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1. INTRODUCTION

Issue of the global value chain (GVC) or the global commodity chain (GCC) (former name of the GVC) has become popular in academic studies on agriculture and non-agriculture in recent years. In these studies, it is propounded that value chain (VC) studies aim to identify problems in the chain, create opportunities, develop the chain and provide important information to policymakers (Schmitz, 2005; Stamm and Drachenfels, 2011; UNIDO, 2009). Besides, it is argued that those studies offer significant contributions to achieve development goals such as ensuring food security, sustainable growth, fair income distribution, reducing inequality and poverty. By extension, there is an optimistic atmosphere intended for the fact that problems of small farmers in reaching satisfactory sales prices, physical-financial resources, and markets can be solved through (G)VC studies (Bellù, 2013; Melkhire
et al., 2016). Thus, in line with the developmental approach of the GCC-GVC, those studies are presented as a success story.

By contrast with that perspective, Neilson (2014) underlines that those approaches-goals related to the development in those studies are usually used for facilitating the entrance of international capital into economies of rural and urban poor. By extension, he connects a relationship between neoliberalism and GVC. Also, his study indicates how international institutions such as the United Nations Industrial Development Organization (UNIDO), United Nations Conference on Trade and Development (UNCTAD), World Bank (WB), World Trade Organization (WTO) are used in this process, and emphasizes how these institutions shape policies of countries via neoliberal practices in order to develop value chains. A similar view is seen in Cope (2012) and Newman (2012). Furthermore, Suwandi et al., (2019) take the GVC debate to another dimension, they call it new imperialism which enables the transfer of surplus value from developing and undeveloped countries to developed countries.

Another study (Selwyn, 2016) critically considers GVC approach and focuses on global retail capital that has significantly determinative effects on the production, reproduction, and existence of local working classes in the region of export fruit culture in Northeast Brazil.

Given that the GCC-GVC studies have become widespread in agricultural issues in recent times, agricultural economists are able to consider this approach in terms of another perspective, by regarding those criticisms on the GVC.

This study aims to do the political economy of the GCC-GVC by indicating the relation between neoliberalism and GCC-GVC.

This study involves further three sections. In the next section, the connection between neoliberalism and GCC-GVC is presented on the historical ground. In the third section, critiques on the GCC-GVC are featured and some studies related to the GVC and agricultural issues are examined in the sense of political economy. The conclusion section evaluates the GCC-GVC.

2. NEOLIBERALISM and GCC-GVC

The neoliberal idea is a capital accumulation strategy and reorganization of capitalism after the "Keynesian Compromise" period (Harvey, 2005; Campbell, 2005). It tries to remove the intervention of the state in markets, but, at the same time, it operates the state to apply neoliberal policies. Actually, this is a superstructural policy change in the state and opens the door of change being on behalf of capital in order to sustain accumulation (Gürel, 2015). Since the state works to serve the interests of the dominant class, after the Second World War (SWW), the "Keynesian Compromise" became a need and a kind of appeasement for the capital (Campbell, 2005). After the war, the power of the capital was restrained, and labor got much more share from the economic pie. For instance, in the United States, the share of the top 1% of income earners was taking 16% of the national income before the SWW, but it fell to less than 8% by the end of the war and stayed close to that level for approximately thirty years (Harvey, 2005). Hence, in the "Keynesian Compromise" period, the state had a different role in shaping power and dependency relationships inter classes or interchain actors vis-à-vis the neoliberal period.

In the 1970s, both the oil crisis and the serious decreases in the profit rates of the capital brought the steps towards the closure of the "Keynesian Compromise " period and the world started to move in the direction of neoliberalism. In particular, the criticisms made by the Austrian and Chicago Schools, including Hayek and Friedman, on the "Keynesian Compromise" laid the theoretical groundwork for the neoliberal transformation (Lapavitsas, 2005).

Neoliberalism set off a new era for the capital that was restricted after the war term and wanted to spread throughout the world due to its nature. The WB and IMF were used as important instruments in the spread of neoliberalism around the world. In parallel with this process, these institutions strived to place an export-oriented economic growth strategy instead of import substitution policies into many countries, especially developing countries. So, capital that found a chance of free movement in the world divided production processes into parts and shifted some of those parts to developing countries where labor was cheap, and so, a new division of labor emerged (Alemdar, 2008; Campbell, 2005; Dicken, 2011; Harvey, 2005, Lapavitsas, 2005).
After the above developments, in the 1990s, Gereffi (1994), who was the most popular researcher in GCC-GVC school, expanded the VC literature, which was specially commemorated with Porter (1985), by including the global dimension and concept of the GCC1 showed up. Gereffi used Hopkins and Wallerstein's (world-system theorists) “commodity chains” as a base for his concept of the GCC (Bair, 2005; Gibbon, et al., 2008; Hopkins and Wallerstein, 1986; Raikes et al., 2000). Although the world system and the GCC researchers see the concept of the commodity chains as a useful structure for research on the international division of labor dimension of capitalist production, there are important differences between those two approaches (Bair, 2005).

Since transnational corporations had a global influence on determining the power relationships (Neilson, 2014), Gereffi focused on governance relations (power and rule-setting mechanisms) along with the VC, also as Rich et al. (2011) and Bellù (2013) stated. We see that Gereffi defines four main aspects of the GCC (Gereffi, 1994, 1995): (I) input-output structure, (II) territorial structure, (III) governance structure, and (IV) institutional framework. Even though I, II, II were mentioned in Gereffi (1994), IV was added in Gereffi (1995) afterward. I. is a kind of descriptive mapping of actors partaking in the chain. II. is determining of concentration of economic units and their spatial dispersion in the production and distribution process. III. is that it is maybe the most attention-grabbing. The governance indicates the extent to which relationships of authority, control, power, coordination are among the actors in the chain. IV. explains how the globalization process is shaped by local, national, and international conjuncture and policies (Gereffi, 1994, 1995; Henderson et al., 2002; Mohan, 2016; Prowse and Moyer-Lee, 2014; Raikes et al., 2000; Rich et al., 2011).

At the beginning of the 2000s, the GCC turned to the concept of the GVC by moving away from its intellectual roots in the world system approach and political economy (Newman, 2012). The foundation of this transformation was laid at a meeting held in Bellagio, Italy with the sponsorship of the Rockefeller Foundation in September 2000, which aimed to bring together academicians who followed different aspects of research on global networks (Bair, 2005). Later, some researchers of GCC involved in that workshop started to use the concept of the GVC in their studies (Gereffi, 2001; Gereffi et al., 2005; Humphrey and Schmitz, 2001; Lee, 2010). Since there are some similarities, especially about the governance term, between the GCC and GVC concepts, using a new concept (GVC) caused notion confusion initially (Bair, 2005; Lee, 2010). But, Gereffi et al. (2005) tried to solve these controversies and to highlight relationships between lead firms and suppliers by generating five types of governance: markets, modular value chains, relational value chains, captive value chains, hierarchy (Behuria, 2020). On the other hand, theoretical discussions on GVC have been continuing, especially about the state’s role in shaping the VCs (Behuria, 2020; Neilson, 2014).

3. POLITICAL ECONOMY of the GCC-GVC APPROACH

Increasing fragmentation and spatial dispersion of production activities, which occur under the economic globalization or “global capitalism”, brought along the GCC-GVC approach and many studies related to it. These studies being firm-centric try to understand how product linkage-flow between producers, processors, wholesalers, and retailers are built, coordinated, and controlled, and so highlight notions of lead firms, producer-buyer driven, governance (power), upgrading, development (Bair, 2005; Neilson, 2014; Behuria, 2020).

The fact that the GCC-GVC researchers have concentrated on inter-firm relations, principally by examining vertical relationships between buyers and suppliers to get the aim of multi-scalar analysis on a global scale has taken their attention to East Asian development (Behuria, 2020), and therefore, the GCC-GVC studies have claimed that countries of which participate in GCC-GVC get the edge on industrial upgrading and thereby development. Yet, the claim of upgrading conceals the fact of cheap

1 Before concepts of the GCC-GVC, the notion of the VC (except for the global dimension) has existed for many years; however, it is remembered with Micheal Porter, who promoted it as a concept in his study on “competitive advantage” in 1985 (Rieple and Singh, 2010). By the way, it is also worth noting that there are some similarities between competitive advantage and comparative advantage put forward by Ricardo (1817) and developed by numerous economists (Bellù, 2013). Although the concept of the VC is commemorated with Porter (1985), Coase’s study (1937) on vertical integration, and Williamson (1971) deepening Coase's work contributed to the emergence of the concept of the VC (Bellù, 2013). On the other hand, we need to evoke that a significant contribution called “approche filière” to the VC literature came from research institutions such as the French Agricultural Research Centre for International Development and the French National Institute for Agriculture Research in the 1960s (Raikes et al., 2000). The core aim of the “approche filière” was to present a perspective to analyze the process of vertical integration and contract manufacturing in the French agricultural sector at those times. Earlier and later studies of French were scholars provided to evaluate the quantitative analysis of inputs-outputs with policy dimensions (Bellù, 2013; Clay and Feeneyb, 2019; Kaplinsky and Morris, 2001). Also, it should not be ignored that Wallerstein (1974) propounded the concept of commodity chains based on the dependency theory before Porter in the 1970s (Raikes et al, 2000). Later, an obvious influence of the dependency theory was seen in Garry Gereffi’s early work (Gereffi, 1983; Neilson, 2014).
labor which is effective in the fragmentation of production, the neoliberal policies followed by the state to create cheap labor domestically, effects of the upgrading process on labor, and maybe first and foremost, the transfer of surplus-value, which Marx (1976) elaborates in Capital, from developing-underdeveloped countries to developed countries (Suwandi et al., 2019; Newman, 2012). This is why the GCC-GVC approach (Gereffi, 2001; Gereffi et al., 2005) examines the governance or power relations between firms without mentioning the exploitation of surplus value that is the source of firms' power and the policies of the state that prepare the ground for surplus-value exploitation. For example, agriculture is buyer-driven, which is directed by wholesalers and retailers (trade-merchant capital); however, although the United Kingdom state has contributed to the start of the global retail revolution on the neoliberal environment, strengthening of trade-merchant capital via neoliberal policies is left aside in the GCC-GVC approach. This understanding is also reflected in the evaluation of power relations and state policies of which shape power relations in the domestic VC. Hence, especially how states and firms create class conflicts against peasants and workers are ignored (Selwyn, 2016).

The developmental or industrial upgrading perspective of GCC-GVC approach is used by agencies and international institutions-organizations such as the UNIDO, UNCTAD, WB, WTO, in order to increase penetration of capital into developing or undeveloped countries through notions of competitiveness, poverty reduction, development, and so on (Behuria, 2020; Neilson, 2014; Newman, 2012; Selwyn, 2016). To achieve those goals, the WB document in 2007 has recommended standard policy prescriptions: “privatization, facilitation of foreign direct investment, promotion of tax reductions and liberalization of trade” (Neilson, 2014). Here, international organizations suppress that fact written by Cope (2012): "the leading oligopolies compete to reduce labor and raw materials costs. They export capital to the underdeveloped countries in order to secure a high return on the exploitation of abundant cheap labor and the control of economically pivotal natural resources". Arrighi (1990) and Wallerstein (1994) think that the developmental approach is an illusion in a capitalist world. Ultimately, according to world-system theorists, this process itself is the hierarchical reproduction of capitalist production relations at the global level (Arrighi and Drangel 1986; Wallerstein, 1974). Correspondingly, hierarchical reproduction of capitalist production relations reproduces governance containing the power and dependency relationships at the national and international level through economic policies applied by states.

Wallerstein (2000) defends that the expansion and widespread of commodity chains on a world scale is not a new phenomenon dating back to the 1970s and even 1945s, but has been an integral and vital part of the functioning of the capitalist world economy since the 16th century. By contrast with Wallerstein (2000), the GCC-GVC approach accepts the GCC-GVC as a discrete phenomenon in contemporary capitalism (Newman, 2012). This different perspective on capitalism and globalization manifests itself in the political economy of the GCC-GVC. Although the GCC-GVC researchers, by using “political economy”, associate the fragmentation and spatial dispersion of production activities with neoliberalism or global capitalism, they ironically ignore the relationship between commodity relations, capital accumulation processes, neoliberalism, globalization, and global capitalism, and exclude the role of the state on commodity relations-capital accumulation (Bernstein and Campling, 2006; Wallerstein, 2000). But in neoliberalism, the role of the state, neglected by the GCC-GVC approach, is to shape and protect the power and dependency relations in the domestic-national economy by creating a framework in line with neoliberal practices (Harvey, 2005). Indeed, the GCC-GVC studies centered on firms and inter-firms relations raraify to consider questions of national economies, which Bernstein and Campling (2006) have mentioned: "class structures; structures of production and employment; patterns and scale of accumulation; backward and forward linkages; size, density, and scope of the domestic market; income distribution."

In harmony with neoliberalism, in the introduction section of the Commodity Chains and Global Capitalism book, in which the GCC approach that attached particular importance to firms was introduced, Gereffi et al., (1994) criticized the developmental state (DS) literature focusing on development experiences of Northeast Asian states for its state-centric analysis (Behuria, 2020). Unlike DS, it was underlined that GCC (GVC) compulsorily isolated the role of the state or policy implications due to its firm-centric nature (Cramer, 1999). In a supportive way, Bair (2005) participated in Cramer’s interpretation that defending upgrading prospects in developing countries are also determined by the states’ internal political economic factors.
In recent years, some researchers such as Behuria (2020) and Neilson (2014) have tried to include the state's role within the GVC convention. Behuria (2020) has combined the DS and GVC works to create a domestic political economy approach. By this approach, he has aimed to demonstrate the role of the state in shaping the organization of domestic VCs in service of upgrading strategies and has analyzed the case of Rwanda's coffee sector. Notable this study has presented factual data on the role of the state in shaping domestic coffee VC but has embraced the applications of the state, which has come via neoliberal reorganization of Rwanda's coffee sector after 1994, as a kind of success story of upgrading. He has made the political economy of implementations of the state into the domestic coffee sector towards increasing integration to specialty coffee markets in isolation from commodity relations, capital accumulation processes, and class analysis. Moreover, while neoliberal practices are against labor, how (power-dependency) relationships were reshaped among coffee chain actors – for example, between coffee farmers and local traders (or middlemen) - after interventions of the state have not been examined in detail except for short references. Ansoms et al. (2018) has differently considered practices of the government (Rwanda) and has expressed that the state "intends to co-opt farmers into a state-managed system of commercialization and to render them more dependent on state services as well as private firms and banks providing hybrid seeds, fertilizers and credit”. Neilson (2014) has presented a significant study showing how the VC approach is used by international organizations for penetration of the international capital into economies of developing countries as in Indonesia-specific. The study also draws attention in terms of emphasizing that the neoliberal policies restructuring the country and suggested by international organizations have defined the state's role as reduction of the state intervention into the market for improving domestic VCs. However, while the study establishes the relationship between neoliberalism and VCs, it has been incomplete in establishing the relationship between these processes and capital accumulation, and therefore it has not been able to place the analysis on a class basis.

In the examples of the agricultural value chain in Turkey, there is almost no study that quantitatively analyzes the value chain of the sector, which includes products that are important for Turkey. In the studies conducted, quantitative analyzes were either kept at the firm level or an evaluation based on qualitative analysis was made. In addition, the majority of studies take the (G)VC-VC approach from the perspective of mainstream economics and stay away from political economy. However, the following can be said about these studies: it is seen that farmers, especially small farmers, both face difficulties in the chain and are the most disadvantaged actors of the chain. For example, Savcı (2012) stated that tea producers were not satisfied with the prices of the products they sold to the factories and they could not get their payments on time. Considering that 1 million people through 200 thousand tea producers in Turkey make their living from tea (Değirmenci and Karaçimen, 2019), that is an essential problem.

Turkey has a very important place in the world in hazelnut production and export. This feature provides Turkey with critical importance in the GCC-GVC of hazelnut. The producers of hazelnut, which have been included in the global commodity-value chain in this way, cannot escape from having problems with the price of the product. This situation causes the farmers to react by taking mass protest when necessary (Gürel, 2015). While those who import hazelnut and use it in the industry earn huge sums of money, Turkey cannot adequately evaluate this important product. Furthermore, the deactivation of Fiskobirlik via the harsh neoliberal policies in the 2000s caused that hazelnut producers face the market conditions more harshly. Another issue is that Ferrero, which is the most significant company in the global hazelnut and chocolate market, bought Turkish hazelnut companies and so it became more involved in production and export, in a way to affect hazelnut producers (Yıldırım, 2019). From this point of view, the development perspective of the GCC or GVC approach is open to discussion or the following question must be asked: Is the GCC-GVC way of the development or does the GCC-GVC enable the transfer of surplus value from developing and undeveloped countries to developed countries (Suwandi et al., 2019)?

Although it is not a product included in the GCC or GVC for Turkey, the quantitative value chain study on the groundnut sector (Özalp, 2019) is significant in terms of revealing that farmers are the most disadvantaged actor in the chain. In this study, shares of farmers, processors, wholesalers and retailers are found as %8.42 (0.28 TL/kg), %60.77 (1.99 TL/kg), %8.66 (0.28 TL/kg), %22.15 (0.73 TL/kg), respectively. Although groundnut farmers in Adana and Osmaniye realize 84% of the production of Turkey (Turkstat, 2020), it is interesting that they are the most disadvantaged actor in the chain. While mainstream economics attributes this to the poor functioning of the chain and the
need to make the chain work well, political economy argues that this problem stems from exploitation-exchange-dependency relations.

The development of (G)VCS dialectically goes hand in hand with the development of commodity relations and capital accumulation. Therefore, commodity relations and capital accumulation should be considered in evaluating the relationship between (agricultural, economy) policies and (G)VCSs.

4. CONCLUSION

In this study, the relation between neoliberalism and GCC-GVC has been considered and presented. In this context, it is seen that new approaches have emerged according to the changes in the world. One of those approaches is the GCC-GVC. The fact that explicit effects of neoliberalism have revealed at the beginning of the 1990s has brought along the GCC-GVC approach. Thus, it can be said that there is a parallelism between the free movement of capital in the world thanks to neoliberal policies and the emergence of the GVC approach that criticizes the DS approach.

On the other hand, even though there are a lot of criticisms on GCC-GVC studies, it should be said that: Although the studies carried out by the GCC-GVC school and researchers associated with this school present an isolated perspective from capital accumulation processes, commodity relations, labor exploitation, surplus value transfer, and role of the state on shaping chain, they reveal important data in terms of seeing and understanding the capitalist relations in the chain.

Finally, the GCC-GVC is just an approach, therefore the important thing is how and for what purpose we use it.

REFERENCES


