.

The seasonality of agricultural manual labour drives rural migration which often comes with a social cost. People are "pulled" into other rural areas during agricultural peak times when demand for labour is strong, whereas during the low season farmers may become temporary migrants to urban areas to take advantage of job opportunities there, often in the informal economy. Migrant workers in agriculture often experience discriminatory treatment on the job and face strong disadvantages in terms of pay, social protection, housing and medical care. When families migrate for agricultural work, it is often only the male head of household who

appears on the employer's payroll, despite the involvement of the spouse and children in the actual work. When parents migrate alone, families are broken up for months at a time with children left in the care of others. In some cases, such as in Canada, restrictions on immigration status are imposed on foreign farm-workers. The reason is that for Canadian employers, foreign farm-workers are valuable because they do not have "social commitments, they don't have a family to go home to and they don't have a sick child to prevent them from coming to work".²⁴

The harsh working conditions in the farm sites impact severely on women and children. Sexual harassment and abuse, assault, physical and psychological attack inadequate educational opportunities, child labour, lack of childcare, exposure of pregnant women to health hazards, etc. are among the serious concerns. (See **Box 4**)

4) In addition, women also face discriminatory hiring practices and often significantly lower wages especially for piece-rate harvest work. In Zimbabwe, it is said that 90 percent of children of farm-workers do not even have a birth certificate and that 60 percent of school-age children do not go to school due to continued displacement and lack of resources.²⁵

And when agricultural workers protest the exploitation, oppression and inhumane conditions in plantations and farms, they face tremendous repression and in some extreme cases, even death and massacre such as the case in the Philippines' Hacienda Luisita massacre. (See **Box 5**)

A 2003 paper by the ILO summarized what it called "decent work deficits in agriculture" that affect wage agricultural workers. (See **Box 6**)

Box 4. Sexual abuse of women farm-workers

The importance of unions for workers in general could not be overemphasized. In California, the only US state that by law protects union organizing, the United Farm Worker (UFW) has through the years achieved significant gains to protect and advance the interests of farm-workers, including migrant workers.

These include the following:

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As lifted from International Labour Office (2008), "Promotion of rural employment for poverty reduction", Box 2.3 p. 21, Geneva, International Labour Conference, 97th Session, 2008

Box 5. The Hacienda Luisita massacre (an account from Bulatlat.com)

In the afternoon of November 16, 2004, Filipino police and army units carried out a brutal massacre of striking sugar plantation workers at Hacienda Luisita, located in Tarlac province in central Luzon, north of Manila. After a stand-off with the strikers the day before, some 1,000 cops and troops were sent to the *hacienda* headquarters, accompanied by two armored personnel carriers, fire trucks and water cannons.

After launching a volley of tear gas grenades, Army riflemen fired point-blank into the picketers' front lines using live ammunition. A 60-calibre machine gun was also used. Truncheon-wielding police chased migrant workers into their barracks and later combed the 10 barangays (villages) where *hacienda* workers live. "Soldiers were allegedly 'zoning' Barangay Motrico, dragging men out of their homes and lining them up to be arrested," the Philippine Daily Inquirer (17 November) reported.

Dead bodies were found scattered all around the main gate and the barracks. A total of 14 people were reported killed, including two children suffocated by the tear gas, and some 200 injured, over 30 with gunshot wounds. A total of 133 strikers and their supporters were arrested.

The Hacienda Luisita massacre is the worst slaughter of Filipino workers in recent years. It underlines the fraud of bourgeois "democracy," which rains death on the exploited and oppressed fighting for their rights. It is all the more significant because the police and army attack was ordered directly from the central government by Labour Secretary Patricia Sto. Tomas, and was carried out on behalf of the Cojuangco family, prominent landowners including former President Corazon Cojuangco Aquino. The current president, Gloria Arroyo, responded to the mass killing with empty platitudes and "prayers."

Spokesmen for the Hacienda justified the bloodbath as a "legitimate exercise of state power," saying the work stoppage was "illegal and left-inspired." Plantation workers had gone on strike on November 6 demanding the reinstatement of some 327 unionists, including nine union leaders, fired 10 days earlier by the management of the hacienda and the sugar mill (Central Azucarera de Tarlac, or CAT). As thousands of strikers and their supporters occupied the facilities, the Department of Labour and Employment (DOLE) declared it was assuming jurisdiction for the dispute and ordered in three military battalions to take down the picket lines and disperse the strikers.

Hacienda Luisita tries to sell itself as a luxurious modern resort, complete with covered tennis courts, swimming pool with Jacuzzi, a championship golf course, business park and "simple yet elegant" hotel, "your hacienda home." Yet this "fusion of agriculture and industry" is based on the super exploitation of workers who live a miserable existence enforced by an age-old system of "landlordism and state terrorism," as the magazine *Bulatlat* (21 November) put it.

The Philippine Army's Camp Aquino, headquarters of the Northern Luzon Command, is located just across the MacArthur Highway from the plantation. When Corazon Aquino was president in January 1987, 13 members of a left-wing peasant group were killed by Marines at the Mendiola Bridge in Manila as thousands marched on the Malacañang presidential palace demanding land reform. The 1987 march was led by agricultural workers from Hacienda Luisita. Later, 17 farmers including women and children were massacred by Marines in nearby Nueva Ecija province on "suspicion" that they were guerrillas of the Maoist-led New People's Army. Now Arroyo, whose husband's family owns plantations in the sugar island of Negros Oriental, has her first crop of martyrs.

Lifted from "Agrarian injustices triggered massacres that remain unresolved", The Manila Times, December 12, 2009, <http://www.manilatimes.net/index.php/component/content/article/86-special-reports/7735-agrarian-injustices-triggered-massacres-that-remain-unresolved>

Box 6. Some decent work deficits in agriculture

Every year:

- at least 170,000 agricultural workers are killed as a result of workplace accidents, and some 40,000 of these deaths are from exposure to pesticides;
- between 3 and 4 million people are affected by hazardous pesticides and suffer from severe poisoning, work-related cancer or reproductive impairments;
- in some countries, women account for more than half the total agricultural labour force, and the majority are in irregular and casual forms of employment. Indications are that these forms of employment are growing and so is the proportion of women in them;
- some 70 per cent of all child labour is employed in agriculture, a large proportion in the worst forms of child labour;
- agricultural workers are among the groups with the highest incidence of poverty in many countries;
- only 5 per cent of the world's 1.3 billion agricultural workers have access to any labour inspection system;
- the majority of waged agricultural workers are excluded from social protection;
- probably less than 10 per cent of the world's waged agricultural workers are organized and represented in trade unions or rural workers' organizations.

And the list of deficits continues.

Source: IUF (2002), "The WTO and the World Food System: A trade union approach", Geneva, p. 3. as cited in International Labour Office (2003), "Decent work in agriculture", Background Paper, p. 5, International Workers' Symposium on Decent Work in Agriculture, Geneva, September 15 – 18, 2003

GLOBAL CRISIS AND FARM-WORKERS

Decades of colonialism and neocolonialism have pushed many countries into severe backwardness and distorted their development as illustrated by centuries of agricultural restructuring. This ongoing process has effectively destroyed the capacity of domestic sectors, including domestic agriculture, to generate jobs, creating a permanent state of jobs crisis in these poor countries. The global financial and economic crisis aggravates the perennial jobs crisis, specifically with plant shutdowns in export manufacturing sectors and tightening labour market for migrant workers due to the global crunch. (See **Box 7**)

Increased competition for limited jobs and dwindling employment opportunities will tend to further depress already low wages, relax already poor labour standards, etc. Their impact on agricultural workers, who form a great part of the relative surplus of manpower in the countryside and mostly seasonal or irregular workers, could prove devastating. As it is, they are already among the most marginalized, oppressed, and exploited sectors in many countries. Earnings from agricultural wage labour are low and volatile and opportunities for regular employment appear to be in decline as workers are increasingly engaged on a casual or temporary basis.

General impact on agriculture and rural economy

In its November 2008 Food Outlook report, the United Nations (UN) Food and Agriculture Organization (FAO) warned that the global financial crisis will impact more on the agriculture and food security of poor countries. The effects on agricultural markets will be on both the demand and supply sides, said the FAO.²⁶

On the demand side, the slowdown in economic growth will dampen demand for commodities, especially raw materials and livestock products. The gloomy outlook of the global economy will

Box 7. Wage security in the time of financial crisis

Wages for workers, especially low-skilled and informal workers, have been eroded due to the financial crisis. The financial crisis is linked to the hike in fuel and food prices which further affect jobs and devalue wages. Working class families, migrant workers, informal sector workers feel the pinch most. Millions of workers have been retrenched with meager or no compensation at all. Workers are forced to accept wage cuts due to reduced working hours and company closures. Wages globally have fallen 1.55 per cent for each extra 1 per cent decline in GDP per capita.

Committee for Asian women launches a regional wage campaign to unite voices of women workers in the formal and informal economy to demand wage security especially in these times of financial crises.

The global economic financial crisis although it did not begin in Asia is inextricably linked to all parts of the global economy dependent of the export market for growth. As consumer spending in developed countries abruptly declines, demand for Asian exports dropped sharply. Witness the slashing production and unmistakable rise in factory closures. Free Trade Agreements (FTAs) have contributed largely to the crisis in Asia when they removed protection measures for local industries and job security. While employers are bailed out by large sums of stimulus packages, workers continue to fall victim to excuses to wage cuts and jobs losses.

It is estimated that the number of unemployed will rise by more than 23 million in Asia while vulnerable unemployment could grow by 60 million. There will be a dramatic increase in working poverty of more than 140 million by 2009. The impact of this on children who will be pulled out of school in order to work and support families cannot be underestimated.

The tremendous growth in Asia in recent years was not matched by equivalent in real wages. Instead there has been a sharp increase in inequalities in many Asian economies. The slow down in the economy will lead to and has led to stagnant or falling wages. There will be an increase in incidences of wage related disputes.

The huge pay gap between genders makes the crisis a double burden for women. Women in Asia earned only about 70% to 90% of their male counterparts' pay. According to ILO, the share of women in wage and salaried work was 45.5%, while the share in the employer position was only 2% in 2007.

The informal economy predominantly occupied by women, is expected to redouble in proportion as more workers lose their jobs and are not re-hired in formal work. Informal work, which is not covered by labour standards and laws, and informal workers such as migrant workers, domestic workers, agricultural workers, waste collectors, and home-based workers are not even covered by minimum wage legislations, let alone the demand for living wage.

Committee for Asian Women with a membership of 46 labour unions and labour groups in 14 countries believes that long-term solutions to any financial crisis should include protection of workers' purchasing power, carefully designed minimum wage, effective collective bargaining systems and well designed social transfer programmes which include provision of relief measures to unburden them from the rising cost of living.

Committee for Asian Women demands that Asian governments:

- Enforce labour laws and regulations to ensure job security as well as wage security to all workers.
- Support workers in their struggle for decent wages.
- Regulate prices of essential goods and services such as food and fuel, health and education, rents and basic utilities such as water, electricity and transportation.
- Stop all free trade negotiations and privatization of public services such as water, energy, health, education and natural resources.
- Recognize informal workers as workers covered by labour standards and legislation.
- Protect all livelihoods of small farmers in developing countries and ensure food security for all.

- Protect local plants and seeds, especially with medicinal properties, and preserve natural biodiversity.

No Excuses, Wage Security Now!

Source: <http://www.cawinfo.org/2009/04/wage-security-in-the-time-of-financial-crisis>

also undermine agricultural production and further reduce demand. Falling demand, in turn, is expected to exert more downward pressure on agricultural prices. In addition, lower oil prices as a result of the recession may reduce demand for biofuel feedstock. Overall, falling prices would curb incentives for agricultural producers to make investments. Worse, lower prices may not benefit most consumers, including the agricultural workers themselves, due to falling incomes, rising unemployment, contraction in remittances, *etc.* because of the global recession.

Amid the recession, however, some agricultural commodities have seen relatively stable and in some cases, higher prices. But increases in commodity prices fail to reach the very small producer, who faces rising costs for inputs, but receives an ever-shrinking portion of the market value of his or her crops. Nor do agricultural workers generally see higher commodity prices translated into fuller wage packets. A case in point is palm oil in Malaysia. Today, palm oil prices are at an all time high, to the extent that the industry was required to pay windfall tax but this did not commensurate with an increase in farm-workers' wages.²⁷

Even in the US where agriculture is considered more resilient to recession relative to industries, the global crunch has already started to take its toll. The USDA projected that farm profits will fall by 38 percent this year due to falling domestic and foreign demand and declining prices. A nearly record high of US\$33.2 billion drop in net farm income (from US\$87.2 billion in 2008 to US\$54 billion in 2009) is expected this year. According to USDA calculations, its 2009 forecast is US\$9 billion lower than the 10-year average for farm profits. Aggravating their situation is the value of farmland, which for American farmers is their biggest source of collateral, and which is declining for the first time in 20 years.²⁸

On the supply side, the reduction of price incentives is likely to result in some cutback in

agricultural production. But the FAO also added that since the price of inputs like fertilizer and energy may also go down, the net effect of the crisis will depend on the "relative speed of adjustment of output and input prices". However, the UN agency expected that input prices will be more "sticky" and fall at a slower rate than product prices and thus further squeeze producer's margins.

For underdeveloped countries, an equally major concern is the financial crisis's impact on capital. In the Third World, capital comes in the form of loans, credit, official development assistance (ODA), and direct investment, mostly from the First World. Access to capital is already considered one of the major constraints to agriculture development in poor countries. (See **Box 8**) (See also **Annex 4 on overseas fund support to agriculture**)

There are of course longstanding issues and debates on how First World capital actually further stunts development in poor countries such as structural adjustment reforms associated with ODA, impact of unbridled Foreign Direct Investment (FDI) on domestic industries, *etc.* While these issues need to be addressed, falling volume of available capital is also a cause of immediate concern for agricultural producers especially in the Third World.

As investors and financial institutions get more prudent in lending as an immediate reaction to the economic crisis, agricultural producers face even tighter credit and capital markets. Overall, the World Development Finance 2009 of the World Bank expects capital flows to underdeveloped countries to decline sharply in 2009 due to a collapse in lending. The combined impact of falling demand and prices, and lack of capital could further undermine global agriculture, and ultimately its direct producers.

Meanwhile, even the much touted agrofuel industry that is supposed to generate millions

Box 8. Falling investment in agriculture

Today developing countries produce 67 percent of the world's agricultural net production, up from only 50 percent 25 years ago. The rise could have been much greater. Unfortunately, for the past quarter century, agriculture in much of the developing world has been starved of investment.

Between 1980 and 2004, public spending on agriculture declined in Africa from 6.4 to 5 percent of total public spending. In Asia, the decline was from 14.8 to 7.4 percent and in Latin America from 8 to 2.7 percent.

Publicly funded agricultural research and development in many developing countries has been crippled by loss of investment, despite the fact that it has been shown, in China and India, to have the greatest impact on agricultural productivity and growth of any public spending and ranks second in terms of impact on rural poverty. The under funding of agricultural extension schemes cut the main conduit of information, technology and innovation from the laboratory to small farmers.

Removal of subsidies for inputs such as seeds and fertilizers and the dismantling of price supports have made farming unprofitable for many small and marginal farmers. Private finance also declined steeply, often as a result of commercial banks' abandonment of the sector. When finance was available, it was generally directed to large borrowers, and excluded the majority of small producers from the formal credit system.

Although FDI has increased exponentially in recent years, little has been directed towards agriculture. Of the US\$711 billion in FDI inflows worldwide in 2004, only US\$2.6 billion, or approximately 0.36 percent, went to agriculture. In developing countries, US\$2.3 billion, or 0.85 percent of FDI inflows, were directed to agriculture. In 2005, the LDCs were able to attract only US\$9,680 million in FDI inflows, a mere 0.01 percent of the global total.

The share of agricultural spending in ODA also declined precipitously from 18.1 percent in 1979 to 3.5 percent in 2004. ODA to agriculture in Africa stood at the same level in 2004 as it had 25 years earlier, though the continent's population had doubled in the meantime and rural poverty had become more severe.

While the major lending institutions stressed the need for macroeconomic stability, a reduced role for the State, greater reliance on market forces and an opening up to international competition, the group of LDCs grew from just over 20 members in the early 1980s to 50 countries in 2006.

Sources: World Bank (2008), The World Development Report; IFPRI (2002), "Sound choices for development: The impact of public investments in rural India and China", Washington, D.C.; and UNCTAD (2006), The least developed countries report 2006, Geneva as lifted from International Labour Office (2008), "Promotion of rural employment for poverty reduction", Box 2.7 p. 22, Geneva, International Labour Conference, 97th Session, 2008

of jobs worldwide including for farm-workers is facing what some writers and analysts call the "biofuel bubble". The combined impact of rising cost of feedstock such as corn and decline in global oil prices due to weakened demand as an offshoot of the recession made agrofuel less attractive for investors than in previous years. The capital squeeze is taking its toll as well on smaller, start-up firms. Agrofuel companies in the traditional and more established corn ethanol business are starting to fold up including some of the biggest firms. VeraSun Energy (VSUNQ), one of the largest US ethanol companies, filed

for Chapter 11 in October 2008.²⁹ (*Chapter 11 is a chapter of US Bankruptcy Code, which permits reorganization under US bankruptcy laws.*)³⁰ Also in the fourth quarter of 2008, Aventine Renewable Energy, a large ethanol producer, lost US\$37 million despite selling a company record 278 million gallons of the agrofuel and subsequently filed for bankruptcy. California's Pacific Ethanol lost US\$146 million last year and has defaulted on \$250 million in loans and is on the verge of bankruptcy.³¹ For farm-workers producing the feedstock, this only means less income or worse, displacement.

Tightening agricultural labour markets

The failure of underdeveloped economies to produce jobs domestically has created a permanent jobs crisis. This has been intensely felt in the agricultural sector where job scarcity was already severe even before the global jobs crisis triggered by the recession hit. Indian agricultural trade unions, for example, have reported large declines in opportunities for work, ranging from a 20 to 77 percent drop in various regions of the country. Harvest work that had offered one month's employment in the mid-1990s had fallen to seven days by 2001 while employment availability had dropped from 180 days per year to fewer than 90. Job opportunities in irrigated areas also fell from 240–270 days to 60–70 days per year within a ten-year period. The declining opportunities for waged employment were attributed to mechanization, changes in crop patterns and conversion of land to non-agricultural purposes. Also, small and medium farmers lacked the means to hire labour due to the increased costs they were facing for inputs, such as high yield seed varieties, inorganic fertilizers and pesticides.³²

Amid the global financial and economic crisis, Third World economy faces deepening backwardness as many countries continue to rely on the export of raw materials including agricultural commodities, which are also with substantial imported inputs like fertilizers and agrochemicals. For many decades, poor countries have been dependent on the First World for market and capital as a result of colonial and neocolonial policies designed to make the Third World economy serve the needs of the huge economy of rich, industrialized countries. These structural issues confronting Third World agriculture and economy in general make poor countries highly vulnerable to the impact of the global recession and financial crisis that emanated from the industrial world.

In southern Mindanao, Philippines, a multinational company exporting Cavendish bananas retrenched 100 employees in December 2008, according to the Mindanao Business Council. In Swaziland, plantations and agri-related companies are starting to fold up and retrench workers due to "local and international market collapses". Peak Timber announced in December 2009 that it is laying-off 170 workers, or more than half of its workforce. Pulp trader Sappi Usutu

is shutting down that will displace 550 workers while Swazi Paper Mills has already retrenched 223 workers. Swazican Fruit Cannery is also contemplating a shutdown, aggravating the rising unemployment in the country.³³

Reductions in demand for labour in the export sector have caused sharp reductions in the number of internal migrants working away from home, and reductions in the remittance flows. As a consequence, there is an increased need to find employment for these displaced workers in other areas such as agriculture. However, the already large army of unemployed in the rural areas and the impact of reduced global demand for agricultural commodities offer dim prospects for these displaced factory workers to find opportunities as wage workers in agriculture.

Job opportunities in agriculture in rich countries are declining as well because of the crisis. Media reports have noted that in many farming areas in the US, Europe and other rich countries, from supposed shortages in farm workers in the last two or three years, there is now a glut because of the recession. Workers here in the past tended to avoid farm work because of extremely low wages and harsh working conditions but displacements in other industries such as services, construction, etc. have created a noticeable trend of increased number of agricultural employment amid declining employment in other industries.

In California, for instance, the jobless rate jumped to 9.3 percent in December 2008, with employment in construction falling by 93,000 jobs. During the same period, employment in agriculture increased by 2,000 jobs. Sadly, displaced workers could not readily find employment in the farms as operators started to downscale production due to lower demand. California farmers said that they noticed a "bigger supply of labour this year" and are in fact starting to turn workers away, a complete turnaround from just a couple of years ago when announced job openings were largely ignored.³⁴

The trend is also observable in other rich countries like the UK. According to the National Farmers' Union (NFU), there was evidence there had been recent increase in the amount of British people showing interest in seasonal farm work. In one instance, an announcement of job opening needing 30 farm-workers and offering a measly

(by UK standard) minimum wage of only £5.73 an hour yielded 200 plus applicants, of which only three were non-British.³⁵ Anecdotal evidence also claims that British applicants applying for low-paying, backbreaking farm jobs include middle-aged people coming from fully-skilled jobs and much higher salaries.³⁶

Farm labourers seize every opportunity to move to higher paying jobs and step up in the job ladder,

which usually is construction or food service. And they are slowly returning to farms now because of the recession. (See **Box 9**)

These developments present a serious problem for migrant workers from the Third World since employment rates of foreign migrant workers in developed countries are also significantly high. In the US, around 56 percent of farm-workers in crop agriculture are overseas migrants. The majority

Box 9. Looking for jobs, going back to the farms

The U. S. agricultural industry has long complained about a labour shortage in the fields. The work force is aging and it is frequently too difficult for new farm workers to get visas. So, the federal government has just begun implementing new rules to ease the H-2A temporary agriculture worker programme.

At 5 a. m. , nearly 10,000 Mexican lettuce pickers wait to enter the U. S. at the port of entry between San Luis, Sonora, in Mexico and San Luis, Ariz. , near Yuma. It's a daily scene during the winter season, but Anadina Cardenez Alvarez is here for the first time.

She is part of a group getting their H-2A visas. It took three months and cost \$400, but she says it was worth it.

"People have told me here you can make \$50 to \$70 a day," she says. "There, you can barely make \$50 to \$70 a week. That's a big difference."

On that day, though, there was no work. The grower needed only half the number of visa workers as he thought he would.

"Due to the economic situation in the country, the farmers in this area have planted up to 40 percent less," says Janine Duron, executive director of the Independent Agricultural Workers' Centre, a nonprofit that connects workers with growers. "So there's been less of a demand for farm workers. And there was just about enough demand to be met with the local domestic farm workers."

In this case, local domestic farm workers mean Mexican citizens with U. S. green cards, according to the U. S. Department of Labour. These workers could legally live in the U. S. , but they choose to live in Mexico because it's cheaper. In the last few years, green-card holders have made up about 15 to 20 percent of crossers, according to one customs officer's estimate. This winter, he says, that number has shot up to about 60 percent.

Paul Muthart, general manager of Pasquinelli Farms in Yuma, says it's one more effect of the recession.

"These folks who would otherwise be on a roof or in a kitchen or making a bed are back in the ag field," Muthart says.

From Farming To Construction, And Back

Such is the case of Felix Valdez, who got his green card in 1985 when the federal government offered illegal workers amnesty. He worked in the fields, but then he found a better job in construction. That's the typical pattern for immigrants. But now he's back in the fields he once left.

"I changed because there's no more construction," Valdez says. "Maybe in March ... Maybe."

University of California agricultural economist Phil Martin says what's happening now is not just immigrant labour moving back to the fields, but fewer immigrants leaving agriculture in the first place.

"During the Depression, a lot of Americans who had left the farm returned to the farm," Martin says. "I like to think of the farm labour market as a revolving door in a big department store. People enter, on average they stay less than 10 years, and they leave. I think that the major thing that's happened is that door is turning slower."

But that door may not be turning at all. By the time it's light out, the Yuma workers have been taken by bus to the fields. They start picking the seemingly endless rows of romaine, butter leaf and iceberg lettuce, stooping to pick the heads then using knives to chop off the root. It's obviously hard work, and Duron, the nonprofit director, says that's a problem. Most of the domestic workers here — the green-card holders — are at least 50 years old.

"And mostly with 30-40 years or more working in the fields," she says. "They're not able to produce as well as a younger work force, and there is no younger work force in the United States."

More H-2A visa workers will likely be needed when the recession ends. But for now, older so-called domestic farm workers and former construction workers will take the jobs — unless things get so bad that U. S. citizens are willing to move across the country for five months' work in these lettuce fields at \$350 a week.

Lifted from "Farm jobs go to residents, not farm workers" by Ted Robbins, Feb 20, 2009, <http://www.npr.org/templates/story/story.php?storyId=100673854>

of these are young Latino males, without legal work documents, recently arrived from Mexico, Central America (Guatemala, El Salvador) or the Caribbean (Haiti and Jamaica). Based on Oxfam estimates, about 33 percent of migrant workers in the US are 'follow-the-crop' migrants, moving around in line with the harvesting seasons.³⁷

Another example is Canada's Fraser Valley, which is famous for its fruit production, where around 80 percent of fruit pickers are Punjabi, most of who are recent immigrants. In 2008, the Temporary Foreign Worker Programme of the Canadian Federal Government imported some 192,519 workers, of which the biggest group was the farm-workers with 25,063.³⁸ Similarly, in parts of Spain, which has had a booming horticulture sector since the early 1990s, immigrant workers make up 90 percent of the horticulture workforce. These come from a great variety of countries, such as Morocco, Senegal, Ukraine, Russia, Ecuador, Lithuania and Romania.³⁹ Out of the 50,000 – 60,000 farm-workers in Spain's Huelva strawberry fields, 30,000 are guest-workers from Morocco, Colombia, Ecuador, Poland, Romania, Bulgaria, and Senegal under bilateral agreements. France, the largest farming country in Europe, relied increasingly since the 1960s on

Spanish, Portuguese, Moroccan, and Tunisian migrants to harvest crops, especially wine grapes. In 2009, there were about 20,000 foreign seasonal farm labourers in France.⁴⁰

Migrant workers, together with women workers, are among the most vulnerable among farm-workers and face the highest risk of exploitation. According to OXFAM, they frequently lack access to basic services, such as hygienic housing or social security (e.g. unemployment benefit, health care). In the US, the Bush administration's H-2A guest-worker programme facilitated the dramatic decline in farm wages with most migrant farm-workers receiving only US\$7.25 per hour instead of US\$9.34 per hour. The Labour Department is trying to reverse this policy, which it said made easier for American farmers to hire temporary foreign farmworker, to ensure that workers are "treated and paid fairly". But the move can also be interpreted as a measure to provide Americans displaced by the recession an option to work in US farms. The reforms being pushed by the US Labour Department include not only an increase in farm wages by about US\$1.44 an hour. The Obama administration will also require farmers to submit documentation certifying that they tried to fill the jobs with American workers. For

the first time, the new rules would mandate the posting of farm jobs through an electronic job registry to make sure domestic workers get the first shot.⁴¹

Such trend is being observed as well in less developed countries which have a significant stock of foreign migrant workers like Malaysia. In January 2009, amid fears that the global crisis will lead to more retrenchment of its nationals, Malaysia started to impose a ban on new foreign workers in its manufacturing and services sector.⁴² In March 2009, it cancelled the working visa of 55,000 Bangladeshi workers in sectors ranging from construction to plantations as the domestic labour market cringed under recession.⁴³ The Malaysian labour department also warned employees of legal actions should they retrench local workers ahead of foreign migrant workers.⁴⁴

In addition, undocumented workers' fear of losing their jobs means they lack the bargaining power to press for better wages and work conditions, and are often unwilling to complain about harsh treatment. Some of the most at risk workers are those hired by labour contractors, who sometimes take advantage of workers' vulnerability and make unlawful wage deductions, charge inflated prices on food, rent and transportation and – in extreme cases – subject workers to debt bondage (where undocumented migrants are forced to work to pay off high smuggling debts). These situations are bound to worsen as competition for jobs in the rich countries becomes tighter due to the global recession. A significant proportion of foreign migrant farm-workers in rich countries are undocumented. In the US, for example, the Current Population Survey (CPS) indicates that about 25 percent of foreign migrant farm-workers are unauthorized, and among crop farm-workers, the proportion of illegal migrants could reach as high as 50 percent.⁴⁵

Overall, according to the World Bank, migrant stock in the US may decline by 4 percent because of the crisis; 8 percent in the 15 members of the EU (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden at United Kingdom); 10 percent in member countries of the Gulf Cooperation Council (Bahrain, Qatar, Kuwait, Oman, Saudi Arabia, at United Arab Emirates); and 4 percent in other high-income

remittance source countries.⁴⁶

Remittances, consequently, are expected to decline from US\$305 billion in 2008 to as low as US\$280 billion this year, according to the World Bank.⁴⁷ This will impact negatively on countries like India, Mexico, the Philippines, Bangladesh, and Pakistan which dispatch a huge number of migrant workers, including farm-workers, and generate the biggest remittances from such labour export.

Depressed wages and increased poverty

The most pervasive problem confronting farm-workers all over the world is the problem of extremely low wages. Even in the American agricultural sector, overtime pay and minimum wage, depending on the man-hours employed by the farm, is not required.⁴⁸ The situation of course is much worse in underdeveloped countries wherein agricultural wage earners are not protected by minimum wage laws, which are already below decent living standards. While receiving paltry wages, farm-workers are also compelled to work unusually longer hours. Low incomes, combined with payment by piece-rate, create pressures for workers to work long and intensively.

Thus, even prior to the crisis, wage workers in agriculture already faced meager income and most were not protected by wage laws, with irregular and women workers most affected such as the case of women fruit farm-workers in South Africa. (See **Table 8**) Compared with other similarly marginalized sectors, they receive even less in wages. (See **Box 10**) Worse, the agricultural wages fall way below the cost of living, such as the case of Filipino farm-workers whose wages have not reached even half of the amount their family needs to live decently. And the gap between what they receive as wages and the cost of living has been widening through the years. (See **Table 9**)

According to the ILO, the average wages in agriculture, fisheries and forestry are lower than the average wages for urban informal workers. The UN agency noted that a number of countries exclude agricultural workers from minimum wage protection and others exclude specific types of workers or occupations frequently found in agriculture or in other rural activities, for example,

Table 8. Average pay levels by job status and gender in South Africa fruit farms (wages in Rand)

| Job status | Gender | Average months worked | Average weekly earnings | Highest individual wage | Lowest individual wage |
|-------------------|--------|-----------------------|-------------------------|-------------------------|------------------------|
| On farm permanent | Male | 12 | 298.70 | 812.50 | 180.00 |
| On farm permanent | Female | 12 | 210.60 | 320.00 | 130.00 |
| On farm seasonal | Female | 7 | 204.10 | 320.00 | 112.50 |
| Contract | Male | 10.5 | 261.25 | 400.00 | 150.00 |
| Contract | Female | 9.3 | 152.75 | 180.00 | 125.00 |

Sources: Barrientos and Kritzing (2004) as cited in International Labour Office (2008), "Global agri-food chains: Employment and social issues in fresh fruit and vegetables", Employment Sector, Employment Working Paper No. 20, p. 52, Geneva

Box 10. Agricultural wage rates in selected countries**Agricultural wage rates in selected countries**

- In Ghana, the typical daily farm wage in 2000 was just US\$0.71, and even the maximum daily farm wage of US\$1.42 was below the daily earnings of a vegetable grower and less than half what a farmer of food crops would earn.
- In Mexico, the median hourly wage for agricultural workers was US\$0.41 in 1996–98, slightly higher than artisans, but less than half the median earnings of traders. The average wage in non-agricultural employment was 56 percent higher than that in agriculture.
- In Uganda, agriculture and fishery workers had the lowest median wage of all major occupational groups, averaging just 20 percent of the earnings of a clerk.

In India in 1999–2000, wage rates for male rural casual workers in non-farm activities were 50 percent higher than for those in agriculture.

Table 9. Average daily wage rates of Filipino farm-workers by major sector versus estimated cost of living (range nationwide except Metro Manila), 2001 – 2007, in Philippine pesos

| Year | Palay | Corn | Coconut | Sugarcane | Estimated cost of living |
|------|--------|--------|---------|-----------|--------------------------|
| 2001 | 138.96 | 121.22 | 128.92 | 155.98 | 333 – 605 |
| 2002 | 143.53 | 122.25 | 141.28 | 156.36 | 349 – 643 |
| 2003 | 148.90 | 125.06 | 147.21 | 157.26 | 362 – 676 |
| 2004 | 155.23 | 130.85 | 153.51 | 160.50 | 393 – 750 |
| 2005 | 162.51 | 142.98 | 161.69 | 175.56 | 434 – 872 |
| 2006 | 171.87 | 148.59 | 166.15 | 184.15 | 478 – 1,008 |
| 2007 | 184.07 | 153.85 | 168.03 | 184.71 | 512 – 1,128 |

Sources: Bureau of Agricultural Statistics (BAS), National Statistical Coordination Board (NSCB), National Statistics Office (NSO), and National Wages Productivity Commission (NWPC)

casual workers, part-time workers, piece workers, seasonal workers, or tenant farmers who give part of their crop as rent to their landlord. Such unjust policy impacts on a huge portion of agricultural workers. In Indian rubber plantations, 65 percent of workers for instance, and 90 percent in tea plantations were paid on a piecework basis.⁴⁹

Even in the rich countries like the US where farm wages are relatively higher than those in underdeveloped countries, farm wages

are historically at least 20 percent lower than industrial wages. And employers are using the recession to undermine calls for a substantial pay hike for farm-workers, arguing that while farm incomes were better in 2008 and the industry is better placed than others to withstand recession, there are a lot of other pressures in 2009, both in terms of prices and input costs. Thus, calls for a wage hike by farm-workers supposedly could "undermine agriculture's ability to withstand the downturn".⁵⁰

At present, farm-workers in some areas are facing drastically reduced work days because of the economic crisis. In Tulare County in California, for instance, it used to be that cherry pickers could count on working 10 hours a day and being paid US\$6 per box for 30 boxes or more. Today, they only need to fill 18 to 22 daily thus cutting their wages. Many who used to have a second job, such as in nursery, have also lost that backup since late 2008. Farm-workers also complain that they no longer know how long they would work and that employers only let them know on the day itself.⁵¹ In Bukidnon province in the Philippines, pineapple giant Dole Philippines (Dolefil) has reduced its workweek from six to five days, affecting 580 production and office workers because of declining demand.⁵²

In other countries like India, plantation owners are using the global recession for a renewed push to further depress farm wages. The United Planters' Association of Southern India (UPASI), for instance, is saying that while price levels of all plantation commodities during in 2009 were at comfort levels and market fundamentals suggest a continuance of better prices for some more time, uncertainties prevail due to ever-escalating cost of production as plantation labour wages in India are supposedly the highest in comparison with the competing countries.⁵³

As large TNCs in agriculture scramble to increase their rates of return due to the recession, they devise various mechanisms to further depress wages and squeeze profit such as through contract farming, which has become a growing feature of agricultural commodity production. Typically, a large plantation company augments its own production by buying in agricultural commodities of a specified quality at a guaranteed price from local farmers, who in turn employ agricultural workers to carry out the production.

Increasingly, the main company helps the farmers to set up and run outgrower associations, often with their own labour hiring departments which bring in seasonal and casual labour to work on the small-scale farms of their members. The combined effects of these changes for waged workers were growing job insecurity, lower rates of pay, poorer working conditions, increasing food insecurity and growing levels of poverty. (See **Box 11**)

There is a danger that such oppressive schemes may worsen due to the global crunch. To maintain their jobs as the global crisis intensifies, hapless agricultural workers are forced even more to accept insecure employment, which has always been chronic and prevalent in the sector. As of 2002, according to the World Bank's WDR 2008, casual workers had come to account for 80 percent of male employment and 92 percent of female employment in agriculture. The ILO on the other hand, reported that in the countries they surveyed, the number of regularly employed women workers had declined over the past five years and more than 40 percent said that the number of temporarily employed women workers had grown.⁵⁴

Note also that many rural families are increasingly relying on non-farm income. In a study in the Philippines, Thailand, and Bangladesh, the share of non-farm income to total family income moved from 10–45 percent in the 1980s to 47–70 percent in 2003-04.⁵⁵ In all of the developing countries examined by the Bank's WDR 2008, the share of rural households participating in agriculture was higher than the share of income they received from agriculture. For example, in Vietnam in 1998, over 95 percent of rural households engaged in some agricultural production, but only 40 percent of their income, on average, came from agriculture. The picture in Bulgaria was similar. About 80 percent of rural households participated in agriculture, but less than 40 percent of the average income in rural areas came from agriculture.⁵⁶ Experts explain that remittances account for a significant portion in the increase of non-farm income of rural households. Thus, aside from the direct impact of the global crisis on agricultural employment and income, rural households are also hit by the effects of the economic crunch on labour migration and remittances from other non-agriculture sectors.

Consolidating control of means of agricultural production

Lack of genuine agrarian reform and effective distribution of land have created the material conditions for the exploitation and oppression of direct agricultural producers to exist especially in the poor countries. Based on World Bank data, of the 525 million farms in the world, 75 percent measure less than one hectare and 85 percent measure less than two hectares.

Box 11. Outgrowing and its impact on labour

The International Union of Food (IUF) together with the International Land Coalition studied the changing patterns of agricultural work in the Ugandan sugar industry, which was shifting from production based on large company-owned plantations to a system through which much cane was produced by outgrowers working under contract to the sugar company. The results are alarming in terms of its impact on wages and job security:

- ongoing downsizing of the permanent waged workforce on plantations directly managed by the sugar company (*i.e.* the nucleus plantation);
- an increase in the number of waged workers on short-term contracts on the nucleus plantation;
- increased use of casual waged workers on nucleus plantations;
- increased hiring of casual waged workers by self-employed farmers, producing sugar under contract as “outgrowers” to the sugar plantation companies;
- outgrower associations acting as labour contractors, hiring casual waged labour to work on the farms of its members; and
- an overall increase in the casualization of employment.

Source: IUF (2003), “Changing patterns of agricultural production, employment and working conditions in the Ugandan sugar industry”, Geneva and Rome, IUF/International Land Coalition as cited in International Labour Office (2008), “Promotion of rural employment for poverty reduction”, p. 19, Geneva, International Labour Conference, 97th Session, 2008

In Latin America, the average farm size is 67 hectares but 58 percent of Peruvian farms and 49 percent of Mexican farms are smaller than 2 hectares. In Ecuador, 43 percent of all farmers are considered smallholders yet they cultivate only 2 percent of the land. In Brazil, 20 percent of farmers are smallholders, but together their share of cultivated land amounts to a measly 1 percent.⁵⁷ The predominance of export-oriented large scale corporate agriculture explains why there is intense concentration of ownership and control of vast tracts of agricultural lands as shown by large average farm size such as in Latin America.

More agricultural producers now face further displacements and dislocations as the global crunch is paving the way for more concentration of agricultural means of production among few large corporations. With the rising value of land and as investors look for other areas to squeeze profit from, some corporations are starting to buy up agricultural lands in the Third World, jeopardizing the access and ownership of land by small farmers and farm-workers.

Indeed, the phenomenon that some campaigners now call the “global land grab” is a direct result of the global financial and economic crisis. Aside from securing their country’s own food needs, some investors aggressively buy farm lands in Asia, Africa, Latin America, *etc.* for expected

huge financial returns. As GRAIN, a non-profit research group working with small farmers, noted in a 2009 report: “Given the current financial meltdown, all sorts of players in the finance and food industries – the investment houses that manage workers’ pensions, private equity funds looking for a fast turnover, hedge funds driven off the now collapsed derivatives market, grain traders seeking new strategies for growth – are turning to land, for both food and fuel production, as a new source of profit.”⁵⁸ If unopposed, this global land grab “could spell the end of small-scale farming, and rural livelihoods, in numerous places around the world”.⁵⁹

Giant American bank Morgan Stanley, for example, bought 40,000 hectares of farmland in Ukraine last March 2009. Companies from industrialized and relatively well-off countries are also massively buying up farmlands. Last year a Swedish company called Alpcot Agro bought 128,000 hectares of Russia; South Korea’s Hyundai Heavy Industries paid US\$6.5 million for a majority stake in Khorol Zerno, a company that owns 10,000 hectares of eastern Siberia; and Pava, the first Russian grain processor to be floated, plans to sell 40 percent of its landowning division to investors in the Gulf, giving them access to 500,000 hectares.⁶⁰ Landkom, listed on London’s AIM market, and Black Earth Farming, listed in Stockholm, have each made big investments in farming in Ukraine.

GRAIN, in a 2008 report, identified that aside from private corporations a number of big investment banks, hedge fund managers, and consultancy firms are buying up or planning to purchase huge tracts of lands. They include the UK's Barclays, cru Investment Management, Dexion Capital, Knight Frank, Landkom, Lonrho, Bidwells, Schroders, Trans4mation Agri-Tech Ltd; the US's BlackRock, Goldman Sachs, Morgan Stanley; and Germany's Deutsche Bank and Palmer Capital. Even the World Bank's private investment arm International Finance Corp. (IFC) was cited as announcing "that it would greatly increase investments in agribusiness development because of new private sector interest in seeking returns through the food crisis. Part of its spending will be to bring "under-utilized" lands into production".⁶¹ (See **Annex 5** for a *summary list of land grabs in 2008*)

Gulf States and emerging economies like China have also been aggressive in clinching farm deals with poorer, capital-starved countries. Al Qudra, an Abu Dhabi-based investment company, reported it had bought big tracts of farmland in Morocco and Algeria, and was closing in on purchases in Pakistan, Syria, Vietnam, Thailand, Sudan and India. There are also reports Chinese investors will buy 50,000 hectares of farmland in Argentina, and consider other investments in Argentina and Brazil.

According to Washington-based think-tank International Food Policy Research Institute (IFPRI), a total of between 15 and 20 million hectares of farmland in poor countries Cambodia, the Philippines, Indonesia, and several African countries have been subject to transactions or talks involving foreigners since 2006. Such area is equivalent to the total size of France's agricultural land and about 20 percent of all farmlands in the EU. While governments claim that the lands they are selling or leasing to foreigners are "unoccupied" or owned by the state, such lands most of the time are the source of livelihood for many rural households. In many local contexts, land ownership is asserted not through formal or legal frameworks but through customary rights built through many generations of tilling or enriching the land by farming families and communities, and also as common property resources.

Or in some cases, even legal ownership of land

does not guarantee that farmers who lease their land to agribusiness firms will be assured of regular and reliable employment. In Bukidnon province of the Philippines, for instance, indigenous people, farm owners, and farm holders who leased their land to Sumifru for its banana plantation, were surprised to discover that they will have to register to a labour contracting agency if they want to work in the plantation. Now embroiled in a legal dispute, the plantation operator is arguing that it did not promise regular employment to the people to convince them to lease their land but only "employment opportunities".⁶²

The scramble for capital among capital-starved underdeveloped countries amid the global crisis drives many national governments to become more aggressive in selling off what they have – natural resources. In the Philippines, where 8 out of every 10 Filipino farmers are landless, the national government is aggressively pushing agribusiness development, auctioning millions of hectares of farmlands to foreign investors. Out of the 1.9 million hectares it targeted, about 400,000 hectares have already been contracted out to agribusiness investors. Aside from agrofuels, it is also trying to draw foreign businesses including American corporations to invest in banana, pineapple, and mango plantations in the country.⁶³ The national government has also recently lifted the 26,250-hectare limit for banana export plantations as part of its medium term goals of developing new land for agribusiness. With growing global demand, banana has become one of the country's major export products, expanding its need for resources such as manpower and land.⁶⁴

Agro-corporations, meanwhile, are also consolidating as the natural result of the global crisis with the relatively weaker firms being gobbled up by the stronger ones. In February 2009, for instance, Nufarm, an Australian agrochemical producer, won approval for its acquisition of AH Marks, one of Britain's oldest agrochemical companies. In November 2008, China Agri-Industries, a subsidiary of COFCO, established a partnership with Wilmar, the world's largest trader in palm oil. Last year COFCO, China's state-controlled food conglomerate, bought 5 percent of Smithfield, the world's largest pork producer.⁶⁵ This process of mergers and buyouts among the big players in global agriculture will create bigger monopolies that

Figure 1. Foreign land acquisition in recent years



(Source: IFPRI as printed in "Outsourcing's third wave", Economist.com (May 21, 2009))

could dictate prices and depress wages at the expense of direct agricultural producers.

Existing literature has established that increasing prevalence of multinational corporations and a consolidated agricultural supply chain puts downward pressure on producers and thus wages and working conditions for labour.⁶⁶ According to the ILO, the large scale restructuring of agriculture contributes to violations of the four fundamental workers' rights. These are (1) the right to join unions and bargain collectively; (2) the elimination of forced labour; (3) the ending of child labour; and (4) the reduction of discriminatory hiring.⁶⁷

Land re-concentration and more intense landlessness loom as small farmers deal with fewer but bigger corporate agro-monopolies. As experience shows, in arrangements where small farmers were asked to enter into production and marketing tie-ups with agribusiness corporations, they do not only lose effective control over their land but totally erase any semblance of ownership. They are reduced to becoming agricultural workers in the payroll of the agribusiness firm, planting to meet the requirements of the corporation based on its demand specifications.

The casualization of farm labour and all its accompanying harsh effects on agricultural workers' wages, social protection, *etc.* are expected to increase as well in a regime of bigger monopolies controlling farm production and marketing. Casualization, which has been a prominent feature of neoliberal restructuring of agriculture, is an effective capitalist scheme to bring down labour costs and accelerate falling profit rates caused by the global financial and economic crisis. The swelling up of the unemployed in the cities and export zones due to the recession as well as the impact of the crisis on labour export provide material conditions for casualization of farm work to further intensify.

Consolidation in other parts of the global food chain such as in retail and distribution area also undermines farm wages. The recession has so far affected some of the biggest supermarkets in the world and pushed the independent, small shops and local stores especially in the rich countries into bankruptcy. According to a trade union consultation on Irregular Migration and Human Trafficking in Europe (2003), it is essentially the power of the large supermarket chains that forces farmers to produce/sell at very low cost. Farmers respond to the pressure by decreasing their labour costs, thus passing the burden on to the workers.⁶⁸

In China, agribusiness firms are consolidating amid the crisis at the expense of small producers. Based on one estimate, with China's current policies, "the national share of meat produced by small farmers will fall from the current 80 percent to 30 percent by 2020, and that hypermarkets will move from a 15 percent market share of the retail market for meat to a 40 percent share over the same period".⁶⁹

In many Third World countries, these conditions are aggravated by the lack of government subsidies and other forms of support for agricultural production. The absence of an accessible credit facility and subsidy system, for instance, force small direct producers to enter into contract growing and other similar schemes where they commonly fall into chronic indebtedness with their corporate partner that provides the farm inputs and at the same time purchases the produce. With the resources of the national government of poor countries further stretched by the global crisis, agricultural support becomes even more deficient thus further facilitating the process of displacement and disempowerment of small farmers, especially those who rely on part-time wage agricultural employment to boost the measly household income.

THE STRUGGLE CONTINUES

The current global financial and economic crisis has been sharpening the contradictions between the oppressed and exploited agricultural workers and the big plantation owners. At the same time, as the crisis intensifies, these big plantation owners and their governments pit one section of the working class against another to further exploit and oppress them such as the case of migrant farm

workers and locals competing for agricultural jobs in the US, *etc.* amid the raging recession. And while governments bail out the big businesses through large amounts of stimulus packages funded by the working people, industrial and rural workers continue to face wage cuts and retrenchments.

The intensity of the crisis and its still-unfolding destructive effects on the people's well-being, challenge them to face the situation with even greater resolve to struggle, not just to mitigate the crisis, but to work for a resetting of the policy framework and actual direction of agriculture and economy in general for the benefit of its direct producers, including the small farmers and farm-workers. They must build upon our ongoing campaigns to help bring about an even bigger and broader people's movement that will resolutely struggle for this kind of change.

Farm-workers' protests

As the recession rages on, farm-workers' protests are sweeping across the globe. In Sanand, India, 4,000 people, mostly farmers, are opposing the conversion of their 5,000-acre farmland into industrial use.⁷⁰ In Miami, Florida, tomato farm-workers organized a rally to end "modern-day slavery" and to improve wages and working conditions.⁷¹ In fact, the Coalition of Immokalee Workers (CIW) there, largely comprising Latinos, Maya Indians and Haitian agricultural workers, have organized successful boycotts against major fast food companies, pressing them to take responsibility for human rights abuses in the field. As a result, Tow Bell, McDonalds and Burger King have signed agreements that include improving wages and working conditions for tomato pickers.

In the Philippines, farm-workers in Hacienda Luisita, together with agrarian reform advocates and supporters, held a protest rally inside the sprawling plantation and industrial complex to mark the fifth year of the November 16, 2004 massacre, to demand justice for the victims, and push for the Genuine Agrarian Reform Bill (GARF). This was followed by a 10-day (January 12 – 22, 2010) people's march and caravan for land and justice where thousands of farmers from various parts of the country journeyed to Manila in time for the 23rd anniversary of the Mendiola Bridge massacre. Mendiola Bridge, which is in Manila near the official residence of the President, was the site of the January 22, 1987 massacre by the police of 13 protesting farmers demanding genuine land reform.⁷²

Caravans for land and livelihood were also organized in Bangladesh, India, Indonesia, Malaysia, Mongolia, Nepal, Pakistan, the Philippines, Thailand, and Sri Lanka under Asian Peasant Coalition (APC) and International League of Peoples Struggle (ILPS) from July to November 2009 to oppose the global land grab and push for genuine agrarian reform and people's food sovereignty.⁷³

In South Africa, a weeklong series of coordinated protest actions was launched by farm-workers led by the Sikhula Sonke, a woman-led farm worker union, and the Women on Farms Project (WFP) in Western Cape against poor working conditions, retrenchments and evictions. The disgruntled farm workers staged demonstrations at several farms, held a night vigil outside the Parliament buildings in Cape Town and picketed near the venue of the annual Stellenbosch Wine Festival. South African farm-workers are demanding that farms be distributed to farm-workers under the Black Economic Empowerment (BEE) programme. A 2004 study found out that more than one million South African black farmers have been evicted from their farms since 1994 and there are no signs that the trend is slowing down.⁷⁴

In the US, campaigns to secure protection of farm-workers' rights have been reinvigorated early this year. In New York, advocates are pressing for the Farm-workers' Fair Labour Practices Act that would give farm-workers the rights that have been long taken for granted including badly needed improvements in the safety and sanitary conditions in the fields. A separate effort was also initiated to protect farm-workers by fixing federal law. The campaign has been joined by a growing number of labour groups and immigrant advocates like the Farm Labour Organizing Committee, who represent migrant workers in the Midwest and North Carolina.⁷⁵

Land, jobs, and social justice

The worst crisis of global monopoly capitalism and the intensifying economic crisis facing the Third World and its people present favorable objective conditions for exposing the decaying economic and political system and propose

genuine alternatives. The raging crisis only serves to affirm the legitimacy and correctness of the people's struggle to build truly progressive and self-reliant national economies through national industrialization and genuine land reform.

The fundamental demands of agricultural workers worldwide take extra significance amid the global financial and economic crisis. The demand for decent wages, just labour laws, safe working conditions as well as resisting TNC and landlord monopoly over land and resources must form the core of a campaign to defend the social and economic rights of farm-workers who have for decades, and especially under the current global crisis, faced severe and intensifying attacks.

The protection of jobs from permanent displacement or reduced work must be strongly pursued. One way is for pushing the regularization of the farm workforce and strict monitoring and regulation of firms resorting to retrenchment and using the global crisis as an excuse. Farm-workers must also not fall into the divide and rule ploy of plantation owners and employers/

contractors. Migrant and domestic workers have a common issue – their basic rights to livelihood, land, and resources – and a common enemy – the exploitative and oppressive economic system and the corporations and political players that promote and benefit from it.

But these crucial reforms will not happen without a people's movement clamouring for fundamental change. And the raging crisis confronting the world is providing unparalleled openings for progressive social movements including farmers and farm-workers' movements to struggle for alternative policy frameworks and programmes, rally the people, especially other exploited, oppressed, and marginalized sectors around these, and seriously challenge the current failed models of agricultural and overall economic development.

Some areas for campaigns and reforms

1. With the gravity of the crisis, the ILO must be pressured to push for an internationally binding agreement that will require



governments of all member countries to strictly implement decent minimum wage, decent work, and social protection in the agricultural sector. Such pact would compel all member countries to legislate and implement minimum wage, safety, social benefits, organization and unionizing, and job security laws for all agricultural workers, in cases that no such national laws exist. It shall build upon existing conventions under existing ILO Conventions and Recommendations (which together comprise the International Labour Code) covering international standards on freedom of association, non-discrimination, equal pay for men and women workers, abolition of forced labour, and elimination of child labour. Such legally binding agreement must not be “one size fits all” but must give room for flexibility in order to better respond to specific conditions and needs of agricultural workers in different countries. It shall also cover migrant workers who comprise a significant portion of agricultural workers in many countries especially in the First World.

2. National movements and campaigns for genuine agrarian and land reform must be strengthened. Immediate areas of campaign include the opposition to and reversal of aggressive liberalization of foreign ownership of agricultural lands in poor countries in Asia, Africa, and Latin America that allows foreigners to own lands at the expense of landless, poor, and marginalized farmers and farm-workers; land use conversion and agricultural trade liberalization. The global financial and economic crisis is providing more concrete material basis for various marginalized sectors of the rural population (small farmers, waged agricultural workers, fisherfolk, *etc.*) to work together for genuine agrarian reform programme as a common agenda.
3. A set of “fighting demands” directed at national governments and policies must be formulated and used by the civil society and

people’s organizations for campaigning and pushing for policy reforms and immediate protection for agricultural workers affected by the global financial and economic crisis. Such fighting demands must include immediate and short-term reform measures that would readily provide relief and protection for agricultural workers and their families. It is indispensable that such fighting demands form part of a broader, multisectoral strong demands of all poor and marginalized sectors within the framework of jobs and social justice. In general, a common set of agenda and fighting demands that can be campaigned on may include the following:

- a. Ensure that due process is accorded to all workers, including migrant workers, who are facing retrenchment or dislocation to prevent unreasonable termination.
- b. Review all the cases of displaced workers with the employer citing the global financial and economic crisis as the reason behind such termination to determine if due process was observed and the reason cited was legitimate.
- c. Provide immediate relief, including but not limited to, direct cash assistance grant to all workers displaced by the global financial and economic crisis.
- d. Substantial wage hike across economic sectors.
- e. To complement laws on minimum wage, a national policy that would mitigate the increasing cost of living must be put in place. This shall control or regulate increases in prices and rates of basic goods and services to reduce the erosion of meager wages and income and stretch the household budget of poor families. It shall cover as well the allocation and spending of a substantial national budget for basic social services including public health, public education, and public housing.
- f. Promote job security and oppose the casualization of employment both in agricultural and industrial sectors.

ANNEXES

Annex 1. Timeline: Global financial and economic crisis

Sub-prime problems

- Between 2004 and 2006, US interest rates rose from 1% to 5.35%, triggering a slowdown in the housing market. Homeowners began to default on their mortgages with default rates on sub-prime loans rising to record levels.

Warning signs

- New Century Financial, which specializes in sub-prime mortgages, filed for bankruptcy in April 2007. In July, investment bank Bear Stearns told its investors that they will get little, if any, of the money invested in two of its hedge funds after rival banks refused to help it bail them out.

The scale of the crisis emerges

- Investment bank BNP Paribas said that there is “complete evaporation of liquidity” in the market and as such, investors could not take money out of two of its funds. It was the clearest sign yet that banks are refusing to do business with each other. The European Central Bank pumped €95 billion into the banking market to try to improve liquidity. The US Federal Reserve, the Bank of Canada, and the Bank of Japan also started to intervene.

A run on a bank

- The rate at which banks lend to each other rose to its highest level since December 1998 as banks either worry whether other banks will survive, or urgently need the money themselves. In September 2007, the Bank of England granted emergency financial support to Northern Rock, which had its funding dried up by the onset of the credit crunch. A day later, depositors withdrew £1 billion, the largest bank run in British history in more than a century. The Bank of England was later forced to inject £10 billion into the market.

Major losses begin to emerge

- Swiss bank UBS announced on October 1 that it lost \$3.4 billion from sub-prime-related investments. Citigroup followed, initially announcing sub-prime-related losses of \$3.1 billion that six months later bloated to \$40 billion. On October 30, Merrill Lynch disclosed a \$7.9-billion exposure to bad debt.

Stock markets fall, rates cut, slowdown seen

- In January 2008, the World Bank predicted that global economic growth will slowdown in 2008 as the credit crunch hit the richest nations. On January 21, global stock markets suffered their biggest falls since September 11, 2001. The US Federal Reserve reduced its rates by 0.75 percentage points – its biggest cut in 25 years and the first emergency cut since 9/11 – to try and prevent the US economy from slumping into recession. In February, the Group of Seven (G7) richest countries said that worldwide losses stemming from the US sub-prime mortgage market could reach \$400 billion.

Big name casualties

- In February, the British government announced that the Northern Rock will be nationalized. Meanwhile, Bear Stearns – Wall Street’s fifth largest bank – was acquired by larger rival JP Morgan Chase for \$240 million in March. The International Monetary Fund (IMF) projected that potential losses from the credit crunch could reach more than \$1 trillion. It said that the effects are spreading from sub-prime mortgage assets to other sectors such as commercial property, consumer credit, and company debt.

Banks pass round the hat

- In April, the Royal Bank of Scotland announced a plan to raise money from its shareholders with a £12 billion rights issue – the biggest in UK corporate history. In May, UBS, one of the worst affected by the credit crunch, launched a \$15.5 billion rights issue to cover some of the \$37 billion it lost on assets linked to the US mortgage debt. Then in June, Barclays announced plans to raise £4.5 billion in a share issue to bolster its balance sheet. The Qatar Investment Authority, the state-owned investment arm of the Gulf state, will invest £1.7 billion in Barclays, while a number

of other foreign investors also increased their existing holdings.

Major lenders on the edge

- In July, financial authorities stepped in to assist the US's two largest lenders – Fannie Mae and Freddie Mac, which together own or act as guarantors of \$5 trillion worth of home loans in the US.

Eye of the storm

- In September, Fannie Mae and Freddie Mac, which account for nearly half of the outstanding mortgages in the US, were rescued by the US government in one of the largest bailouts in US history. Meanwhile, Wall Street bank Lehman Brothers posted a loss of \$3.9 billion for the three months to August. On September 15, Lehman Brothers filed for Chapter 15 bankruptcy protection, becoming the first major bank to collapse since the start of the credit crisis. Merrill Lynch, on the other hand, agreed to be taken over by the Bank of America for \$50 billion. Then on September 25, giant mortgage lender Washington Mutual, in the largest bank failure yet, was closed down by regulators and sold to JP Morgan Chase. In Europe, insurance giant Fortis was partly nationalized to ensure its survival; mortgage lender Bradford and Bingley was nationalized with the British government taking control of the bank's £50 billion of mortgages and loans while its savings operations and branches were sold to Spain's Santander. The Icelandic government, meanwhile, took over the country's third largest bank – Glitnir – after the company faced short-term funding problems. European bank Dexia was also bailed out in September due to the deepening credit crisis. After all-night talks, the Belgian, French, and Luxembourg governments said they will put in €6.4 billion (\$9 billion) to keep Dexia afloat. Wall Street shares plunged on September 29, with the Dow Jones index slumping 7% or 770 points – a record one-day point fall.

The fightback

- After an earlier shock rejection, the US House of Representatives passed a \$700-billion government plan to rescue the US financial sector on October 3. Germany, on the other hand, announced a €50-billion (\$68 billion) plan to save the Hypo Real Estate, one of the country's biggest banks. The largest banks in Iceland agreed to sell some of their foreign assets, as the government took over the second biggest bank in the country. The UK government announced details of a rescue package for the banking system worth at least £50 billion (\$88 billion) aside from offering up to £200 billion (\$350 billion) in short-term lending support. The US Federal Reserve, European Central Bank (ECB), Bank of England, and the central banks of Canada, Sweden, and Switzerland made emergency interest rate cut of half a percentage point. On October 11, after meeting in Washington, the G7 issued its five-point plan of “decisive action” to unfreeze credit markets. Two days later, in one of the UK's biggest nationalizations, government announced plans to pump £37 billion into the Royal Bank of Scotland, Lloyds TSB, and HBOS. In the US, regulators approved the take over of Well Fargo of troubled bank Wachovia.

Source: BBC News <<http://news.bbc.co.uk/2/hi/7521250.stm>>

Annex 2. Who works in agriculture?

In agriculture, the great variety of land ownership patterns and methods of cultivation gives rise to numerous types of labour relations and various forms of labour force participation. Those who work in agriculture include:

Wage earners

- Permanently employed agricultural workers: usually employed for wages on medium-sized and large farms and plantations.
- Specialized workers: employed for specific tasks, such as the application of pesticides, ploughing, *etc.*
- Seasonal, casual, temporary, and daily workers: may move between agriculture and other rural activities according to the availability of work, often living and working in precarious conditions.
- Migrant workers: temporarily engaged during harvest periods, these workers are typically poorly housed, underpaid and often lack access to health services.

Self-employed

- Large landowners: run enterprises specialized in agricultural production. They use advanced technologies and benefit from access to credit, crop insurance, technical assistance, *etc.*
- Medium-sized and small landowners: operate farms with varying financial and technical means; may produce for the domestic and/or export market.
- Subsistence farmers: mainly found in developing countries, often own very small holding; lack technical know-how, supplies and access to credit and to markets; may work as temporary wage workers to supplement their income.
- Sharecroppers and tenants: cultivate communally owned, state-owned or private property, the former paying a share of the production as rent, the latter renting the land for a fixed annual rent.

Unpaid family members

- Their work contributes to household income and they share in the benefits of the family's production, though their contribution does not appear in labour statistics; many women and child labourers figure among this category of worker.

Others

- Cooperative workers: participate in collective economic enterprises for agricultural production and marketing.
- Indigenous people: own land as collective property, are often engaged in subsistence agriculture; may work on a temporary basis in agricultural enterprises.
- Child labourers.

Source: International Labour Office (2008)

Annex 3. The case of sugar industry workers in Negros province, Philippines

Sugar industry has predominantly ruled the lives of the people of sugar producing regions of the Philippines since the 1800s. The sugar workers of today are the great grandchildren of the sugar workers of the past. They lived owning nothing of their own, even their lives; only the debts handed down from their forebears. Landless, property-less and indebted, they have been tied to the *hacienda* system (sugarcane cultivation done in large tracts of lands owned by big landlords or *hacenderos*) and subjected to wage slavery and subhuman working and living conditions.

The origin of the *hacienda* system dates back to the colonial past of the Philippines. It was instituted by the Spanish colonialist as an economic and political unit and was entrusted to loyal natives. The *haciendas* served in producing surplus for the consumption of the colonialists and imposing control in the communities. Natives who resisted colonization were displaced and escaped to areas where the colonial government's control is weak.

They eventually joined the armed uprisings against the colonizers. They were hunted as "bandits" for resisting the invaders. *Hacenderos* aided the Spanish colonizers in pacifying the native inhabitants. Property rights over the haciendas were protected under the American rule up to the present.

Since then, land ownership remains skewed, monopoly of land by a few families still prevails in sugar producing areas. Based on a 2003 government data, out of the 618,991.026 hectares planted with sugarcane, 49.41 percent is owned by about 1,807 planters (or 0.03 percent of the total 46,574 planters) whose land ownership range from 50 hectares to 100 or more hectares. They also control the sugar industry's 28 sugar mills and refineries.

The same few also own the fertilizers, pesticides and farm implements businesses. The *hacenderos* are not only the economic elite, they are also the "king makers" in politics. Most of the Philippine political elite came from sugar barons families. They are a big power bloc in the national politics.

Sugar production

In the Philippines, Negros island, located in the central part is considered as the sugarland of the country.

- 56 percent - from Negros,
- 20 percent - from Tarlac and Batangas (Luzon)
- 24 percent - comes from Bukidnon (Mindanao), Panay, Leyte and Cebu (Visayas)

Twelve out of the 28 operational sugar mills in the country are located in the Negros. This includes Victorias Milling Corporation (VMC) - the biggest refinery in the country and Asia and the third largest in the world. Of all the sugar producing areas, Negros is dependent on the sugar industry because of its monocrop nature.

Sugar has brought in huge profits to the sugar barons and foreign transnational corporations and to the government coffers as well. Yet, it failed to uplift the lives of the sugar workers – the main components of sugar production - they who toil in the fields from dawn to dusk, enduring the heat of the sun and the coldness of the rain, suffering all the bitterness of hard work. But never have they tasted the sweetness of their produce.

Sugar workers

In a 2003 government data:

- 460,000 agri sugar workers in the country, 310,000 are found in Negros
- 24,000 industrial sugar mill workers in the country, 18,000 are in Negros

Farm workers in haciendas are divided into two categories:

- “*dumaan*” (permanent farm workers) - work in the *haciendas* whole-year round, albeit for 2 to 3 days a week only
- “*sacadas*” (migrant workers) - work during the milling season only when there is need to harvest the sugarcane faster for milling

Much of the work in the *haciendas* is done during the milling season (October-May), where major work involved is the cutting and loading of sugarcane. Land preparation, planting and weeding are also done during these months. The months of June to September are considered by the sugar workers as the “*tiempos muertos*” or “dead season” where only about 10 percent of the workforce during milling is able to engage in farm work in the *haciendas*. The rest increases the number of odd-jobbers in the countryside.

The situation is worse for seasonal workers (*sacadas*) who work mainly during the harvest season and are paid by the job at an average of P60/ton of cane harvested and loaded to the trucks. A work group of 10 to 15 workers is needed to fill up a cane truck. A cane truck loads from 8 to 10 tons of cane. This is economical for the planter since it drives labour costs lower. Many small planters customarily use the *pakyaw* or piece rate system of hiring for all the farm works.

In the case of Hacienda Gaston, the *pakyaw* or piece rate of P60.00/ton nets each of the workers a minimum of Php P30.00 (US\$0.60) wage per day. Many of these workers are poor peasants and settlers who till unproductive, hilly land and need to work at odd jobs to augment their incomes. Others are itinerant landless farm workers who move from one *hacienda* or farm to another for work.

Most of the farm-workers and mill workers do not have job security because of the seasonal character of the industry. The government mandated minimum daily wage for agricultural workers is Php 175.00-250.00 (US\$3.24-4.60). Only a very few who work as regular workers receive about Php 2,000.00 (approximately US\$37.05) per month. Other workers are employed on an intermittent basis to weed and do other jobs and are paid an average daily wage of P60.00 (US\$1.11) per day and some even as low as Php 30.00 (US\$0.60).

Particularly in Region 6 (which includes Negros and Panay islands), estimate for costs of decent living is P454.55 (US\$8.40) per day for a family of six, while the government’s estimate of the poverty threshold in Negros is a measly P71.40 (US\$1.33) for a family of six per day. Based on this threshold, the government estimates 41 percent of the Negros population as poor.

While the farm workers receive wages, they continue to have a relationship of patronage with the planter/landlord which intensifies the exploitation of the farm worker. The planter remains responsible for the upkeep of the workers. They commonly maintain stores and sell overpriced foodstuff and other basic commodities to the workers on credit. As a result of farm worker agitation during the sugar crisis in the 80’s, most *haciendas* now allocate a portion of their area for rice production, the harvest of which is then loaned by the planter to the farm workers. The planter then deducts the long list of debts when the wages are due, most often leaving the workers still heavily in debt.

Family and child labour

Family labour is rampant. Inhuman scenes of malnourished children, elderly and women doing hard work in the cane fields have become ordinary. They comprise almost half of the *hacienda* workers. The whole

family works, but still their income is not enough for their basic needs. Children work mainly because of poverty. Though their incomes do not suffice to meet even their personal needs, they still serve as regular contributors to the family income.

Based on the 2000 survey of the International Labour Organization (ILO) and National Statistics Office (NSO) and studies by the Bacolod City-based research group Centre for Investigative Research and Multimedia Services (CIRMS), around four million or 16.2 percent of the 24.9 million Filipino children (aged five to 17 years) are working.

The CIRMS' study shows that 64 percent of Negros' working children are rural-based. Majority or 26 percent are working in sugar plantations engaged in weeding, plowing, fertilizing, cane cutting and hauling during harvest season. Fourteen percent (14 percent), on the other hand, work in rice/corn farms and orchards; 11 percent in commercial fishing as helpers and divers in trawls, haul boats, fishing boats and fishponds; 3 percent in various rural odd jobs like charcoal making, woodcutting, vending, small-scale mining and helper in public utility jeepneys; and 1 percent in domestic work.

The CIRMS study also reveals that child labour within the sugar *hacienda* system has its own particularities. While it recognizes that it is mainly poverty that pushes children to work, CIRMS study says that child labour in the context of the *hacienda* system is not simply explained by poverty factor, but by the exploitative character of the sugar *hacienda* system.

Sugar landlords have been relying not just on parents, but on every "productive family" residing in the *hacienda*. This is proven by the fact that 92 percent of the sugar working family respondents said that "their children do not just work as replacements, but as regular working force just like the parents." That "for decades, their families have been treated by their employers as a productive unit which needs to render service regardless of their age and gender."

In the sugar plantations, whether the parents are able to work or not, the children must also render service to their masters. Because the entire sugar worker-family has been indebted to them for years, the rest of the family members, including the children, must also work for the masters. Previously conducted sociological studies in Negros revealed that the phenomenon above is part of the "slave making" character of the sugar industry.

Slavery is a reality in an expeditious system of sugar plantation because of the peculiar labour needs of planting and harvesting cane. The planting and harvest season is very tedious, expansive and busy and only a large, well-disciplined labour force capable of toiling in the tropical heat can meet its demands. Sugar farming tended to find a niche in regions where abundant labour could be turned to or coerced into doing field work for low wages.

Henceforth, production became associated with extremes in social structure: the very poor who cultivate and cut the cane, and the estate owners and millers who control the process of converting canes to sugar.

As the country's economy further sinks due to the fiscal crisis, more and more children will likely be forced to engage in economic activities for their families' survival.

Mass poverty amidst crisis in the sugar industry

Throughout the generations, the families of the sugar workers have been living in extreme poverty, hunger and misery. Subhuman living conditions indeed! Sunburnt, pale, haggard and sickly, they dwell in makeshift huts, and clothed in rags.

A research conducted by NFSW revealed that a member of a sugar worker family of 6 members lives with a budget of P2.35 (US\$0.05) each per meal. Malnutrition plagues the sugar workers. In Negros, the yearly

rate of increase of malnutrition is 8.89 percent. And illiteracy is worsening. Malnourished and illiterate, the future is so bleak for the youth. They seek greener pastures in Manila, Cebu or Bacolod, but only to find themselves as workers in construction firms, house helpers, odd-job seekers, or prostitutes and criminal elements there. They join the army of the underemployed and jobless elements and squatters in the metropolis.

Continuing struggle for land

Hunger and poverty are inherent in a backward pre-industrial economy. Farm workers should be given the right to till the land they are working on and given the necessary government support to improve production. Ultimately, the struggle of farm workers in sugar areas is basically a matter of implementing genuine land reform.

Genuine land reform should be coupled with national industrialization to achieve sustainable development.

Lifted from Exploitation Of Farm Workers In Sugar Plantations In The Philippines, Prepared by Ms. Cynthia A. Deduro for the Agricultural Workers Meeting, May20-22, 2005, Penang, Malaysia; accessed from the website of the Coalition of Agricultural Workers International (CAWI), <http://www.agriworkers.org/>

Annex 4. ODA commitments to agriculture, as percent of total

| Donor | 1985-86 | 2005-06 |
|------------------|-------------|------------|
| Australia | 10.0 | 4.7 |
| Austria | 4.1 | 0.9 |
| Belgium | 11.7 | 4.1 |
| Canada | 18.8 | 4.8 |
| Denmark | 15.2 | 10.1 |
| Finland | 15.1 | 5.2 |
| France | 9.9 | 1.6 |
| Germany | 10.2 | 3.1 |
| Greece | .. | 0.8 |
| Ireland | 18.2 | 3.9 |
| Italy | 14.4 | 1.0 |
| Japan | 14.3 | 5.2 |
| Luxembourg | .. | 3.2 |
| Netherlands | 19.1 | 1.9 |
| New Zealand | 19.7 | 2.6 |
| Norway | 14.3 | 4.0 |
| Portugal | .. | 1.0 |
| Spain | .. | 3.0 |
| Sweden | 6.0 | 3.3 |
| Switzerland | 24.5 | 4.5 |
| United Kingdom | 10.2 | 1.6 |
| United States | 11.2 | 2.7 |
| Total DAC | 12.3 | 3.1 |

Source: DAC-OECD

Annex 5. Summary of GRAIN's list of planned and ongoing "land grab" deals in 2008

| Country | Investor/buyer | Crops/agricultural produce | Affected/targeted countries/regions |
|----------------------|---|--|---|
| Bahrain | TRAFCO and other private corporations; government/market access promotion | Dairy, rice, livestock, etc. | Australia, India, Pakistan, Philippines, Sudan, Georgia, Egypt, Thailand |
| China | Suntime, ZTE, SL Agritech, Blackstone, Chongqing Seed Corp. & other private corporations; government | Soya, rice, corn, wheat, fish, livestock, etc. | Brazil, Burma, Cameroon, Kazakhstan, Laos, Mozambique, Philippines, Russia, Sub-Saharan Africa, UK, Tanzania, Uganda, Zimbabwe |
| Egypt | Government & private sector | Wheat, maize, beef | Uganda, Ukraine |
| Gulf countries | Government, AgriCapital | Basic food items, pulses | Arab states, Brazil, Southeast Asia, North Africa, Sub-Saharan Africa, Somalia |
| India | Government & private sector | Pulses, oilseeds, cereals, ethanol, palm oil | Africa, Australia, Burma, Argentina, Brazil, Paraguay, Uruguay, Indonesia |
| Japan | Mitsui, Asahi, Itochu, Sumitomo, Kobebussan, & other private corporations | Soya, maize, vegetables, fruits, livestock, dairy, vegetable oils, sugar | Brazil, China, South America, Southeast Asia, Egypt, New Zealand, US |
| Jordan | Government & private sector | No information cited | Sudan |
| Kuwait | Government | Rice, palm oil, chickens, cattle, & other crops | Burma, Cambodia, Egypt, Morocco, Yemen, Laos, Sudan, Thailand, Uganda, & others |
| Libya | Government & private sector | Rice | Liberia |
| Malaysia | Private sector | Rice | Thailand |
| Qatar | Government; Qatar Livestock Mawashi & other private corporations | Rice, grains, livestock, wheat, maize, oilseeds, cereals, fruits, vegetables, cattle, & lambs, | Cambodia, Indonesia, Pakistan, Australia, Tajikistan, Sudan, Turkey, Vietnam |
| Saudi Arabia | Government; Bin Laden, Al Rabie, HADCO, & other private corporations | Wheat, barley, rice, soybean, fodder, cereals, cattle, dairy, vegetables, animal feeds, & fish | Brazil, Egypt, Philippines, Senegal, Turkey, Uganda, Ukraine, Ethiopia, Indonesia, Kazakhstan, Pakistan, Sudan, Thailand |
| South Korea | Government; Pt Agro Inerpia & other private corporations | Rice, other cereals, fodder, livestock, maize, wheat | Argentina, Russia, Southeast Asia, Sudan, Cambodia, Laos, Mongolia, Indonesia, Russia |
| United Arab Emirates | Government; Al Qudra, Abraaj, Abu Dhabi Group, Emirate Investment Group, ADFD, & other private corporations | Rice, livestock, dairy, wheat, sugar, fruits, fish, cereals, seafood, maize, potato, fodder | Australia, Croatia, Egypt, Eritrea, India, Morocco, Pakistan, Philippines, Sudan, Syria, Thailand, Ukraine, Vietnam, Africa, Cambodia, Kazakhstan, South America, Senegal, Uzbekistan |
| Lithuania | Agrowill AB | No information cited | Russia |
| Sweden | Alpcot Agro | Barley, wheat, rye, buckwheat, sunflower | Russia, Ukraine |

| | | | |
|----------------|--|--|--|
| United Kingdom | Barclays, cru Investment Management, Dexion Capital, Knight Frank, Landkom, Lonrho, Bidwells, Schrodgers, Trans4mation Agri-Tech Ltd | Peppers, cassava, maize, wheat, oilseed, rape, rice, cassava, fish | Malawi, Africa, Australia, Kazakhstan, Latin America, Russia, Ukraine, Ukraine, Nigeria, Angola & other African countries, Cech Republic, Hungary, Poland, Romania, Western Europe |
| Sweden | Black Earth Farming | Dairy, meat, grains, oilseeds | Russia |
| US | BlackRock, Goldman Sachs, Morgan Stanley | Poultry | China, Ukraine |
| Germany | Deutsche Bank, Palmer Capital | Poultry | China, Cech Republic, Hungary, Poland, Romania, Western Europe |
| World Bank | International Finance Corp. | | Africa, Argentina, Brazil, Kazakhstan, Paraguay, Russia, Ukraine, Uruguay |
| Netherlands | Louis Dreyfus | Soy, maize, cotton, cattle | Argentina, Brazil, Southern Cone |
| US-Israel-UK | RAV Agro Pro | Cereals, sunflower | Russia |
| Russia | Renaissance Capital | Ukraine | |
| Denmark | Trigon Agri | Russia | |

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