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The Marketplace: A Place for Small-scale Producers?*

El ámbito del mercado ¿un lugar para los productores a pequeña escala?

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Abstract

Structural adjustment programs (SAPs) launched since 1980s in Turkey, have focused attention on the promotion of greater reliance on market forces and the elimination of government subsidies on credits, inputs, and prices. Hence, farmers are engaged in a number of simultaneous exchange relations on different markets and maintain institutional linkages with several agents. This study provides a detailed analysis of the understanding of markets by the farmers and the significant effects of these different exchange relations on their subsistence. This analysis is based on longitudinal field research as participant observation conducted in the villages of Karacabey, Bursa, in North-western Turkey between December 2009 and 2017. Qualitative and quantitative data were gathered through 83 in-depth interviews with farmers, traders, and State officials applying a snowball sampling technique. Findings suggest that small farmers should be incorporated into decision-making processes in order to organize markets in a democratic way and to reconfigure policy-making into more participatory, transparent, and accountable procedures.

Keywords: market myth, Turkey, agricultural markets, price mechanism.

Resumen

Los programas de ajuste estructural (SAPs) aplicados desde los años 80 en Turquía se han centrado en la promoción de la dependencia de las fuerzas del mercado y la eliminación de los subsidios gubernamentales (créditos, insumos y precios). Por ello, los productores se han visto forzados a desarrollar un amplio número de relaciones de intercambio en mercados diversos y construir vinculaciones institucionales con múltiples agentes. El presente estudio ofrece un análisis detallado sobre la percepción de los mercados por los propios productores y los efectos de estas relaciones de intercambio para su subsistencia. Dicho análisis se basa en un estudio de campo longitudinal efectuado mediante "observación participante" en aldeas de Karacabey (Bursa, noroeste de Turquía) desde diciembre 2009 hasta 2017. Se recopilaron datos de tipo cuantitativo y cualitativo por medio de 83 entrevistas exhaustivas con granjeros, productores y funcionarios del Estado en las que se aplicó una técnica de muestreo de "bola de nieve". Los hallazgos sugieren que se debería encontrar el modo de involucrar a los pequeños productores en los procesos de decisión para organizar los mercados de un modo más democrático; así se reconfiguraría la formulación de políticas hacia formas más participativas, transparentes y responsables.

Palabras clave: mito del mercado, Turquía, mercados agrarios, mecanismo de precios.

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Introduction

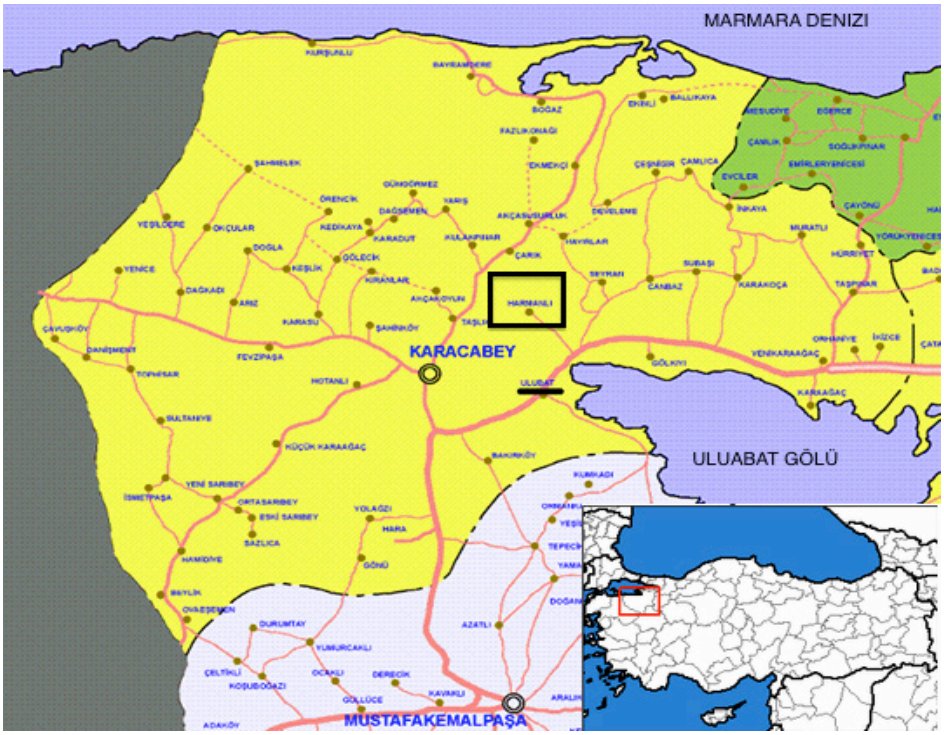
Transition to a market-led economy imposed by outward oriented development strategy has major implications for agricultural sector. A new structure free from state intervention, regulated prices, protective tariffs, and quotas, and incentives intends to expedite the market integration of farmers and entails them learning how to respond to changing conditions. According to market principles, rational acts of farmers in response to price signals in a competitive market will bring efficiency, productivity, and profit maximization. Here question is raised; whether all the actions of farmers were irrational before structural adjustment. Or did they become rational and profit maximizing entrepreneurs after agricultural reforms?

Given the inconsistencies in market formation, this study challenges widely accepted norms of mainstream economics such as perfect competition and information, spontaneous order, and invisible hand, which all refer to a self-regulating market. While markets are presented as highly uniform and egalitarian, they are actually hierarchical and unaccountable. Transactions and prices are open to speculation. Besides, markets are diversified and complex entities that also include socio-technical arrangements, risks, uncertainties, and struggles (Çalışkan and Callon, 2010). A complex process of market agents and their interactions ensures linkages between commodity, agency, narratives, structures, and processes.

> From an empirical point of view, the most visible and well-known forces that set markets in motion are firms, trade unions, state services, banks, hedge funds, pension funds, individual consumers and consumer unions and NGOs. To be more complete we could also mention the public—and private—sector research centers that prepare new products and processes, the international monetary or financial institutions, the regulatory or standardization agencies (whether they concern hard technologies or social technologies such as accounting rules and practices), as well as experts, lawyers, economists, think-tanks and other spin doctors. There is no standard list. (Çalışkan and Callon, 2010: 8)

This study provides a detailed analysis of the understanding of markets by the farmers, how they respond to erratic conditions of markets, and the effects of the complex relations from production to processing on farmers' linkages to markets. It also inquires how markets work on the ground by interrogating the role of merchants, agribusiness companies, cooperatives, storage practices, and trade in Karacabey (Figure 1). By tracing sociotechnical arrangements and farmers' reactions on the ground, the penetration of capital into all aspects of productive processes, livelihood strategies, and capabilities will be better understood.

Figure 1. Karacabey (Bursa, Turkey)
Figura 1. Karacabey (Bursa, Turquía)



Source/fuente: http://ercaninal.blogspot.gr/2013/02/uluabat.html and http://www.turkiye-rehberi.net/harita/Karacabey-haritası (consulted 09/10/2023).

In the following sections, farmer's changing exchange relations with the agro-food industry and merchants, the impact of trading practices, processing, and storage on market prices, and the relations of traders and agribusiness companies to the local state officials will be examined.

Rural development and market

For decades, the success of rural development has been reduced to the level of market engagement. Competitiveness and improved networks in trade, transportation, storage, and processing facilities are required to expedite market liberalization. Structural adjustment focusing on the reform of price policies, the elimination of subsidies, and the reduction of government expenses have been launched to improve the market inclusion of farmers. The liberalization of markets prohibits state intervention in prices and removes restrictions on imports and exports. The expectation has been that through markets, global chains, and regional trade, farmers can sustain their livelihood and even prosper. While recent conditions in markets are benefiting some groups, there exist further limitations in the market, especially for small producers. Even the World Bank admits that "market-friendly reforms have also sometimes hurt the rural poor [...] when reform leaves an institutional vacuum, performance suffers. As with other reforms agricultural market liberalization without the proper institutional framework will not deliver the expected results and could have serious consequences for poor people" (World Bank

2000-2001: 68-69). Drawing farmers into markets by omitting dynamics of ruralities and socio-political imperatives creates a biased and segmented market structure and influences the exchange. Equally important, small farmers are already engaging in different markets from input to credits and complex exchange relations simultaneously. However, the "getting prices right" strategy is not enough to ensure rural development and transformation, seeing that small farmers cannot reap the benefits of the market equally.

The integration of farmers into the markets by the IMF and the World Bank led to a similar situation of crisis in developing countries. Unilateral policies of these institutions transform developing countries from a provider of agricultural products to an importer of food crops and inputs from developed countries. On the one hand, these institutions are encouraging developing countries to liberalize their markets by limiting all kinds of protection, but on the other hand, agribusiness has strengthened its position during structural adjustment under conditions of unfair competition. The cultivation of traditional export products is heavily reduced, and the producers of basic food crops cannot cope with the subsidized prices of the US and the EU. Therefore, many farmers prefer cultivating feed crops, which require less labor and input costs. This structural crisis increases not only food insecurity but also dependency on agribusiness in the countryside of developing countries. In addition to trade liberalization, the privatization of agricultural state enterprises and parastatal institutions engaged in storage, processing, commerce, and banking leave no other option to small producers than that of accepting the heavy conditions of agribusiness companies from seeding to storing. Even credit facilities and technical assistance which had been under state guarantee for decades have recently been coordinated by the market. However, financial services of the market become inaccessible to many small farmers or force them to cope with overindebtedness.

The market myths

In a marketplace where individuals are self-interested and free from social constraints, how do the exchange relations of large numbers of people lead to order instead of chaos? According to neoclassical economics, perfect information and competition prevent players from acting dishonestly. This assumption presupposes the condition of total transparency for the system and agents. The market order is attainable effortlessly if all participants are well informed. According to Harriss-White, "the theory of perfect competition requires perfect ease of entry and exit, full availability of information, no agent being able to exert influence over any other, and completely flexible factor mobility" (Harriss-White, 1999: 268). Therefore, only then is the coordination problem eliminated and the invisible hand operates benevolently with the help of a considerable amount of knowledge (Platteau, 1994). In addition, fervent believers in free markets argue that competition will result in efficiency. In competitive markets, no single actor is able to direct market outcomes. Unregulated prices will act as indicators and ultimately producers will respond to these signals by reducing or increasing production (Buckland, 2004).

In fact, these conditions are largely unmet in reality. On the one hand, there are large-scale farmers who are well integrated into the system despite high levels of risks and

uncertainties, and on the other hand, there are small farmers trying to adapt themselves to the market. However, market theorists and experts, including the official perspectives of the state and international institutions, assume that all farmers are facing uniform conditions. There is very strong field evidence on changing product patterns, labor use, overindebtedness, and concentration of land use and control in the villages under study in Karacabey indicating that such a framework is highly problematic. Admittedly, even only the asymmetrical distribution of information is vehement enough to prove that markets are segmented. Limited or lacking access to information networks prevents many farmers from taking full advantage of markets.

The reality is that markets function far away from the abstractions of perfect competition. Under the conditions of lack of information, limited infrastructure, high levels of uncertainty and risk, and weak institutions, such a framework for the functioning of markets is tenuous. To achieve perfect information, agents should voluntarily engage in exchange practices without the influence of any other actor. Besides, actors need mobility in the market for their free exit and entrance. Unlike the neoclassical paradigm, no transaction is costless. Therefore, the extent to which market agents can act in a free and voluntary manner is debatable. In markets, knowing who the actors are and which networks they are involved in, is essential for the conditions of market transactions. Similar occurrences were recorded in the fieldwork showing that while better-off farmers, traders, and large landowners have better access to information and political agendas, possible risks in transactions are higher for some groups. A small farmer who migrated to Bursa inquiries his ex-position in markets:

> The merchant sees my product on the trailer; he turns up his nose and reduces the price. On the other side, large-scale farmers keep the crops in storages. This time, the merchant asks them the price. Large-scale farmers have bargaining power. I am indebted as soon as I cultivate. I have to sell wheat even before the harvest. (Bursa, Harmanlı-Der, April 28, 2010)

In a similar vein, Spoor focuses on the role of diversification and political networks for better-off farmers:

> The rich man has a job, political appointments and contracts, is involved in transport and trading, has different farms scattered around. He is often a politician or member of committees giving him access to resources and influence and he may be a respected local leader, involved in much of what goes on in local politics. [...] Lower down the scale, rich peasants diversifying into transport and trading, often mixed with political maneuvering. (Spoor, 1997: 62)

Market and price

At the level of policy, agents in markets employ various means to increase their benefits and reduce risks. Attention to the practices of market formation contradicts the neoclassical assumption that markets are institutions in which all participants are equal. Despite the concrete possibilities in support of more inclusive policies, markets generate a distinct process of differentiation. Admittedly, to interrogate widely accepted premises of markets such as "in well-functioning markets people meet as equals to mutually and voluntarily agree a price upon which to exchange a commodity, an exchange that is equally beneficial to both if it is based upon comparative advantage and specialization" will offer an insight into how the "invisible hand" actually operates (Akram-Lodhi, 2007: 1440).

As mentioned above, the segmented structure of markets limits the degree of equality and volunteering in exchange relations. Under the caveats of segmentation, different groups of people engage in market transactions for goods and services on very different terms. These terms can be influenced by political and socioeconomic characteristics such as asset ownership, skills, and access to networks. Therefore, prices may not include all the necessary information for buyers and sellers. In other words, the proposed price may fail to reflect adequate signals about an asset, product, or service due to asymmetrical information considering the qualities and meanings attached to these items. Moreover, marginal cost and marginal revenue for the producer and marginal benefit for the customer may not achieve an equilibrium if prices are not regulated. Rather, the asymmetrical distribution of information necessitates a regulatory and coordinative role for non-market institutions, especially regarding resource allocation, in order for markets to operate.

By challenging widely accepted assumptions of mainstream economics that define the market "as an autonomous and flexible mechanism of exchange based on choice, a mechanism by which prices are formed as the result of supply and demand, and through which scarce resources are valued and allocated" (Harriss-White, 2007: 19), and has made notable contributions to the understanding of exchange and the relations between markets and production. Contrary to ahistorical and abstract analysis of markets, her research points to the historical dynamism and institutional diversity of real markets. Harriss-White (2007) therefore arrives at quite different principles governing markets functioning. The analytical point is that a market is in reality far more complex than an exchange relation in which buyers and sellers respond to price signals. First of all, since markets link production and consumption, any developments in markets have direct consequences on the stages of production, product patterns, and labor use. If market activities are reduced only to transactions between agents, uneven consequences of these operations, comprising on the one hand the exploitation of labor, expropriation of land, and overindebtedness, and on the other hand accumulation, diversification, and transformation, remain blurred.

Second, not only does the market include many processes from production to processing, but actors themselves undertake different roles simultaneously inside the complex agribusiness markets. Especially, commercial firms are rarely pure traders, and many

merchants in Karacabey are also involved in the production and storage activities. As an example, the agribusiness company Matlı, the strongest buyer of wheat and corn in Karacabey, employs various methods of driving surplus from processing to trading. In addition to their complex roles in the market, companies tend to invest inside the firm from storage facilities to transportation, and benefit from their proximity to finance and political-administrative linkages. The president of a cooperative in Harmanlı criticizes the state incentives for the agribusiness:

He goes and says that "I am a businessman, I own a company, and I will get a state credit." What are you going to do with the credit? "I will create employment for people". How nice... But then you see that if he constructs two buildings, he will also import via ships by the state credit. He says "I am doing import and I will use it [raw material] for export", and ultimately, he gets State credit again. If you make getting credit that much easier, these people inevitably use it for rent. (Karacabey, Harmanlı village, December 30, 2009)

In actual marketing operations, the market is not restricted to price formation, transactions, and contracts. It is therefore necessary to investigate markets not as a stage of exchange but as "systems of circulation" including market-forming institutions (Harriss-White, 2007: 23). These systems are interrogated by following the circulation of commodities after production. In a broader sense, the research combining the circulation of money including any payments for labor, land, and input, payments in kind, and finally the system of circulation regarding buying and selling, processing, transport, and storage helps to understand markets. These systems of circulation indicate the commodification of land, labor, and money and ultimately link circulation to production.

Since the marketplace cannot be defined by only exchange relations in that it also involves other activities, contractual agreements combining money and commodities can take various forms. According to the neoclassical view, no agent is able to exert influence on other agents or on market order. Nevertheless, a mass body of literature criticizes imperfect competition and power relations inside markets. Critics and agents recognize that monopoly behavior is achievable even when there is more than one firm in the market. Concentrated power and control in markets from input providers to processors and to retailers enable companies to set prices, reduce competition, and determine standards. For example, in Karacabey agribusiness inevitably reaps the benefits of market power. Compared to the number of farmers, milk and tomato processors are very few. Since the organization of farmers by unions and making collective decisions on production is an onerous project, farmers individually cannot affect the formation of prices. In addition, urgent sales exacerbate the market power of agribusiness companies.

In 2003, the Karacabey cattle breeding cooperative initiated a tender for milk processing in 25 villages. Four firms in Karacabey, which were acting as a cartel, offered no more than 40.2 *kuruş* while cattle raisers were expecting at least 50 *kuruş* per liter of milk. The firms left no room for negotiation by quitting the meeting as soon as they had declared the price. The president of the cooperative complains about the concentrated market power of firms saying that they are playing the game very well, farmers are producing but companies are setting the price.

Harriss-White traces the role of power in the functioning of agricultural markets and argues that "markets are, first and foremost, sites of relationships of control over people" (Harriss-White, 1999: 271). In a similar vein, according to Ellis (1992), the functioning principle of markets is the subordination of producers to other social classes and the state. It is necessary to note that setting prices is not the only site of power. In a broader perspective, Harriss-White claims that power can be detectable at every stage of any transaction in complex ways. In addition to the enforcement at the point of exchange, by the control of assets and labor and access to resources from input to credit, power is reproduced in the markets through political and socioeconomic instruments.

Compared to neoclassical and institutionalist theories, Marxist theory offers a more intellectualized structural analysis of markets based on class struggle and regulated by dominant classes. Marxist literature contributes to the study of the transformation through agricultural markets by its valuable analysis, especially of the global agro-food systems, the concentration of landownership, and control of labor (Crow, 2003; Bernstein, 1994; McMichael, 1994; Araghi, 2000; Wood, 2000). Following a long intellectual tradition, Harriss-White focuses her studies on agricultural markets in India on class relations and social hierarchies based on the caste system. However, her inclination to link production and exchange, to analyze circulation in a complex structure, and her focus on the role of power rather than class in investigating market order gives her studies a distinctive characteristic. Nevertheless, structuralist theories on the functioning of the market, in general, cannot elaborate on how the market actually works on the ground locally, the socio-technical aspects of market making, the constitutive role of uncertainty, and cognitive and discursive processes pertaining to markets (Akrich, 1992; Latour, 2005; Callon, 2007).

In response, Çalışkan and Callon (2009, 2010) sketch out research regarding markets on the basis of economization that makes a substantial contribution to economic sociology and anthropology.[2] Their position derives from questioning the role of economics in the formation and operations of the economy, its research subject. Their empirical investigation of economization is based on only one modality of the processes, namely marketization. Marketization is defined as the aggregate attempts to investigate, define, and make comprehensible the construction, form, and directions of a market socio-technical arrangement as described below. Çalışkan and Callon describe markets as socio-technical arrangements or assemblages (agencements) that have three characteristics:

> 1. Markets organize the conception, production, and circulation of goods, as well as the voluntary transfer of some sorts of property rights attached to them.

2 Economization designates the series of actions that "constitute the behaviors, organizations, institutions and, more generally, the objects in a particular society which are tentatively and often controversially qualified, by scholars and/or lay people, as 'economic'" (Çalışkan and Callon, 2009: 370).

> 2. A market is an arrangement of heterogeneous constituents that deploys the following: rules and conventions, technical devices, metrological systems, logistical infrastructures, texts, discourses and narratives (e.g., on the pros and cons of competition), technical and scientific knowledge (including social scientific methods), as well as the competencies and skills embodied in living beings.
>
> 3. Markets delimit and construct a space of confrontation and power struggles. (Çalışkan and Callon, 2010: 3)

This definition highlights some distinctive points, such as the diversity of markets and socio-technical agencements.[3] The existence of similar tools of the marketization process does not lead to a uniform market structure. On the contrary, the diversity of markets in different localities is underlined as an expected outcome. Besides, the analysis of technicalities is different from the standard approaches of economists and sociologists. Çalışkan and Callon (2010) emphasize the methods of social sciences, knowledge, and skills developed by market agents, which Callon (2007) designates as "economics at large," including both academic economics and know-how *id est* knowledge and skills developed by non-market actors. Within this context, the potential diversity of markets and their transformation and onward development can be explored in a novel way.

The formation of prices

In actual market operations, different agents are buying and selling through different channels on different terms of exchange. Despite the rising grievances about the inability of the markets to function adequately, markets are still in the stages of valuation and calculation. However, this does not mean that prices are the only communication and coordination mechanisms that give responses to supply and demand and assure growth and development in perfect functioning markets without any state intervention. Such an approach views the market as self-regulating and assumes that the order of market society arises spontaneously through decentralized mechanisms. Besides, price setting is reduced to the only relation between producers and consumers. However, setting prices is highly related to struggles among actors, deliberation, socio-technical mechanisms, and evaluation. More precisely, the struggles and transition of value into monetary price reproduce asymmetries and uncertainties.

Viewed in this perspective, Çalışkan emphasizes the multiplicity of prices in markets at a given point in time for a commodity (Çalışkan, 2007 and 2010). These prices are not only used for transactions but also for calculating other prices. Based on his ethnographic research on cotton markets, he argues that, surprisingly, before demand and supply levels are known, prices in various forms are circulated in the market. By bringing out the

3 *Agencement* is a French word that has a meaning very close to that of arrangement and assemblage in English. Çalışkan and Callon (2010) deliberatively use this word to emphasize the link between those who are arranging and things that are arranged. It refers to the complexity of forces, whether they include human beings, materials, or textual components.

concept of *prosthesis prices*, which are devices for agencies to multiply their price reserve, to calculate and evaluate actual prices, he opens a novel way of seeing market anthropology (Çalışkan, 2010). In addition to other parameters, prosthetic price as a heterodox form of price elucidates the process of price formation.

To know prices and values is not enough to understand the markets. Another concept that characterizes market operations is uncertainty. The analytical framework of market studies is constructed on uncertainty, which defines the nature of relations between agents, commodities, services, and institutions. Uncertainty can be about prices, weather and environmental conditions, formal and informal relations, networking, contracting, and state and company policies. Uncertainty in markets gives agents a chance to avoid risks, quantify probabilities, and forecast and predict obscure components. Different studies tend to accept uncertainties as a *sine qua non* of market structure. However, it needs to be investigated as a concept of its own in the process of market formation, which creates, manipulates, and manages uncertainties as a part of its constituents. As this farmer complains, imperfections in the market are attributable to supply-demand imbalance without questioning the role of uncertainties:

> A farmer does not know at what price he is going to sell. As an example, a consumer durables seller adds all costs (rent, wages, etc.) to the price of a refrigerator, and ultimately, he adds profit. But I cultivate cauliflower. The southwest wind blows, the price decreases. Then, it appears that cauliflower is overplanted, price decreases again. Who cares? What I am told is that it is a supply-demand issue. (Karacabey, Hotanlı village, January 21, 2010)

Obviously, uncertainties in the market force farmers to improve their ability to maneuver. Besides, uncertainties are accepted as a scapegoat by policy makers and institutions that are responsible for agricultural markets. Uncertainties are reconstructed by manipulation, misinformation, rhetorical devices, speculations, academic knowledge, and even rumors.

Attention to the micro-processes of operations helps us analyze the market relations of the farmers. In Karacabey, what happens in markets, especially the formation of price, is seen as crucially determined by the speculative activities of effective key players. Considering the corn market, these players are firms in the poultry sector that are both buyers and importers of corn for animal food. A merchant indicates the existing hierarchy in the market and cooperation among poultry companies considering price formation:

> When they are purchasing crops they act as a cartel, they call each other. They warn others not to descend or ascend on prices. If they cannot control increasing prices, they cooperate with importers, they pull out of the market altogether. We are only dealers. We cannot be effective on prices because there are companies above us. [...] They have regular meetings every week to determine corn prices. (Karacabey, April 8, 2013)

Despite larger firms' power to control prices, trading opportunities, production, and supply conditions through contract farming, and state interventions and expectations, unexpected price fluctuations can be experienced. Global developments exacerbate existing uncertainties:

> Last year the corn price rose up to 730 TL for a month. Approximately, it was the end of May or June. Imported corn had not been able to arrive. Import contracts have been approved lately. Therefore, the price had skyrocketed. Global markets are so important…. When a ship puts in the harbor, prices decrease 100 TL all at once.[4] (Karacabey, April 8, 2013)

Other crops such as wheat, which is significant in Karacabey, are also imported in the same way. Turkey consumes over 1 million tons of wheat per month. Nevertheless, between October 2012 and April 2013, the Konya Mercantile Exchange received only 300 tons of wheat from farmers daily. Given the lack of supply, the price was only 730 TL per ton and did not increase because of imported wheat from Russia. In Karacabey, Dramalı and Matlı are two significant players in the wheat market. Matlı is also an importer of wheat. An old farmer points out companies' power to create uncertainties through speculation and rumor: "If they import 100 tons, they will talk as if it were 500 tons. They make farmers afraid and purchase their crops immediately. Farmers do not know anything about it" (Karacabey, April 8, 2013; Harmanlı village, February 25, 2010).

The configuration of new market exchange shapes farmers' opportunities and constraints. It lets the market allocate resources wherever possible, providing an enabling environment for the private sector while reducing the role of state institutions despite their *de facto* existence. For example, the TMO (Turkish Grain Board) revised prices in Turkey for decades until the SAPs. Recently, it has only contributed to the multiplicity of prices in the market:

> Crops are imported and the market regulates itself. From time to time, the TMO appears in purchases and declares a price but it is not functional. As an example, it declares a price of 620 TL for corn but it does not purchase to regulate the market. Who buys? The market buys but it does not buy at 620 TL. Two years ago, the TMO declared a floor price for corn between 590 and 620 TL. However, we purchased it at 530 TL. Whose price was this? Actually, farmers asked if we would buy corn at 530 TL. It was the farmers' price, not the merchants'. (Karacabey, April 8, 2013)

The decreasing role played by state institutions in purchases and price setting makes it more difficult for small-scale farmers as they struggle with their lack of bargaining power

4 Prices are per ton. In April 2013, 1 Euro = 2.33 TL.

and the scale of operations such as the volume of the sales or the logistics services that this requires.

Still, a range of regulatory instruments, including rhetorical devices, is available for the state as a non-market institution at different stages of restructuring the market. Rhetorical apparatuses are technical facets of the politics of market formation. Public demonstrations, polls, conferences, parliamentary debates, electoral rolls, etc., can influence price formation, administrative regulations, and agents' positions (Barry, 2002).

> Ten days ago, it was told that GMO corn would not be imported. The price of corn rose from 44 to 48 *kuruş*. Yesterday evening on the news, it was declared that GMO corn would be accepted, and then the price of corn decreased again. This is politics, already. How can I calculate my costs? According to a word from the state. If it was said that corn would not be imported, corn would rise to 60 *kuruş*. Here you are, a play on words …they set the game. (Karacabey, Hotanlı village, January 21, 2010)

This is an issue that emerges in most of the villages in Turkey, but farmers learn to live with it and adapt their production and marketing strategies.

In addition to rhetorical devices, the State's regulatory activities involve incentives, discipline, and coordination. The State incentives combine infrastructural services such as transportation and communication facilities and subsidies for investment and trade. Disciplinary operations on the base of the imposition of norms of public interest regulate the establishment of private property rights, a legal framework for financial transactions, bankruptcy, contracts, and competition laws, liberties, and the freedom to trade and choose jobs (Platteau, 1994). What influences Karacabey grain market is the state's incentives for agribusiness companies to import wheat and corn, such as cheap credit and exemptions from customs duties.

A grain merchant in Karacabey points out the need to probe state policies. He tells that until the day before they were buying corn from local farmers for Sütaş and Tarfaş at 675 TL. Suddenly, they received a phone call telling them to stop. Companies reduced the price to 620 TL because a new lot of corn at 600 TL had arrived in Bandırma harbor. He asks "Why should I buy corn at 675 TL and pay extra commission and transportation costs? Companies turn to imported corn so I offer farmers 620 TL. Who lost? Farmers. Who caused the loss? The importer. But who allowed imports? The government" (Karacabey, April 8, 2013).

Markets on the ground

Harvest and storage

How markets are operated on the ground is not a well-known phenomenon. Fieldwork in Karacabey revealed that it is important to unveil the appearance of these transactions.

Exchange relations take place on the basis of market price, but even so, prices paid and terms of payment can differ. In commodity markets, personal relations with merchants in turn might provide advantages, but for contract farming in the production of corn and tomato conditions can be much heavier. In the labor market, for instance, payment can be in the character of a gift, reciprocal obligations, or a sense of loyalty. Discussions with informants show that debt relations and interlocked contracts as determining structural characteristics of Karacabey's agriculture oblige farmers to sell their crops immediately after the harvest under highly disadvantageous conditions. In Bhaduri's (1986) words "forced commerce", a term that highlights the connection between financial and commodity markets, is vital for paying back debts and meeting the need for cash for other expenses. Worse still, contract farming and informal debt relations can result in the disposal of the commodity even before production as a pre-harvest sale.

Obviously, forced commerce coincides with normal trade. Better-off farmers can devote more time to the marketing of products to benefit from opportunities. At this point, storage facilities gain significance, where the commodity is kept before it is sold. Transportation facilities and processing can change the nature of the commodity and turn it into a more salable item (Cronon, 1992). In addition, storage prevents the commodity from changing its natural form, which would deteriorate otherwise. Therefore, Harriss-White (1999) defines this process in some way as a productive process. Storage facilities are more developed in places where trade volumes are high. Once dry onion production was transmitted from Karacabey to Polatlı, storehouses were also moved to Polatlı. A farmer compares Karacabey and Polatlı in the following manner:

> They are cultivating thicker-skinned onion for storage. The base of the stem is so small that it can totally get dry. Then it cannot come up in the storehouse. Not like ours. Now they are using electric heaters in storehouses to prevent dry onions from freezing. Farmers here cannot afford to use them at home but they are using them in storehouses. (Karacabey, Harmanlı village, February 4, 2010)

Changes in technology and communication facilities have created chances for merchants as well. The dynamics of trade have altered, as this merchant says: "For instance, I have corn in Adana. It was cheaper there. I have friends there who are also merchants. I transfer money through banks. He invoices, and while he is buying for the others, he is also buying for me. He keeps the corn at his storehouse. When I say sell, he sells" (Karacabey, April 8, 2013).

An integration into global markets?

The enforcement of trade liberalization and SAPs to encourage competitiveness and efficiency in markets gives rise to questions about farmers' behavior in markets. Were the decisions of farmers before the SAPs irrational or inefficient? Were they less integrated in international markets? Contrary to expectations, what is evident from the fieldwork is that before the SAPs, small farmers in Karacabey were better integrated into international markets. Many rural dwellers, even those in their late twenties, have memories of dry

onion and pink tomato exports, especially on long queues of trucks and in the village square as a theatrical stage for them:

> Formerly there were exports. Merchants were coming from Greece. Crops were sold like at an auction. One merchant was going, another was coming for tomatoes, watermelons, etc. They were coming to the fields and buying dry onions at the field… Tomatoes were being packaged continuously. People were yelling in front of the coffeehouse: "Tomato rose to 30 TL, 40 TL, 50 TL". Like an auction. Now farmers have turned to factories. Dry onions and pink tomatoes have gone. Farming is over. (Karacabey, Harmanlı village, March 10, 2010)

The adjustment process in agriculture regulating trade liberalization is a double-edged sword. It is clear that the state encourages international trade and provides opportunities and incentives, especially for large-scale producers. However, on the one side, there is a risk that imported goods will capture internal markets, omitting local supply within the country. On the other hand, exporters cannot achieve the kind of scale economies necessary to compete in global markets, which is essential for their survival. According to a merchant, farmers need planned cultivation and exports:

> I tried for two months to market dry onion. I found the largest suppliers in Turkey and the supplier of BIM supermarket. I called a merchant in Mardin to ask if we could sell onion to Syria. He replied that he had already had 200 thousand decars of dry onion and he himself was trying to sell. Here is the importance of planning in agriculture. Crops needs be exported, such as tomato for the Middle East. For instance, the problem with tomato paste. We cannot cope with China. They are producing one ton of tomato paste at $350 but here it costs $700. What now? (Karacabey, April 8, 2013)

How do merchants work?

In the marketplace, despite the penetration of contract farming in production and exchange relations, merchants are still significant figures in Karacabey. The production of tomato, corn, and green peas is controlled by agribusiness through contracts. However, the marketing of traditional products such as dry onion and grain is coordinated by a handful of merchants in Karacabey. Moreover, during price fluctuations and decrease in supply merchants also procure processing companies for tomato and corn.

It is evident that the appearances and realities of exchange relations combine both market and non-market elements. On the one hand, transactions with merchants take place on the basis of knowledge of market prices. On the other hand, reciprocity, personal agreements, reputation, and trust can alter the prices paid. These relations also constructed a part of the exchange. Each part in the exchange can expect the other to be honest about the value of the commodity, to be flexible in prices and credits, and to give information about market trends when it is needed (Moore, 1994). Here, trust

and reputation, which arise in time with the repetition of transactions, are necessary in relations between merchants and farmers. According to Platteau "Within the dense network of small communities, this informational condition is easily satisfied with the result that transactors can use a set of credible strategies whereby they refuse to deal with someone who has cheated any other member of the community in the past" (Platteau, 1994: 548). If members of the community can be kept informed about others' past in transactions, honesty will serve as an effective bond because there are still fraudulent transactions in Karacabey in which especially small farmers are deceived by the use of famous company names such as Matlı (Karacabey, Matlı, April 8, 2013).

As mentioned, merchants in Karacabey are hardly only traders. They are also producers in order to have volume consistency and quality in their supplies. The fieldwork shows that merchants such as dry onion producers are transferring their production from Karacabey to Polatlı where labor costs are low, efficiency is high, and fields are large and consolidated. Mobility of production appears as a kind of maneuvering for merchants. They prefer seeds to cultivate onions rather than the traditional methods of production. During the harvest, dry onion merchants buy commodities by estimation, which can be accepted as a part of uncertainty in market formation. The traders and middlemen go to the fields and directly purchase onions at the farm. A dry onion merchant in Karacabey explains how the transaction occurs: "Suppose that here is 20 decares. We have it measured. According to our own experience, we guess how much yield will be achieved. Early on, you are mistaken, of course. According to the quality of the crop, it is 4 or 5 tons. Producers also know the yield now. There is no surprise." (Karacabey, March 19, 2010). In other words, this type of exchange is the valuation of uncertainty.

Is there any alternative?

An innovative governance structure such as an agricultural cooperative can provide an alternative to inadequate exchange relations and can find its justification and motivation in its potential saving opportunities, access to information, and declining transaction costs (Ruben and Bastiaensen, 2000). As the president of the Agricultural Development Cooperative declared in 2009, one thousand tons of corn produced in Harmanlı village was sold to Matlı through the cooperative. In total, farmers gained an extra 5,000 TL. The president stresses their need to have an educated staff to follow financial transactions and invoices. Then, cooperatives can create more benefits for farmers (Karacabey, Harmanlı village, December 30, 2009). Cooperatives can absorb marketing risks and perform other services such as bulk purchases of inputs at low prices in addition to product sales (Karacabey, Harmanlı village, January 10, 2010).

According to an old farmer, the agricultural cooperative in Harmanlı encounters particular problems and has the possibility of using their own machinery, which many farmers cannot afford to purchase. To integrate themselves into markets, farmers can find new ways of using their economies. Just as the state enterprises had served previously, cooperatives can provide machinery and processing services:

> The state does not support you, that is clear. What does this village produce, is it wheat? What is needed to make it a comestible good?

> I'd construct a mill and launch it as flour to the market... Are you cultivating tomatoes? Do you need a factory? I'd found a small enterprise to process the products of this village. For instance, buy a grain dryer for corn. (Karacabey, Harmanlı village, February 2, 2010)

Conclusion

This study documented how markets are actually working for the farmers. In Karacabey, producers are squeezed between declining commodity prices and limited access to markets. This means that efficient market and comparative advantage stories do not enhance wealth for farmers; even more serious concerns appear because agriculture is no longer considered as a fundamental sector in rural spaces.

The promises of markets have not been kept. The assumption that the space left by the state will be filled by efficient market institutions did not work well. The liberalization of prices, deregulation of parastatal institutions, and opening towards external markets through SAPs have been launched to promote a market-led economy. Nevertheless, the imports capture inner markets, where small producers can hardly find a place. Despite all the rhetoric, these policies have deepened the gap between large-scale producers and small farmers.

The observations in Karacabey proved that dynamic conditions of commodity production and exchange are different for small farmers and large-scale producers. Given power and information asymmetries and the segmented structure of the market, only those farmers who have control over resources, information, and capital have leverage on markets. Drawing farmers into markets by omitting the dynamics of rural structure and downplaying other major social and political imperatives creates a biased and segmented market structure and influences the evolution of exchange relations.

Farmers have to deal with a complex set of factors that have pushed them into markets that they cannot control but try to contrive a living out of it. In this path, they are facing challenges including fluctuating prices, uncertainties, and market conditions that favor the better-off producers. Markets at some level and scale can be useful (Buckland, 2004). The question is whether unlimited markets will foster a system. Evidence from this fieldwork suggests that it is implausible. Unless there is an awareness of the inequalities in the context of markets, it will be difficult to develop policies and organizations that small producers can be involved in decision-making processes.

To reduce risks, especially for small producers, regulatory bodies require knowing how small farmers are participating in market operations, in which market and non-market relations they are involved for their livelihood strategy, and how they struggle. By organizing markets in a democratic way and reconfiguring policy making more participatory, transparent, and accountable, small farmers should be incorporated into decision-making processes. Recently, existing processes lead to a Janus-faced policy in which policies are considered as democratic but decision making in the policy field is effectively authoritarian, that is made behind closed doors, insulated from public debate

and scrutiny. Nevertheless, collective action among farmers can improve the willingness and capabilities of many producers to play an active role in decision-making processes. At this point, cooperatives both for the organization and political mobilization of the farmers and creating alternative marketing opportunities can facilitate participation and make markets more accessible to small producers. The organization of cooperatives in a bottom-up way challenges existing power relations in the market. Effective and well-functioning cooperatives and other farmers' networks can solve socioeconomic, political, and environmental problems of agricultural transformation and encourage producers to be involved in the formulation of rural policies. Besides their effects on the formation of collective action and democratization attempts, cooperatives and growers' institutions offer various benefits for farmers. These institutions provide alternative marketing channels, support the formation of public awareness regarding rural problems in urban areas, promote saving and credit programs for farmers, make producers less dependent on agribusiness companies, and revitalize indigenous handcrafts, traditions, and working collectively.

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