

The Political and Economic Roles of the Coca Leaf
during the Peruvian Transition
towards Agrarian Capitalism

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Abstract

This thesis attempts to demonstrate that the transition towards agrarian capitalism, whereupon small peasant farmers are relegated to the dustbin of history either through social differentiation (capitalism from below) or widespread dispossession (capitalism from above), cannot be considered as a process that occurs in a manner as determined as is commonly supposed. To exemplify this malaise in the theoretical literature concerning the ‘agrarian question’, the various historical and contemporary relations of production surrounding only one crop have been chosen as the object of focus. The coca leaf is the perfect exemplar of the redundancy of economic determinism.

During the early colonial period there was no crop cultivated in the whole of South America that generated anywhere near the same levels of profit as the coca leaf, and for which indigenous people in the mountains would risk their lives by descending to the disease infested lower altitudes on the eastern Andes to join the labour force engaged in its cultivation on large estates. Furthermore, to an almost unrecognised degree, indigenous communities would also rapidly expand their own independent levels of production so as to participate in the colonial coca ‘boom’. Additionally, miners in Potosí and elsewhere eagerly parted with their share of ore in exchange for coca. As such, no other crop acted as a better medium for the introduction of indigenous peoples in South America to a monetary economy and the initial stages towards agrarian capitalism. This ‘boom’ came to an end in the seventeenth century on account of the abhorrent levels of depopulation, overproduction and the depletion of the mines.

The second coca ‘boom’ occurred in the late nineteenth century on account of the industrially developed world’s sudden fascination for the medicinal properties of cocaine hydrochloride following its isolation from the leaf in the mid nineteenth century. In a country that was suffering from the ravages of a very recently lost war with Chile, many people placed their hopes on cocaine to act as a means by which Peru could begin to produce and export a widely sought value-added product and thereby modernise the economy. Again, independent peasant farmers rapidly flocked to areas where markets for coca were emerging but unfortunately for them, and those engaged in the later stages of cocaine hydrochloride’s production process, this second coca boom was short lived. Nevertheless, where coca was being cultivated for the traditional market on the feudal *haciendas* in La Convención (Cuzco), employing a unique hybridization of feudal labour relations, coca came to form the predominant economic basis upon which a rural petty bourgeois emerged that were no longer willing to have their economic interests constrained by these feudal obligations.

After the serfs of La Convención had successfully revolted, it was less than a decade before agrarian reforms were implemented throughout the country, thereby bringing an end to feudalism. As such, coca did eventually serve as the basis upon which the Peruvian economy modernised, although not in the manner that had been originally envisaged by the coastal elites. Thus, just when it appeared that Peru was following some strange variant of eastern and western European ‘paths’ to agrarian capitalism, coca played a disproportionately important role in confounding the classical preconceptions of political economists.

Following the expropriation of the *haciendas* of La Convención, and their unequal distribution among the erstwhile serfs, the stage appeared to be set for the initiation of the ‘capitalism from below’ type of transition towards agrarian capitalism. However, rather than a minority of wealthy farmers emerging at the expense of a gradually proletarianized landless mass, the coca producers in La Convención reverted to the utilisation of pre-capitalistic reciprocal labour relations that is only supported by waged labour when no other option is available. Meanwhile, for producers of coca operating within the illegal economy, not only has the cultivation of coca emerged as something of a last bastion of peasant farming but the full development of the ‘capitalism from below’ path is circumscribed by the inability of farmers to reinvest profits to expand production beyond a certain level. Therefore again, the cultivation of coca serves as an anomaly among classical conceptions of transitions towards agrarian capitalism.

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Acronyms

AAAHCPA	Asociación de Agricultores Agropecuarios y de la Hoja de Coca de la Provincia de Padre Abad (Association of Agricultural Producers of the Coca Leaf of the Province of Padre Abad)
ACC	Audiencia de Charcas. Correspondencia de presidentes y oidores, documentos de Archivo de Indias (Audience of Charcas. Correspondence of presidents and judges documents of the Archive of the Indies)
ACP	African, Caribbean and Pacific Group of States
AoA	WTO Agreement on Agriculture
APRA	Alianza Popular Revolucionaria Americana (American Popular Revolutionary Alliance)
ASEAN	Association of Southeast Asian Nations
BMI	Bulletin of Miscellaneous Information (Royal Gardens Kew)
BMJ	British Medical Journal
BAR	Bureau of the American Republics
CADA	Cuerpo de Asistencia para el Desarrollo Alternativo (Body of Assistance for Alternative Development)
CAFO	Confined Animal Feeding Farm
CAP	EU Common Agricultural Policy
CDIHE	Colección de documentos inéditos para la historia de España (Collection of Unedited Documents for the History of Spain)
CENACOP	Central Nacional de Cocaleros del Perú (National Central of Cocaleros of Peru)
CEO	Chief Executive Officer

CIA	Central Intelligence Agency
CIDA	Comite Interamericano de Desarrollo Agricola (Interamerican committee for Agricultural Development)
CND	Consejo Nacional de Descentralización (National Council for Decentralization)
COCLA	Central de Cooperativas Agrarias Cafetaleras (Central of Agrarian Coffee Growers Cooperatives)
CONPACCP	Confederación Nacional de Productores Agropecuarios de las Cuencas Cocaleras del Perú (National Confederation of Agricultural Producers from the Cocalero Basins of Peru)
CONTRADROGAS	Comisión de Lucha Contra el Consumo de Drogas (Commision for the Struggle Against the Consumption of Drugs)
CORAH	Proyecto Especial de Control y Reducción del Cultivo de la Coca en el Alto Huallaga (Special Project for Control and Reduction of the Cultivation of Coca in the Alto Huallaga).
CR	Firm Concentration Ratio
CTAN	Comisión Técnica de Alto Nivel (High Level Technical Commission)
DDA	Doha Development Agenda
DEA	Drug Enforcement Administration
DEVIDA	Comisión Nacional para el Desarrollo y Vida sin Drogas (National Commission for Development and Life without Drugs)
DG	Director General
DR- CAFTA	Dominican Republic and Central American Free Trade Agreement
EAP	Economically Active Population
ENACO	Empresa Nacional de la Coca (National Cocoa Company)
EPA	US Environmental Protection Agency
EU	European Union

FAN	Frente Amplio Nacionalista (Broad National Front)
FASMA	Federación Agraria de la Selva Maestra (Agrarian Federation of the Mistress Jungle)
FAO	UN Food and Agricultural Organisation
FDA	US Food and Drug Administration
FEDECAH	Frente de Defensa de la Hoja de Coca del Alto Huallaga (Defence Front of the Coca Leaf for Upper Huallaga)
FEPAVRAE	Federación de Productores Agropecuarios de la Valle del Rio Apurimac y Ene (Federation of Agricultural Producers of the Valley of River Apurimac and Ene)
FEPCACYL	Federación Provincial de Campesinos de La Convención y Lares (Provincial Federation of Peasants from La Convención and Lares)
Fredemo	Frente Democrático (Democratic Front)
FTAA	Free Trade Area of the Americas
GATT	WTO General Agreement on Tariffs and Trade
GATS	WTO General Agreement on Trade in Services
GDP	Gross Domestic Product
GM	Genetically Modified
GMO	Genetically Modified Organism
GNP	Gross National Product
GOP	Government of Peru
HIPCs	Highly Indebted Poor Countries
IBAR	International Bureau of the American Republics
IBRD	International Bank for Reconstruction and Development
ICFF	International Commission on the Future of Food
IDA	US International Development Association
IMF	International Monetary Fund
ISI	Import Substitution Industrialization

LDC	Least Developed Country
MASL	Metres Above Sea Level
MERCOSUR	Common Market of the South
MLAR	Market Led Agrarian Reform
MT/Htr	Metric tonnes per hectare
NAFTA	North American Free Trade Agreement
NCF	<i>Nederlansche Cocainefabriek</i> (Dutch Cocaine Factory)
NGO	Non Governmental Organisation
NICs	Newly Industrialising Countries
NTAEs	Non-Traditional Agricultural Export
NYT	New York Times
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PBC	Pasta basica de cocaine (Basic Cocaine Paste).
PCT	Projecto Cédula da Terra (Brazilian Land Titling Project)
PEAH	Proyecto Especial de Alto Hullaga (Special Upper Huallaga Project)
PN-UPP	Partido Nacionalista-Unión por el Perú (Nationalist Party–Union for Peru)
PNP	Partido Nacionalista del Peru (Peruvian Nationalist Party).
PTA	Preferential Trade Agreement
RDP	South African Reconstruction and Development Programme
RGI	Relaciones geográficas de Indias (Geographic Relations of the Indias)
SAL	Structural Adjustment Loans
SAP	Structural Adjustment Programmes

SDT	Special and Differential Treatment
SINAMOS	Sistema Nacional de Movilización Social (National System of Social Mobilization)
SSMs	Special Safeguard Mechanisms
TNC	Tansnational Company
TRIMS	WTO Agreement on Trade Related Investment Measures
TRIPS	WTO Agreement on Trade Related Intelectual Property
UHV	Upper Huallaga Valley
UMOPAR	<i>Unidad móvil de patrullaje rural</i> (Mobile Police Unit for Rural Areas)
UN	United Nations
UNESC	UN Economic and Social Council
UNDP	UN Development Programme
UN-HABITAT	UN Agency For Human Settlements Providing Adequate Shelter for All
UNHSP	United Nations Human Settlements Programme
USAID	US Agency for International Development
USDA	US Department of Agriculture
VRAE	Valley of River Apurimac and Ene
WEED	World Economy, Ecology and Development
WHO	UN World Health Organisation
WTO	World Trade Organisation

TERMS

<i>Allegado</i>	Non-tenant serfs paying labour rent to the <i>árrendire</i>
Amazonian coca or <i>ipadú</i>	<i>Erythroxylum coca</i> var. <i>ipadu</i> Plowman
<i>Árrendire</i>	Tenant serfs paying monetary and labour rent to the <i>hacendado</i>
<i>Arroba</i>	25lb.
<i>Ayaquenes</i>	Piles of stones used to separate <i>tablas</i> of <i>huachus</i>
<i>Ayllu</i>	Kinship group
<i>Ayni</i>	Reciprocal labour exchanges
<i>Bloqueos</i>	Road block
<i>Bolivian or Huámucó coca</i>	<i>Erythroxylum coca</i> Lam.
<i>Bolivianazo</i>	Colloquial term used in Peru to indicate that a repetition of the assumption of power by the indigenous president Evo Morales of Bolivia can be repeated elsewhere.
<i>Buhios</i>	Roadside shelters.
<i>Cacique</i>	Indigenous village mayor.
<i>Cafetal</i>	Coffee field.
<i>Cafetalero</i>	Coffee grower.
<i>Camayos</i>	<i>Mit'a</i> labourers specifically for <i>cocales</i>
<i>Caza-bobos</i>	Home-made booby traps used sporadically upon eradicators of <i>cocales</i> .

<i>Cebador</i>	A stick with a sharpened tip used to introduce <i>chucu</i> into <i>hoyos</i>
<i>Ceja de Selva</i>	Jungle's eyebrow
<i>Censos</i>	Short-term high interest loans provided by landlords in Spain during the Middle Ages.
<i>Cesto</i>	Basket sufficient to contain one <i>arroba</i> .
<i>Chácara</i>	Generic term for a plot of land or field.
<i>Chacchando</i>	A partly hispanicized equivalent to Hallpay.
<i>Chaupi yungas</i>	Mid-valley.
<i>Chicha</i>	Juice or alcohol made from fermented corn
<i>Chucudores</i>	Those who introduce the <i>chucus</i> into the <i>hoyos</i> .
<i>Chucu</i>	Coca plantlet.
<i>Cocaismo</i>	The supposed problem of being addicted to coca
<i>Cocal</i>	A plot of land planted with coca.
<i>Cocalero</i>	Coca farmer.
<i>Colca</i>	Warehouse.
<i>Colocho</i>	Term used to describe the Colombians, and later Peruvian, who contracted the <i>firmas</i> .
<i>Colombian coca</i>	<i>Erythroxylum novogranatense</i> var. <i>Novogranatense</i>
<i>Colonos</i>	Tenant farmers paying labour rent and/or rent in kind and/or cash.
<i>Condiciones</i>	The expansive list of obligations incurred by someone residing on a <i>hacienda</i> .
<i>Coquero</i>	Someone who consumes coca.
<i>Corpa</i>	A labourer who hires themselves of their own free will.

<i>Corregidor</i>	Spanish official with jurisdictional power over a province or district.
<i>Corvée labour</i>	Unpaid labour required from the inhabitants of a manorial estate.
<i>Curaca</i>	Leader of an <i>ayllu</i> .
<i>Curacazgo</i>	Tribe composed of various <i>ayllus</i> .
<i>Deputatisten</i>	Confined labourers on a <i>Junker</i> estate.
<i>Dueño</i>	Owner or boss.
<i>Enganchado</i>	Someone contracted by <i>enganche</i> arrangements.
<i>Enganche</i>	A system of debt servitude wherein someone is paid before working with the aim of making deductions from their earnings for inflated living expenses that put them further into a debt that they will never be able to pay off.
<i>Encomendado</i>	To be ‘entrusted’ by the Spanish Crown with a specific number of individuals from whom they could render labour tribute in return for ‘civilising’ them by ensuring they were taught Christianity and Spanish.
<i>Encomienda</i>	An area that was <i>encomendado</i> .
<i>Estancieros</i>	Stock watchers
<i>Fermier-général</i>	The wealthier section of the pre-revolutionary French peasantry that would take out large leases from the landowners to divide and sublet to those less well off such as the <i>labourers</i> and the <i>manouvriers</i> .
<i>Freie arbeiter</i>	Landless wage labourers on a <i>Junker</i> estate.
<i>Gente originario</i>	Original peoples.
<i>Gente propia</i>	Resident labour force on a <i>hacienda</i> .

<i>Guaca</i>	Any areas that had been chosen by the indigenous for prayer, sacrifices or other religiously significant purposes.
<i>Grundherrschaft</i>	German term for western European feudalistic manorial system.
<i>Gutsherrschaft</i>	German term for eastern European feudalistic manorial system.
<i>Gutswirtschaft</i>	The eastern European feudalistic manorial system following the introduction of waged labour.
<i>Habilitados</i>	Landless labourers hired seasonally.
<i>Hacendados</i>	Owner of a <i>hacienda</i> .
<i>Hacienda</i>	‘A complex of conflicting economic and social relationships between peasants and landlords, centred around the landlord’s estate where most of the natural resources are concentrated and from which the landlord extracts an agricultural surplus. The peasants attempt to secure most of their livelihood by establishing their own peasant enterprise either through proprietorship (individual or collective) or a tenancy agreement with the landlord’ (Kay, 1980: 6).
<i>Hallpay</i>	Quechua term used for the practice of consuming the juice from coca leaves.
<i>Hofgänger</i>	Workers provided by the <i>instleute</i> to the <i>Junker</i> .
<i>Hoja Sagrada</i>	Sacred Leaf.
<i>Hoyo</i>	Hole used to hold plantlet coca.
<i>Huachu</i>	Terrace in a <i>cocal</i> .
<i>Huaro pelay</i>	The single pile of stones formed during the <i>ichu</i>

<i>Ichu pelay</i>	The stage in the productive process of clearing land to be cultivated upon.
<i>Indigenista</i>	Someone who protests in the name of the rights of the indigenous.
<i>Instleute</i>	Eastern European cottagers.
<i>Inti</i>	Sun God.
<i>Inti Raymi</i>	Tahuantinsuyu state religion.
<i>Jornaleros</i>	Labourers hired by the day.
<i>Junker</i>	Eastern European landlord.
<i>Kachi</i>	A smooth patio made of large stones that is used for drying coca and peeled coffee beans.
<i>K'ituchi</i>	A sickle that is not flat but curved in two directions.
<i>Kulak</i>	Wealthier peasant.
<i>Kulakization</i>	The process of social differentiation within the peasantry that brings about the emergence of a wealthier tier.
<i>Labourers</i>	The middle section of the pre-revolutionary French peasantry who owned considerable tracts of land.
<i>Landflucht</i>	Flight from the land.
<i>Latifundia</i>	Large landed estate.
<i>Llipta:</i>	Ash that is mixed with coca once in the mouth to facilitate the extraction of juice.
<i>Majordomo</i>	Hired steward on a hacienda.
<i>Mama Quilla</i>	Moon mother.
<i>Mamox coca</i>	Large-leaved <i>Huánuco</i> coca

<i>Manouvriers</i>	The poorest strata of the pre-revolutionary French peasantry that included smallholders, sharecroppers and landless labourers.
Makipura	Wage labour
<i>Maquipura</i>	Previously a term used to refer to labour obligations to the <i>hacendado</i> , now used to refer to a paid day's labour.
<i>Matu</i>	Coca that has not been dried.
<i>Mercedes de tierra</i>	Royal land grants.
<i>Mestizo</i>	Person of mixed Spanish-Indigenous descent.
<i>Mir</i>	Communal rural institution in pre-revolutionary Russia.
<i>Minifundio</i>	Plots of land generally no larger than 5 hectares.
<i>Minga</i>	Free labourer.
<i>Mir</i>	Communal rural institution in pre-revolutionary Russia.
<i>Mit'a</i>	Work obligations for one's <i>hacendado</i> .
<i>Mita</i>	Harvest.
<i>Mitayo</i>	Someone performing <i>mit'a</i> .
<i>Mitimaes</i>	People involved in <i>mitmaq</i> .
<i>Mitmiq</i>	A pre-Hispanic system of agricultural expansion wherein segments of communities in overpopulated areas, and troublesome members of newly colonised communities, were relocated to other areas to work as colonists.
<i>Mulato</i>	To be of mixed European and African descent.
<i>Narodnik</i>	Populist.

<i>Pachaca</i>	Administrative units within Tahuantinsuyu consisting of 1000 tributaries, or heads of households. A single <i>pachaca</i> was composed of 100 such tributaries.
<i>Pachamama</i>	World mother.
<i>Pallar</i>	To harvest.
<i>Pallador</i>	Harvester.
<i>Pasadores</i>	Those who transport the <i>pasta basica</i> on foot from the jungle, today often referred to as <i>mochileros</i> or backpackers.
<i>Pasta basica</i>	Cocaine paste, the first stage of the production process made simply by fermenting coca in kerosene or other such liquids.
<i>Pasta lavada</i>	Cocaine base
<i>Patrón</i>	Local boss
<i>Peones</i>	Peons.
<i>Plaza</i>	Main square in a town
<i>Pongaje</i>	The additional domestic services required from the family of an <i>árrendire</i> in the house of the <i>hacendado</i> .
<i>Poporo</i>	Small containers used for holding <i>llipta</i> .
<i>Puna</i>	Altiplano.
<i>Quintales</i>	100lb. or four <i>arrobas</i> .
<i>Quinto</i>	Royal fifth.
<i>Quipuruna</i>	A specialised tier of the Tahuantinsuyu bureaucracy that could read <i>quipus</i> .
<i>Quipus</i>	A system of multicoloured knotted cords attached to a main rope to count as well as ‘write’.
<i>Quiru</i>	Those who ventures from over the Andes for coca.

<i>Repartimiento</i>	The generic term in Peru for either <i>mercedes de tierra</i> or <i>encomiendas</i> but more often used, when at all, to describe the latter.
<i>Reparto</i>	The forced purchase of Spanish produce at monopoly prices set by the <i>Corregidor</i> .
<i>Rondas campesinas</i>	Armed self defence patrols
<i>Schultheiss</i>	Landlord-installed village mayor in western Germany during the middle ages.
<i>Selva</i>	Jungle.
<i>Sendero Luminoso</i>	Shining Path
<i>Señores de coca</i>	Colonial landlords over areas wherein the principal crop cultivated was coca.
<i>Serrano</i>	Highlander.
<i>Sierra</i>	Highlands.
<i>Tabla</i>	The group of <i>huachus</i> that <i>cocales</i> are divided into.
<i>Tahuantinsuyu</i> Empire.	‘Four corners of the earth’: The name of the Inca Empire.
<i>Tierras baldias</i>	The commons in Spain during the Middle Ages.
<i>Traqueteros</i>	Those who collect the coca at the farm gate and transport to the ‘laboratories’.
<i>Trueque</i>	Barter.
<i>Trujillo coca</i>	<i>Erythroxylum novogranatense</i> var. <i>truxillense</i> (Rusby) Plowman
<i>Tupa coca</i>	Royal or noble coca i.e. Trujillo coca
<i>Tupus</i>	Individual plots.
<i>Visita</i>	The visit of a <i>Corregidor</i> to a region.
<i>Wachu</i>	A constructed terrance.

<i>Wanderarbeiter</i>	Predominantly foreign seasonal workers on <i>Junker</i> estates.
<i>Wawa coca</i>	Baby coca <i>pallado</i> en the <i>linli</i> .
<i>Weistumer</i>	Village charts in western Germany during the Middle Ages.
<i>Yanacona</i>	In Cuzco a pre-Hispanic term for <i>árrendire</i> .
<i>Yungas</i>	Deriving from the Quechua word 'Yunca', it is the name used for stretches of forest on the eastern Andean valleys that lie at an altitude just above the jungle and rise to about 2000m, otherwise known as the jungle's eyebrow (<i>ceja de selva</i>).
<i>Zemstvo</i>	Local government in pre-revolutionary Russia.

I

Introduction

As mentioned in the abstract, this thesis attempts to demonstrate the redundancy of economically deterministic predictions concerning the fate of the peasantry. The manner in which it does so is by focusing upon the variety of labour relations surrounding the cultivation of one specific crop, namely, coca. It is argued that the paths traversed during the development of these labour relations have been utterly anomalous to those predicted by classical political economists who have, as a consequence, failed to pay sufficient attention to the ingenuity and dexterity of peasant farmers. In an age when the politically contrived cards have never been more heavily stacked against peasant farmers they continue to elaborate new small arms of class warfare.

In 2008 the food import bills of least developed countries (LDCs) rose by 37 percent and by the end of the year the annual cost of the import food basket for LDCs was three times what it had been in 2000. These spiralling costs were not due to a proportionate increase in the volume of food imported but because of rising food prices, especially in rice, wheat and vegetable oils. In 2008 alone, these double digit levels of inflation brought food riots in Burkina Faso, Guinea, Haiti, Mauritania, Mozambique, Senegal, Somalia and Yemen (United Nations [UN], 2009: 7-8). This was a drop on 2007, when there were 22 food riots in LDCs across the globe such as Bangladesh, Cameroon, Côte d'Ivoire, Egypt, India, Indonesia, Mexico, Morocco and Uzbekistan. To avoid similar food shortages, major rice and wheat exporters such as China and Argentina resorted to taxes and quotas. In Cambodia, Egypt, India (except Basmati), Indonesia and Vietnam rice exports were simply banned (Bello, 2009: 1-2).

The UN report *World Economic Situation and Prospects 2009* put forward the following explanation:

In the years leading up to the food crisis of early 2008, demand for basic grains (rice, wheat, barley, maize and soybeans) exceeded production. As a result, stocks fell to 40 per cent of their levels in 1998/99, and the stocks-to-use ratio reached record lows for total grains and

multi-year lows for maize and vegetable oils. Given such tight conditions, the market could not absorb the events that occurred on the demand and supply side, culminating in a “perfect storm”, and leading to soaring prices and rampant food shortages in many developing economies (UN, 2009: 47).

Other contributory factors include the simultaneous depreciation of the US dollar and rise in crude oil prices. The latter not only increased production and transport costs but also stimulated an increase in biofuel production and therefore in demand for maize and vegetable oils as well as other agricultural inputs, energy and labour. By switching to more profitable non-edible crops, the food supply diminished while demand remained the same, thereby bringing a rise in the prices of other crops. The rise in grain prices was compounded by poor harvests, especially in Europe and Australia, and exacerbated by protectionist policies as well as private hoarding and delayed emergency food deliveries. Another short-term contributory factor included speculation in future markets which brought price volatility. Ultimately, for the UN, it was the advent of neoliberalism in the 1980s and the corresponding ‘policy shift towards more confidence in price signals to stimulate production and less attention to government support for infrastructure investment and research and development for agricultural technology, together with lower official development assistance (ODA), (which) has been most detrimental to agricultural productivity growth.’ (UN, 2009: 48).

For Peter Wahl of the advocacy organisation WEED (World Economy, Ecology, and Development) it could only have been speculation on food prices which could have brought a 71 per cent rise in the Food and Agricultural Organisation (FAO) food price index in the fifteen months between late 2006 and March 2008, and the resumption of 2006 prices by late 2008. The principal factor for Wahl was that the financial crisis in late 2007 caused institutional investors to forsake their traditional real estate and mortgage-based securities markets and instead invest heavily in commodities, especially oil and agricultural markets. This bull market increased the pace at which prices were already accelerating and created a speculative bubble (Wahl, 2009: 4).

Although financial speculation doubtlessly played an important contributory role in the food price crisis - as did the other factors mentioned above - the fact of the matter is that the resumption of 2006 prices failed to halt the continued rise in the number and proportion of the world’s population who are hungry or chronically undernourished. As such, financial speculation is a factor that is too short term to be the principal cause of food insecurity. In 2009 the number of malnourished people in the world passed the 1 billion mark for the first time in history, an increase of 100 million on 2008 (FAO, 2009: 1). Even before the fifteen month surge in food prices, in 2003 the FAO wrote of a growing “continent of the hungry” which then stood at 798 million and had been rising since 1995 despite the fact that more

than enough food is produced in the world to feed every man, woman and child (FAO, 2003: 4). On a global scale there has never been as much food available as there is today due to continued growth in per capita food production over the second half of the twentieth century. If food were distributed wisely there is even enough food produced today to feed the additional 2.5 billion people expected to swell the planet's population by 2050 (ICFF, 2007: 82).¹ The problem lies in the uneven way in which people benefit from this growth (FAO, 2002: iii).

In 2005, the 500 wealthiest people in the world had the combined earnings of the poorest 416 million. 40 per cent of the world's population survived on less than \$2 per day and account for less than 5 per cent of global income. Conversely, the wealthiest 10 per cent account for 54 per cent of global income (UNDP, 2005: 4).² One fifth of the world's population control four fifths of its wealth (Weis, 2007: 12). For some, income inequality is rising, for others falling, but all 'coincide on one fundamental point: income inequality among the world's population is very high' (UNDP, 2010: 73). A visible demonstration of this inequality is that while more people are hungry in the world than ever before, obesity within wealthier societies has reached such levels that in 2000 the World Health Organisation (WHO) defined obesity as a 'global epidemic' given its implications for heart disease, diabetes, cancer and other diseases. The global contradictions between the two problems are well reflected in the United States where 30 per cent of the population are considered 'obese' with 65 per cent thought 'overweight and obese' (Hedley *et al.* 2004: 2847). In the early 1980s the latter category applied to only 25 per cent of the US population (Crister, 2004: 3). Meanwhile, in 2006 10.9 per cent of the total US population and 17.2 per cent of children were considered to be food insecure (US Census Bureau, 2008: 133). In the words of the rural sociologist Farshad Araghi:

"Hunger amidst scarcity" has given way to "Hunger amidst abundance". The contemporary food problem is rooted in the increasing global commodification of food, rather than being a consequence of lack of sufficient food ... it is therefore people's inability to purchase food as a market commodity and the loss of their direct access to their means of subsistence (i.e., depeasantization) that explains the global character of hunger today (2000: 155).

The first chapter of this thesis seeks to outline the degree and ways in which food has become commoditised and the negative consequences this has entailed for peasant farmers across the globe. Originally, it had been intended to use this section to contextualise the reasons for why many peasant farmers in some areas have little other option than the cultivation of illicit crops, specifically, coca. It became apparent, however, that over the course of Peru's gradual transition towards agrarian capitalism, since the arrival of the Spanish, coca has played remarkably significant political and economic roles. On three

¹ International Commission on the Future of Food.

² UN Development Programme.

separate occasions, and for distinct markets, coca has proven to be of vital importance for the Peruvian economy. Furthermore, to an unrecognised degree those engaged in its production and distribution were very often independent peasant farmers and traders. As such, over the course of the gradual transition, the coca leaf has constituted a very important small arm of class warfare within the collection of what Scott terms, 'weapons of the weak' (1985).

For the people indigenous to South America before the mass arrival of Europeans, or *gente originaria* (original people) as they often prefer to refer to themselves, the leaf of certain sub specie of *Erythroxylum coca* Lam. is often referred to as the *hoja sagrada* (sacred leaf).³ According to an Inca legend, Inti (the sun god) ordered Mama Quilla (the moon mother) to scatter the bush in warm regions to help the inhabitants of Tahuantinsuyo combat fatigue and hunger (Quijada Jara 1950: 10). Another Inca legend frequently told to early chroniclers is that coca had originally been a beautiful woman who had been unfaithful to her lovers. As a punishment, she was killed and quartered with each part buried separately. Upon the ground where each quarter had been buried the shrub grew. The leaves were only allowed to be picked by men for storage in their pouches and consumed following copulation in memory of the beautiful adulteress (Gagliano, 1994: 15).

Among Aymara speakers it was believed that inhabitants of the Bolivian Yungas had slashed and burned parts of the forest to clear spaces for cultivation.⁴ They had been prohibited from doing so by the god Khuna who was informed of the transgression by the god Huirakocha, the latter having noticed dense clouds of smoke forming around the sacred hilltops of Illimani and Mururata. Incensed, Khuna unleashed numerous days of torrential rainfall that destroyed the fields and houses of the people of the Yungas, as well as giving rise to ravines and rivers that left them isolated from the Altiplano. Left without means of sustenance, the inhabitants were upon the point of death from starvation when suddenly their hands began to mechanically stretch towards a beautiful bush which had drawn their attention because of its freshness (Paredes 1991: 285). The shrub was of course coca and everyone survived as a result of having found it.⁵

³ The term *gente originaria* is generally the preferred term of self-reference by people in South America who are often erroneously referred to as *Indios* (Indians). Not only is the latter term laden with cultural prejudices but it is also based upon the belief of the original conquistadores that they had found a quicker route to the spice trade of the East Indies. As such, when not differentiating between native speakers of Quechua, Aymara or any of the numerous other languages still, or previously, spoken in South America the general term of reference shall either be indigenous or *gente originaria*.

⁴ 'Yungas', deriving from the Quechua word 'Yunca', is the word used for stretches of forest on the eastern Andean valleys that lie at an altitude just above the jungle and to an altitude of about 2500m, otherwise known as the jungle's eyebrow (*ceja de selva*). Consequently, Quechua speakers in these regions often refer to themselves as 'Yuncaruna', i.e. 'valley people'.

⁵ In Aymara, *khoka* is the generic term for all flowers, bushes and trees. Not only does this imply that in Aymara coca is perceived as *the* flower, bush or tree but also that its Quechua appellation *coca*

Coca also features prominently in the creation myths of lesser known and more isolated tribes. For example, the Tukanoan tribe of the Colombian Vaupés believe that one day the daughter of the Master of Game Animals was in great pain due to pregnancy and had had to lie down. When an old woman came to help she seized the hand of the daughter with such force that one of her fingers became separated from her hand. The old woman planted the finger which gave root to the first ever coca plant. Other creation myths with coca featuring prominently can be located throughout the north-western Amazon (Schultes, 1981: 173-4). Meanwhile, Quijada Jara informs us that Spanish missionaries often told the *gente originaria* that coca was indeed sacred but because it had been found by the Virgin Mary in the midst of her efforts to flee to Egypt with baby Jesus. Coca had helped to combat thirst, fatigue and hunger and thereby enabled the two to proceed with greater haste. Even by the time Quijada Jara wrote it was still common to witness people using the leaf to make the sign of the cross before chewing, as well as proclaim in Quechua: mother coca, where our most holy Mother María took refuge, there, my heart full of sorrow wishes to be (1950: 11).⁶

Ceramic and vegetal archaeological evidence demonstrate the historical importance of coca across vast areas stretching from Central America and the Caribbean as far south as northern Argentina and middle Chile (Plutarco Naranjo, 1981: 161-172). At the pyramids of Caral on the Central Peruvian coast uncovered by the Peruvian archaeologist Ruth Shady in 2000, which, dating from between 2700 to 2100 BC, is the oldest urban archaeological site in all of the Americas, seeds of the sacred leaf were located (Thomson, 2007: 83). Just recently, in the north Peruvian Nanchoc Valley, coca leaves were identified dating from at least 8000 cal BP, which would roughly equate to 6000 BC. These leaves are by far the oldest archaeological evidence yet found of coca's social importance, topping previous findings by over 3000 years and dovetailing perfectly with the advent of sedentary agriculture in the area (Dillehay *et. al.*, 2010: 239-240, 251).

Coca once ritually accompanied practically every activity undertaken in numerous *gente originario*'s private lives and is still encountered in many. To give only a few examples, during the rural working day three to four 'coca breaks' occur; like a cup of tea in the UK, coca is very often offered when visiting somebody; it is common to consume coca after dinner, lunch and breakfast; when fishing, coca is often attached to hooks to secure a good catch; upon traversing through a dangerous ravine, chewed quids are offered in gratitude to the Apus (divine mountains) for a safe passage; miners make offerings to keep away evil spirits (*coyas*) and bring them luck in their labours; if someone is about to undertake an arduous journey they are presented with coca (the *despacho*); to gain the

derives from Aymara. Thus it is very unlikely that coca was introduced by Tahuantinsuyo to Aymara regions.

⁶ My translation from Spanish. All translations will be by me unless otherwise indicated.

acceptance of potential in-laws it is customary to visit them with coca, and for all other ceremonies of social importance, such as the first hair-cutting, coca is present. In the words of Catherine Allen, should the UN ever prove successful in their continued efforts since the 1961 Single Convention on Narcotic Drugs to end the practice of consuming coca (*hallpay*) it 'will no longer frame the daily routine and provide a paradigm for reciprocity in human relations' (2002: 242). However, it is not the purpose of this thesis to offer further anthropological evidence of the social importance of the coca leaf in the lives of many of the *gente originaria* of Peru, Bolivia and elsewhere.⁷ Instead, the central aim is to offer economic and political reasons that support the social connotations bestowed upon the *hoja sagrada* by the *gente originario*.

The economic position of the Peruvian peasantry is becoming more precarious by the day and it appears that one of the last bastions of profitable peasant farming is the cultivation of illicit crops simply because large farmers cannot enter into this economy. I wished to know more about the labour relations coca farmers (*cocaleros*) were employing for production and thereby gain an idea of how far this last bastion had entered into capitalist relations of production and assess which other 'path' to agrarian capitalism it was most closely approximating. I found that Alison Spedding (2005) had written an excellent study regarding this question for Bolivia but that nobody had done so for Peru. As such, the initial aim of my research was to make a comparative analysis with Spedding's. However, the more I looked into the history of coca production in Peru, the more I realised the level of significance that the *hoja sagrada* had had during Peru's gradual transition towards agrarian capitalism. Coca had played fundamentally important roles in introducing Peru to a monetary economy, then modernity and now serves as a means to stave off the full effects of neoliberal transnational capitalism.

The first coca boom since the Spanish arrived occurred during the early colonial period and was directly related to the silver mining boom occasioned by the 'discovery' of the Cerro Rico at Potosí that massively increased European stocks of silver. It was thought that neither the conscripted labourers (*mitayos*), nor the free labourers (*mingas*), would have gone to Potosí to go down the mines, or refine the ore on the surface, had they not had access to coca. Meanwhile, as coca suppresses thirst, hunger and increases energy, its supply was the perfect way to keep people working long hours on little nourishment. In addition, by selling the miners coca many Spaniards found a way to separate the miners from their share of the silver. Despite protestations by many in the Church against the continuance of such a 'heathen' practice, demand continued to occasion supply. Many Spaniards and *gente*

⁷ Some of the more recent and excellent anthropological examples include: Anthony Henman (1992) for Colombia, on Peru c.f. Catherine Allen (2002) and for Bolivia c.f. Alison Spedding and Colque (2003).

originaria gained significant economic returns from both the cultivation and distribution of coca in this period. This enabled lots of Spaniards to return home enriched, and a brought a degree of increased social differentiation within the villages of the indigenous. It is widely considered that only Spaniards financially benefitted from the cultivation of coca during the early colonial coca boom and it is with the purpose of reconsidering the basis, validity and implications of this assumption that chapter IV is directed. The early colonial coca boom gradually came to an end over the course of the seventeenth century on account of high levels of depopulation occasioned by European diseases, inhumane treatment of the indigenous, ore depletion in the mines and excessive coca production for a dwindling demand. Nevertheless, it was principally by exchanging silver for coca that a monetary economy was introduced to Peru.

Regarding the systems of labour relations found during the Peruvian introduction to agrarian capitalism it is generally held that the highlands of Peru approximated the ‘peasant-farmer’ path found in many western European countries and the northern U.S. as opposed to the ‘landlord-farmer’ path encountered in eastern Europe and elsewhere. However, through close attention to ordinances and various chronicles issued/ written during the early colonial period, it is argued that the system of labour relations encountered on the European-owned coca producing estates were actually of a much more hybrid-nature than we are generally led to believe. Furthermore, it is also argued that independent indigenous communities also participated actively in the early colonial coca boom which therefore represents another unrecognised layer of complexity to widely accepted conceptions of Peru’s initial involvement with agrarian capitalism. In an era when a declining population were being forced to amass increasing levels of surplus to pay taxes to representatives of an alien European power, the production of the *hoja sagrada* emerged as an effective means by which hunger and oppression could be kept at bay.

Chapter V considers the second Peruvian coca boom after the discovery in Vienna in 1884 that cocaine hydrochloride could serve as an anaesthetic in ophthalmic surgery. In an age of patent medicines, a very wide variety of other ‘medicinal’ uses for cocaine were soon being touted in the U.S. especially, but also elsewhere. In post-War of the Pacific between Peru, Bolivia and Chile, medicinal cocaine became viewed and promoted in Peru as a value-added product that could bring the war-torn economy into modernity by making exports less dependent upon unstable primary products and therefore more similar to industrialised economies. This boom began to come to an end through the initiation of production in other countries such as Dutch Java and Taiwan and the establishment of an international narcotics control regime at the behest of the U.S., a policy that dovetailed very nicely with the country’s imperial ambitions during that period. Again, many peasant farmers gained financially from this second coca boom, although not at the secondary stage of the

production process. Nevertheless, the coca leaf formed the basis upon which initial Peruvian attempts were made to modernise. Ironically, coca did end up playing a very important role in Peru's eventual entrance into modernity by serving alongside coffee as the economic basis of the rural social differentiation in the province of La Convención (Cusco) that could no longer be contained within the feudal *hacienda* system and ultimately brought its discontinuance.

Again, however, it is argued that although the system of labour relations encountered upon the coca-producing *haciendas* in La Convención (Cuzco) had been substantially modified since the early colonial period, the overall structure of the estates was essentially the same, if more complex. This therefore continued to represent a unique hybridisation of the landlord and peasant 'roads' to agrarian capitalism which eventually came to generate a level of tension between the two systems that became too great to be contained within a feudalistic set of labour relations. It also is held that this unique tension was a fundamental reason for why the first Peruvian land expropriations occurred in La Convención. Again the coca leaf appeared to have proven itself to be 'sacred'.

Chapter VI considers the third Peruvian coca boom through which we now live. It began around the time the *hacienda* system came to an end and the country started to take increasingly strident steps towards agrarian capitalism. In such circumstances, with peasant farmers finding it almost impossible to compete for domestic markets against the 'liberalized' imports of highly subsidised industrial agro-TNCs that can dump at below the costs of production, the *hoja sagrada* has again returned to play a role of exceptional politico-economic importance. This time it has returned as one of the last remaining bastions of small scale independent peasant farming and a focal point around which much indigenous political organising has developed. As larger farms employing proletarianised wage labourers increasingly put the squeeze upon independent small scale peasant farmers, coca serves - due to its illicitness in most areas - to render peasant farming still profitable and in terms of 'paths' to agrarian capitalism most closely approximates that of the *Grundherrshaft* peasant-farmer model to be considered in properly in Chapter III.

However, again the development of relations of production surrounding the cultivation of coca are unique because the degree of horizontal social differentiation encountered is capped by the plant's illegality and so a level is reached whereby profits cannot be reinvested to expand production and instead must seek other, generally non-agricultural, destinations. This therefore prevents a wealthier segment of the peasantry from fully emerging and employing the rest as wage labourers, as has happened in so many other situations that have not played host to the landlord-farmer path to agrarian capitalism. Chapter VI seeks to analyse the means by which this has occurred as well as the political

implications.

However, in La Convención coca is not grown for the illicit market but instead for the traditional, although its price is inflated by the illicit. Production is monitored by the state monopoly ENACO that attempts to purchase and retail all that is produced for resale in the Altiplano markets.⁸ As such, the area demonstrates how low the prices of coca can go for cultivation to still remain a profitable and sought after option for peasant farmers. Again, the peasant-farmer road cannot be followed in full because levels of production are set through the issuance of licenses by the National Coca Company (ENACO). The only means by which a large enterprise could ever hope to engage in coca production for the traditional market would be for them to buy up all the individual licenses in a certain area. But communities will only sell plots of land within the community, or at most to someone from a nearby community, so the idea of them selling all their licenses to outsiders (which have now passed down through generations) is completely unrealistic. Unlike elsewhere, the forefathers of the contemporary *cocaleros* of La Convención migrated to the valley when it was still dominated by *haciendas*, whereas in other areas the initial farmers were pioneers often seeking to escape the *haciendas*. After sparking the agrarian reforms of the 1960s, the *cocaleros* and *cafetaleros* (coffee growers) then took control of the *haciendas*. Consequently, under such unique circumstances, I wished to know about what labour relations they thereafter instituted and maintain today as well as attempt to locate this state of affairs within all the various forms of transitions following land reforms as outline by De Janvry (1981). Had the *cocaleros* of La Convención made a transition from a Junker Road to a Farmer Road or Pre-capitalist Mode of production and how did this compare with other areas producing coca for the illicit markets?

Chapter VII seeks to address these issues and argues that the *cocaleros* of La Convención again represent a truly unique case of transitions towards agrarian capitalism. We see here the migration of thousands of free people from the *sierra* to engage in the production of coca under unique servile conditions that eventually could no longer contain the resultant tensions. However, rather than adopt the peasant-farmer road to agrarian capitalism as would be expected by most, we see a reversion to pre-capitalistic reciprocal relations of production that actually generate higher levels of productivity. However it must be pointed out that such relations of production have recently come under attack on account of the superior wage earning opportunities at a gas extracting enterprise further into the jungle. Peasant farmers in communities that are the source of the labour required for the gas extraction have been forced to raise the level of wages paid for agricultural labour in order to try to stem the labour flight. Thus, the closer one gets to the gas pipeline project, the less

⁸ Empresa Nacional de la Coca S.A.

likely it becomes to encounter pre-capitalist relations of production.

The history of the politico-economic influences of the coca leaf during Peru's gradual transition towards agrarian capitalism, and the variety of relations of production that these have implied, demonstrates the degree of obfuscation inherent in unilinear thinking and the generally unacknowledged role of the political by economic determinists. If cocaine was ever legalised, then it appears doubtless that it would soon be grown by numerous large scale enterprises all over the world, just as in the late nineteenth and early twentieth centuries. Until this occurs, the production of illicit crops will increasingly become one of the last economic options available to those who wish to remain independent peasant producers. Given the deplorable and heartrending social, institutional and political effects of the barbarous and completely ineffective policies currently implemented to win the 'War on Drugs' one would hope that this would have to occur someday soon. However, if it does then the principle economic mainstay of humanity through most of our existence will have lost one of the last markets devoid of competition from large-scale TNCs. That said, only signs to the contrary are visible.⁹

Before documenting the distinctive importance of the coca leaf in Peru's gradual transition towards agrarian capitalism, it is important to contextualise the Peruvian path by first outlining the contemporary global agrarian economy and thereby what it is that Peru has been in transit towards. In as concise a manner as possible, it is to this end that Chapter II is aimed. Chapter III is written with the intention of describing some of the more famous examples of transitions towards agrarian capitalism, as well as some of the debates that surrounded them in regard to the place of the peasantry. Each is intended to contextualise the Peruvian coca 'booms' according to the stage at which the national Peruvian economy had reached on its 'path' to agrarian capitalism.

Choosing the Field and Methodology

Before beginning the fieldwork I completed a course in ethnographic methodology at the university. From this I gained a greater understanding of the potential difficulties people

⁹ In 2009 the British government drugs advisor and chairman of the independent statutory Advisory Council on the Misuse of Drugs (ACMD), David Nutt, was sacked by Home secretary Alan Johnson for stating views that were different to those of the government. In the words of Johnson, "You cannot have a chief adviser at the same time stepping into the public field and campaigning against government decisions. You can do one or the other; you can't do both." Nutt had simply pointed out the scientific fact that alcohol and even tobacco cause more damage to people than cannabis, LSD and ecstasy (Guardian, 2009). Nutt's dismissal was followed by the mass resignation of other scientists from the Council. Unperturbed, the Conservative Party are currently introducing plans under the Police Reform and Social Responsibility Bill that remove the requirement for any scientists to be appointed to the ACMD (The Independent, 2010a). As such, if even debate is suppressed then the chances of legislative change appear far from imminent.

have experienced in their attempts to engage in participant observation – such as influencing what you are trying to study by your simple presence, ethics, emics and etics – and the various tools of methodology such as participant observation, snowball sampling, structured group discussions and very informal interviews. However, none of this really prepared me for life in the field.

Upon arrival in Peru I quickly became acquainted with the staff and library of the excellent Peruvian Centre of Social Studies (CEPAL) as I had been advised by my Supervisor. Not only did this immediately gain me access to a wide range of relevant documents but, of more consequence, the staff were kind enough to arrange for me to meet with some of the Peruvian s who had written most extensively upon issues surrounding the production of coca such as Hugo Cabieses, Baldomero Cáceres and Ricardo Soberón. Other people, such as the Trotskyist revolutionary Hugo Blanco, I met at political conferences and others, such as the excellent anthropologist Anthony Henman who is an expert upon the traditional coca market in Colombia I simply bumped into and recognised.

As the aim of the research was to gain an increased understanding of the degree to which the cultivation of coca served as a ‘refuge’ for labour relations inherent in peasant farming, it was made quite apparent to me during interviews that the area that should be chosen as the site of study was La Convención because in areas producing for the illicit market wage relations dominated whenever labour was required that could not be met by the domestic unit. Consequently, I hopped onto the bus to Lima knowing only that I needed to go to the HQ of the Provincial Federation of Peasants from La Convención and Lares (FEPCACYL) in the hope getting some advice when I arrived upon where to try to set myself up so as to further these ends.

After a nineteen hour bus journey - that had involved spending half an hour debarking from the bus in the middle of the night to watch the driver argue with an elderly lady whose donkey he had just run over with both claiming that the other party owed them money - we pulled into Cuzco at about 7:00 a.m., whereupon I jumped into a taxi and was taken directly to the road from where the Renault Espace taxis leave for the six hour journey to Quillabamba. Being very tired but unable to sleep due to the constant bumps and the beauty that was unfolding before my eyes, I simply stared silently out of the window for about four hours until my attention was drawn to the fact that we had suddenly sprung a flat tyre. Everyone duly used this as an excuse to get some fresh air, sit by the roadside and pass around a bag of coca as we waited for a passing driver to lend our driver a wheel as he did not have a spare.

To check that the *gringuito* sitting on his own was ok, a lady walked up to me and asked me what I was planning to do in Quillabamba. When I mentioned my purpose she smiled and told me that she was Elena Quispe, the General Secretary of the Federation of

Workers of La Convención and that the person who had been sitting in front of me in the taxi and joking beside her was Santiago Aguilar, the General Secretary of FEPCACYL. She immediately introduced me to Santiago and the two of us began chatting and carried on in the taxi after someone had obligingly lent the driver a wheel. Eventually Santiago said, 'why don't you get off with me before Quillabamba and come and stay at my house in Ccochapampa for the weekend and then I will take you to FEPCACYL on Monday where there is a bed that you can stay in for as long as you like?'

Quite unable to believe my ears I eagerly nodded and soon we were lugging my ridiculously over-packed suitcase up the hill from the village to Santiago's house. Even after a few weeks and without a bag I would still have to stop once or twice walking up that hill to catch my breath and so watching Santiago race up the hill with my suitcase was truly quite a sight. When we finally arrived at his house, his family came running out to greet him but stopped short to look at me with a large degree of surprise. Santiago explained the situation, adding that we were both very hungry. María (his wife) made something delicious as she always does and soon we were all on the best of terms.

After dinner Santiago showed me my bed which was actually that of his eleven year old daughter but she was going to sleep in her grandfather's house across the path. His son's bed was next to mine and Santiago and María's bed was next to that. Still dazed and confused, I did not really know what to think but in Peru that happens in quite a lot of situations and I had found that the best option was to be appreciative and act like it was all perfectly normal. I found that it was actually really good fun sleeping with a family and somewhat akin to a slumber party. We talked and watched a DVD until the last person awake turned it off. They showed me a documentary that Santiago had contracted someone to make about the coca harvest. It was really well made, but then just stopped very abruptly. Having only two days before left a very comfortable house by the sea in Lima I drifted off to sleep wondering just how I had ended up sleeping in the bed of an eleven year old beside her family, as well as whether after not having seen his wife for a few days conjugal rights would be claimed.

One thing Santiago had failed to mention was that in Ccochapampa everyone gets up at 6:00 a.m. and no shirkers are allowed. After breakfast we went straight out to the hills to begin work. As it was August, everyone was picking coffee beans and Santiago had ten people waiting for him when we got to the field for 7:00 am and, given that it was Saturday, his kids were helping as well. I asked him how much the adults were being paid and he explained the reciprocal labour system of *ayni* to me (see Ch. VII), which took me a while to get my head around. Before beginning work Santiago had to hand out a bag of coca and cigarettes for anyone who wanted one. The juice from a quid of coca will last for about two hours and so each quid marks the breaks in the day. Once everyone had formed a nice quid

(apart from the kids) a coffee bush was chosen from where to hang the radio and everyone chose a bush to begin picking somewhere nearby. Generally, next to the bush being picked by the person someone was talking with, or wanted to talk with.

After spending the first weekend at Santiago's house, I had decided that this would be the perfect place to conduct my research. The only problem was that there are no hostels, places to eat or anything else of that description in Cchochapampa. Indeed, there is only one ludicrously expensive satellite telephone that simply exists for the sake of receiving calls and of course mobile phones get no reception. Yoni - (Santiago's cousin) who ran one of the village's 'shops' - mentioned that her husband might know of a room but when I saw it, a filthy bare storage room facing out onto the street, I balked at the thought of spending months in such squalor being peered in upon by all and sundry. As I disconsolately huffed and puffed my way back up to Santiago's house I thought of his father, Andreas, who lives across the path from Santiago. I mentioned this to Santiago, who in turn spoke with Andreas and soon Andreas was showing me a spare room that he could lend me a table and a bed for. It had a light and even a plug and so I was over the moon. Moreover, I had wanted to live with someone old enough to be able to tell me about the area's history and for that there are few better than Andreas.

Andreas was born nearby when Cchochapampa was part of the Santa Teresa *hacienda*. As a young man he joined with Hugo Blanco to help end that system and force the agrarian reforms. Most of his friends (now the village elders) were forced to spend some years in El Frontón (the Peruvian version of Robben Island off the coast of Lima) but Andreas always managed to escape, sometimes spending days on end in the cold mountains and picking up food in locations arranged with his wife. After riding the *hacendadoo* out of the area Andreas and his wife cleared an area in the forest, built a house from adobe and settled down to raise a family of five. In 1998 his wife was out one day in the fields when a landslide carried her away and all he ever found of her were some items of clothing under a mountain of debris in the river 1000m below. Today three of his children including Santiago live in or around Cchochapampa and there are always grandchildren running around the place. Andreas turned 70 in November 2009, but he looks much younger and works like he is still in his prime. In the evening he likes nothing more than to sit outside, converse and chew coca.

Thus I had been very fortunate in finding such a location from which to engage in participant observation ethnography in terms of spending an extended period of time in a certain social setting, listening to people, asking questions and taking notes of events, thoughts and experiences. However, soon I found it practically impossible to touch on certain subjects. For example, it was widely recognised that the informal market for coca surfaced during the dry season but nobody knew anything about this subject. This was easily

understandable given the illegal nature of the activity but it still hurt a bit when I thought we had become quite close.

Then there were other areas that were not so easy to comprehend. For example, Santiago was asked to provide some information for a report written by Ricardo Soberón that was to be read by Ismael Benavides who had been the Minister of Agriculture when the report was completed. It was sent to the ministry but before Benavides got a chance to look at it he was removed from his post and the report was put to the bottom of the pile and given no attention by the incumbent. It had been agreed upon at a Dialogue Table in Cuzco in 2007 that the report would be written detailing the reasons for why the coca leaf should be removed from the UN Scheduled List 1, and that this report would be given consideration by the cabinet. I had known nothing about this report but was very pleased to hear that it contained lots of information I felt would be relevant to my study. Santiago was very proud of the report and assured me that it would be no problem for me to make a photocopy of it when the time arrived. Yet, whenever I asked Santiago if he would mind if I went to make a copy, there would always be some reason for why this was not possible on that particular day. Eventually he ended up saying that he would need the permission of his bases before he could do anything. It was quite obvious that he did not want me to have the report.

This left me in something of an ethical dilemma in regards to accessing the report. Given that I knew it was written by Ricardo and I had his phone number, I also knew that there would be a good chance of gaining access to it upon my return to Lima. But, if Santiago had not wanted me to read it for a particular reason, did I have any right to go against his wish and do so? But, if it was not for my eye it would have to be very interesting. And if it was harmless I felt quite hurt, for we had become quite close I thought and this was a stark reminder that I was just like any other tourist. In the end my curiosity got the better of me and I confirmed that I was just like any other tourist and phoned Ricardo when I got to Lima. Ricardo laughed as the report is utterly innocuous but the episode was indicative of the difficulties of becoming fully embedded as a participant observer.

Another ethical dilemma occurred when a rumour spread in the village after a few months that the purpose of my visit was actually to seek out cultural artefacts with a metal-detector, and worse still that Andreas was in cahoots with me. I only learned about this when Andreas returned from a village assembly one night and brought me the news. Now obviously I was more than willing to do whatever I could to not let Andreas fall victim to such slander but I was unsure as to what was the best means by which to proceed. If I was to simply scarp this would confirm in the eyes of many that it had been the truth. If I stayed, others would say that they were being looted. It was Andreas' opinion that the best thing to do would be to deposit a photocopy of my passport with the village council and then they would be assured that if anything occurred then they could track me down. Thus I took

Andreas' advice and did this but I now knew that an air of suspicion cloaked my presence. This was reinforced for people when I was seen conversing with the representatives from ENACO. I needed to speak with these people for the purposes of research, but in the eyes of some I was obviously working for the government and had been planted as a spy in their community. This became increasingly frustrating when it got to the stage whereby I noticed that people were wary of being seen talking with me even though I would be asking completely harmless questions such as the Quechua terms for various stages of the production process. The means by which I partially resolved this problem was by conducting research in Huiro so as to demonstrate that these were my real motivations and also talk about how helpful and friendly the people were in Huiro and hope to incite a bit of inter-village rivalry for the sake of obtaining answers to completely innocent questions.

The above in no way does justice to the manner in which I was made to feel welcome as a person from the other side of the world suddenly arriving in a small village for six months. It is simply intended to highlight some of the methodological difficulties that would be encountered in any such situation, although especially one relating to a subject as contentious as coca. In such a context it is remarkable that they showed me the warmth that they did because for them I was just some strange foreigner who turned up out of the blue.

Generally the day was divided up between participant observation in the fields in the morning, reading in the afternoon and then conversations in the evening. Generally I made a mockery of the supposed benefits of participant observation through my exceptionally poor level of spoken Quechua and the degree to which I had to slow people down so as to ask them my intruding questions. Often coca harvesters would not be long in leaving me far behind as they sped along the terraces. Nevertheless, I did come across various topics to seek clarification upon in the evening and I felt better thinking that I had at least earned my lunch when it arrived. After lunch I would usually write down the things I felt I had learned that morning and the questions that had consequentially arisen before reading from my overpacked suitcase. After dinner, evening would generally be spent chatting with Andreas or people in the village outside of the 'shop' where they would often congregate. Because coca loses so much of its weight when it is dried, the weekends were the best time to investigate questions surrounding labour relations and productivity as this was when the coca was sold to Enaco and so the weights of the amounts gathered and prices paid were obvious, while the quantity and type of labour that had been required were still fresh in the minds of the seller. People may have exaggerated the number of those involved so as to make their positions sound more difficult than they actually were and thereby add weight to the argument that ENACO should pay more, however, usually I had either worked with them in the mornings or had seen them on my wanderings around the village.

Following the fieldwork stage of the thesis I reluctantly returned to the UK and

practically moved into the wonderful Rare and Old Books section of the British Library for six months. The staff did absolutely everything they could to help me quickly locate whichever book I needed despite a few raised eyebrows that most seemed to be either about cocaine or chroniclers' accounts of the Spanish colonisation of Peru. After London, I returned to Scotland for six months to begin the write up period properly where my mother and step-father fed me well and kept me sane while the University of St. Andrews were kind enough to let me consult their library. For the last six months I returned to Liverpool so as to be under the supervision of John Fisher, be with people going through the same process and have access to the superb Latin American studies section of the University of Liverpool's library.

II

The Commodification of Food

Introduction

This chapter aims to present the overall contours of contemporary agrarian capitalism and the recent developments by which we have arrived at this state of affairs, as well as the detrimental consequences for the peasantry. As such, this chapter considers various factors such as the shrinkage in the diversity of food crops consumed, the ‘Green Revolution’, the ‘Livestock Revolution’ and the ‘Genetic Revolution’ and the manner in which they have served to further minimise the percentage of each food-dollar that remains at the farm. Today much more of the average food-dollar is instead concentrated at the levels of input manufacture and the operation of distribution, processing, packaging and retail.

Although many of these consequences can be seen as a natural by-product of technological developments in an era of advanced capitalism, it is argued in this chapter that political factors have also been of fundamental importance. Most notably these include the means by which developing countries were forced to open their economies to subsidised agricultural imports through the structural adjustment loans and programmes adopted during the debt crisis of the 1980s. These became further legislatively embedded in the 1990s through the creation of the multilateral World Trade Organisation in 1995 and the Agreement of Agriculture.

The consequence for national food sovereignty is that countries have become increasingly food import dependent. Meanwhile, the peasantry has been further pushed into the swelling ranks of the ‘surplus humanity’, operating in the statistically non-existent informal economy and living within the expanding ‘planet of slums’. As such, this chapter aims to delineate the international political and economic changes that have rendered the cultivation of illicit crops as one of the last areas within which the principle economic mainstay of the vast majority of humanity since settled agriculture began seven or eight thousand years ago is being maintained. Illicit crops are impenetrable to large-scale commercial farming.

Diminishing diversity and factory farming

For Bernstein there are two essential elements for understanding the manner in which capitalist agriculture shapes the global food economy:

The first is the drive of technical innovation to *simplify* and *standardize* the conditions of agricultural production: to reduce the variations, obstacles and uncertainties presented by natural environments to approximate the ideal of control in industrial production . . . The second, and related feature, is the increasing *integration* of farming by capital concentrated upstream and downstream of production on the land.

It is estimated that there are between 300,000 and 500,000 species of flowering and cone bearing plants of which about 250,000 have been identified and 30,000 are considered edible. Of these, around 7000 have been cultivated or gathered for food by humans at some point in our history. Over the course of the twentieth century this diversity has shrunken massively. Today, 95 per cent of humanity's plant-based protein and calorific intake derives from just thirty crops. The top ten (bananas, maize, millet, rice, sorghum, soybeans, sugar cane/beet, sweet potatoes, wheat) account for more than three quarters, with the 'big three' cereals (maize, rice and wheat) constituting more than half (UN Food and Agricultural Organisation [FAO], 1997: 14).

Since the 1960s yields have risen spectacularly through the increased use of fertilizers, pesticides, fungicides, improved crop management and the manipulation of plant genetic resources to breed new varieties. Collectively, these innovations are known as the 'Green Revolution' and it is thought by the FAO that 'without which it is unlikely that the food needs of rapidly expanding populations would have been met' (1997: 29). Nevertheless, these rising yields have not been equitably distributed. At a global level, between 1961 and 1993 yields of wheat, rice and maize, respectively, rose from 1 to 2, 2 to 3.5 and 2 to 3.5 metric tonnes per hectare (MT/ htr). However, these levels were often just above or sometimes less than the original levels in the more productive regions. For example, in Western Europe wheat yields were already two MT/ htr in 1961. By 1993 they had risen to 5 MT/ htr. Similarly, in East Asia rice yields over the period rose from 2.5 to 5.5 MT/ htr and in North America maize yields rose from about four to peak at just under a staggering 8 MT/ htr (FAO, 1997: 413-420). Nevertheless, increases in yields in developing countries for each of the big three, as well as for other crops, are expected to continue, although at a slower pace (FAO, 2002: 47). The most rapid increase among all crop sectors since the 1970s has been within oil crops and in particular soybeans (FAO, 2002: 3). Soybeans are promoted as a food so bounteous in protein that they could potentially save people from starvation, yet 'very little of the world's soybean crop is used as anything but animal feed' (Ridgeway, 2004: 116). Farming in temperate regions (Argentina, Australia, southern Brazil, Canada, Europe, New Zealand, the former Soviet Union, the United States,

Uruguay and parts of the developing world) has undergone dramatic changes as a consequence.

This agrarian domination by cereals and soybeans are inseparable from increased livestock production and the 'meatification' of diets. The Green Revolution of the 1960s was followed by the 'Livestock Revolution' of the 1970s, although whereas the former was supply drive, the latter was built on demand and consequently had different effects upon existing production and distribution systems, not to mention the environment and public health (Delgado *et al.*, 1999: 1). Livestock cover one third of the earth's surface and two thirds of its arable land. Global meat production has increased fivefold since the 1960s. Given that the population has more than doubled since then, this means that world meat production per person has also more than doubled over the period (Nierenberg, 2005: 7-11). From 1970 to 2000 fish production also practically doubled from 65 to 125 million tons, outpacing the rate of population growth which rose from 3.5 to 6 billion over these decades (FAO, 2002: 6-7; UN, 2004: 5).

In industrialised countries people consume an average of 80 kilograms of meat each year compared with only 30 kilograms per person in developing countries. Nevertheless, the rise in the latter, since the 1970s, has been almost triple that of the former and increases in both are expected to continue (Nierenberg, 2005: 10). The rises are particularly steep in parts of industrialising Asia, the Near East and Latin America. For example, although the United States is the world leader in levels of obesity, at a close second is Mexico where at, 70 per cent, there are already a higher proportion of merely 'overweight' adults. Furthermore the problem is growing quite rapidly. In 2006, 27 per cent of Mexican primary schoolgirls were overweight compared with 20 per cent in 2000. After childbirth, diabetes linked to obesity is the principal cause of hospital admissions (Economist, 2010a). For the first time in the history of humanity, we are just turning the point whereby the number of children suffering from obesity is greater than those suffering from hunger (ICFF, 2007: 82-83). On average, meat consumption in the developing world grew by 70 million tons between the early 1970s and the mid 1990s, which was triple the rate of growth in industrialised countries. Again these figures are expected to continue to rise. Even in the world's very poorest region in sub-Saharan Africa demand for meat is expected to double its 2004 level by 2020 (Nierenberg, 2005: 7-11).

Similar to crops, livestock production is also composed of a 'big three' with 93 per cent by volume (265 million tons) derived from cattle (25 per cent), chicken (30 per cent) and pig (38 per cent) (Nierenberg, 2005: 10). This is a consequence of rising incomes and so poultry is expected to continue to lead the growth in meat production on account of its general lower price. By 2030 it is estimated that in transition countries 96.5 million tons of poultry will be produced compared with 8.2 million tons in 1979-1981 (FAO, 2002: 92).

Global figures of livestock populations fail to take into consideration the smaller 'turnover time' needed by industrial techniques to bring the animal to slaughter. Confined Animal Feeding Farms (CAFOs), otherwise known as 'factory farms', were first developed in the U.S. though the model has relatively recently been exported. At a global level of production, in 2007 CAFOs accounted for 74 per cent of poultry, 68 per cent of eggs and 50 per cent of pig meat. Fish is also increasingly being factory farmed, with one third of the harvest ground up into fish meal and fed to livestock (Weis, 2007: 20). The substantial increases in energy and food prices over 2007 and 2008 forced the FAO to revise its original prediction for when factory farmed fish would constitute more than fifty per cent of production. As written in the forward to the 2008 *State of the World Fisheries and Aquaculture*: 'A milestone may be near. After growing steadily, particularly in the last four decades, aquaculture is for the first time set to contribute half of the fish consumed by the human population worldwide' (FAO, 2009a: iii).

Factory farmed food is generally marketed to the wealthier segments of the domestic market or exported. Consequently, CAFOs are usually based near cities where they compete for the water supply of the growing suburban slums to be discussed later. The FAO recently noted that industrial livestock production in developing countries 'has grown twice as fast as that from more traditional mixed farming systems and more than six times faster than from grazing systems', a trend which it expects to continue (2002a: 6) .

Approximately 10 per cent of global agricultural production is exported. This 'world market' is generally composed of exchanges of surpluses of meat and cereals between TNCs located in the temperate countries mentioned above. These industrial surpluses – which are sold at a price bearing little resemblance to the actual economic or environmental costs – generally set the global market price for food supplies (Rosset, 2006: xx, 132). As such, the farm gate price received by a peasant farmer in a distant LDC for meat, cereals or milk is determined by exchanges between TNCs based among only a fraction of the global agricultural population. Between 1960 and 2000 the 'real' price of the 'big three' cereals fell by more than half, as they did for all agricultural commodities in general (FAO, 2002: 12).¹⁰

In the US, in the 1960s, the average citizen spent one quarter of their earnings on food (including meals out). By 2000 this figure had fallen to an average of one seventh. Consequently, rises in the prices of agricultural commodities over the past decade would not affect the US consumer as severely as they would have done in the 1960s. Unfortunately, the situation is not the same elsewhere. In poor countries food accounts for half or more of the consumer price index and over two thirds in Bangladesh and Nigeria (Economist, 2003). Hence the riots mentioned earlier.

¹⁰ Calculated in constant 1990 US\$ using 1990 as an index of 100.

The grain-livestock complex constitutes by far the largest proportion of global agricultural trade and is dominated by a small number of countries. In 2004 the main cereal exporters were Argentina, Australia, Canada, the E.U. and the U.S. which together constituted roughly 70 per cent of all cereal exports (Weis, 2007, 21-2). The FAO predict that the rise in demand for cereals in the developing world will outpace rates of growth of domestic production. By 2030 the developing world will have increased their net cereal trade deficit to 265 million tons compared with a deficit of 103 million tons at the turn of the millennium and of 66 million in 1980 (2002: 10). Two thirds of maize exports derive from the U.S., followed by Argentina: 60 per cent of the total exported is used as animal feed. Soybean is almost entirely used for animal feed and is an export market dominated by the U.S. and Brazil. 90 per cent of rice is cultivated in Asia with only a limited amount exported at present. Together, China and India produce about 30 per cent of global cereal output although again only a limited percentage is exported due to preoccupation with domestic food security (Weis, 2000: 22).

More disconcertingly yet, by 2030 the countries of the developing world are expected to have increased their net meat trade deficit to 5.9 per cent of consumption compared with deficits of 1.2 per cent in 2000 and only 0.2 per cent in 1980 (FAO, 2002: 10). Global meat exports are also very concentrated with approximately three quarters deriving from Australia, Brazil, Canada, the EU and the US. Brazil is expected to see the largest increased levels of growth in the near future. This entails rising food import dependency for the world's agricultural population where the highest levels of poverty and hunger are already found (Rosset, 2006: 5). The very poorest regions are also those where rates of population growth are expected to be highest in the next few decades. In 2030 one in three people born in the world are expected to be a sub-Saharan African, rising to two in five by 2050 (FAO, 2002: 16). Thus these areas are also likely to become those most vulnerable to global price fluctuations.

Agricultural deficits may represent falls in national food security although it was contended that this need not necessarily be the case by neoliberal advocates of the International Monetary Fund (IMF) or the World Bank structural adjustment programmes (SAPs). It was argued that trade liberalization 'disciplines' national economies into food security by forcing them to concentrate on the products in which they hold a comparative advantage. By doing so, it was believed they would generate foreign exchange to pay for imports that sell for cheaper than if produced domestically (the neoliberal approach to food security will be discussed in greater detail later).

However, many countries have been forced to endure continuous declines in the terms of trade, bringing tropical commodities to their lowest prices for decades, with most worth less than half of their value only twenty years ago. Moreover, those traded most have

seen the sharpest price declines. In terms of US\$ per ton with prices adjusted for inflation, in 2002 the commodity prices of sugar, cocoa, coffee and tea respectively stood at 22.8 per cent, 19.2 per cent, 14.2 per cent and 47.3 per cent of their levels in 1980. Nor were the price declines evenly sequenced. Only between 1997 and 2001 the prices for cocoa, coffee and tea (beverage commodities) fell by 71 per cent. The average drop in prices for all food crops between May 1996 and April 2002 equated to 38 per cent. Given that in highly indebted poor countries (HIPCs) approximately 80 per cent of all exports are agricultural it is they who suffer most. This is especially the case when it prevents them from achieving debt sustainability targets set by the international community as it disqualifies them from any potential debt relief.

In some countries these exports are concentrated on one or two commodities. In Côte d'Ivoire 45 per cent of export income derives from cocoa; in Chad 59 per cent comes from cotton; in Malawi 63 per cent is based upon tobacco; while 63 per cent of Ethiopia's and 84 per cent of Uganda's export earnings are dependent upon coffee. The fundamental reason for these price drops is oversupply. Unlike in manufacturing where a factory owner would suspend operations if the price for their produce fell below a certain level, in agriculture most farmers have no other income sources and must simply increase levels of production in an attempt to reach the same income level. This sparks something of a 'race to the bottom' with many of these markets appearing to be locked into a permanent state of oversupply. This overall process wherein millions are consigned to a life of increasing poverty, rising unemployment and flight to the cities is known as the 'tropical commodities disaster' and it is no coincidence that it has arisen upon the advent of the spread of SAPs (Robbins, 2003: 1-15).

Through the dumping of agricultural surplus at below the costs of production and SAPs many countries are becoming import dependent upon the world's "breadbasket" regions. The FAOs 88 low income food deficit countries already spend half of their foreign exchange on food imports (McMichael, 2000:23). As mentioned above, the FAO believes that these patterns of agricultural trade are likely to deepen over the coming decades. By 2030 it is estimated that developing countries will be producing only 86 per cent of their cereal needs and that imports will rise by a factor of two and a half of their levels in 2000. This will be accompanied by nearly a six fold increase by 2030 of meat imports in developing countries, and a doubling of imports of milk and dairy produce (2002: 10). The rise in meat imports will be kept in check by both a greater number of animals and, more significantly, increasing productivity. The number of cattle and buffalo, sheep and goats, and pigs are expected by 2030 to respectively rise by 24, 32 and 22 per cent upon their levels in 2000. These figures appear insignificant when compared with the levels of value added by industrial livestock production via CAFOs. For example, in 1999 the average yield of beef

per animal was 168 kg in developing countries compared with 284 kg in industrial countries, while average yields of milk were 1.1 and 5.9 tonnes per cow per year respectively. Such figures highlight the extent to which rising levels of income and urbanization is expected to 'meatify' diets in newly industrializing countries.¹¹

Although mixed farming systems (wherein livestock are used as the source of manure and draught power) still predominate in developing countries, in recent years industrial livestock production has grown at twice the speed of traditional mixed farming systems and six times that of grazing systems. Furthermore, the 'turnover time' of the former is much faster than either of the latter. For the estimated 675 million rural poor whose earnings depend upon livestock these developments pose a severe threat (FAO, 2002: 60). In an extremely uneven global food economy beset with subsidised competition, dietary shifts and increased input prices, small farming becomes much less economically viable bringing about a process that is referred to as 'de-peasantization'.

The Agrifood System

Today 29 per cent of the world's economic activity is conducted by the top 200 Transnational Companies (TNCs), with those of the top ten exceeding the Gross National Product (GNP) of the world's smallest 100 GNPs (Weis, 2007: 70). It was once thought that agriculture would be relatively immune from the monopolising tendencies of capital given its unique spatial and biological character, but many of these barriers have been successfully overcome through the construction of the agrifood system and the consequent control over both inputs and outputs as commodities. Although farming is obviously still an essential step in the entire chain of agricultural production today it:

accounts for only about 10 percent of the value added in the agrifood system, with 25 percent of the food dollar paying for farm inputs and the remaining 65 percent gained by transportation, processing, and marketing that converts farm products into consumer commodities. At the beginning of the century the value added on the farm was around 40 per cent of the total food dollar, and many of the inputs were produced directly on the farm in the form of seed, draught animals, feed for the cattle, manure and green manure for fertilizer, and family labor (sic.). For the most part these inputs are now purchased in the form of commercial seed, tractors, fuel, refined or synthesized chemical fertilizers, and machinery and manufactured chemical substitutes for labor (sic.). Thus, it is the production of farm inputs and the transformation of farm outputs that have provided an opportunity for industrial capital to capture profits in the agricultural sector (Lewontin, 2000: 95-96)

¹¹ India's meat consumption is likely to be restricted by cultural factors and low income levels, although the increase in the levels of consumption of dairy products is expected to continue (FAO 2002: 59).

TNCs now play the dominant role within the agrifood system through integrating the production chain from seed to (super) market. As we shall see later, governments lost their sway in the 1970s.

Upstream

As farms were transformed into external input dependent units, possibilities arose for capital to control the production side of agriculture. The commodification of the seed was, as well as being a direct source of profit, a means of securing the role of other complementary inputs and thereby provided the surest ways to insulate capital from a reversal from these turn of events in its favour. Kloppenburg describes the significance of the seed as follows:

. . . a seed is, in essence, a packet of genetic information, an envelope containing a DNA message. In that message are encoded the templates for the subsequent development of the mature plant. The content of the code crucially shapes the manner in which the growing plant responds to its environment. Insofar as biotechnology permits scientific and detailed ‘reprogramming’ of the genetic code, *the seed, as embodied information, becomes the nexus of control over the determination and shape of the entire crop production process* [emphasis in the original] (2004: 201).

Nevertheless, the path to the commodification of seeds is strewn with considerable challenges. Until the 1990s it was legally impossible to patent seeds as private property upon the basis of intellectual property rights over scientific knowledge. Traditional seed varieties developed over millennia of selective breeding, both deliberately and not. Enhanced seeds research was initially conducted by public agencies and quasi-public international organisations in the interests of the common good. Although still playing a role, these organisations have been progressively sidelined since the invention of hybrid breeding of maize in the 1920s enticed private capital investments. Suddenly the seed became both a means of production and a product. In 1933 approximately 0.5 per cent of US corn derived from hybrid corn seeds. By 1945 the figure had reached 90 per cent. As such, the retail companies can keep secret the parent lines to ensure that the seed produced is not suitable for saving and replanting so that the farmers must return to them to buy more of their higher yielding seeds (ICFF, 2007: 85; Seabrook, 2007). However, there is a very big difference between keeping parent lines secret and intellectual property rights over them as a result of scientific knowledge through genetically engineered ‘inventions’.¹²

¹² In Developing countries there was a justifiable moral outrage over US led attempts to patent the genetic commons of seeds. At the 1981 FAO conference in Rome it was proposed by the Mexican delegation to establish an international seed bank where seeds from national seed banks and patented seeds would be stored. Northern countries could have access only if southern countries could also have access to their patented seeds. The proposal was enthusiastically endorsed by many developing countries and at 1983 conference formed the central policy of the non-legally binding document titled International Undertaking on Plant Genetic Resources for Food and Agriculture that was signed by over 110 countries. The American Seed Trade Association was appalled by this attack on “the heart of free enterprise and intellectual property rights”. However it was contended by the South that it was

Today only one corporation, Monsanto, control 95 per cent of genetically modified (GM) seeds and the remaining five per cent are controlled by a handful of other corporations (Shiva, 2007: 36). From the viewpoint of the large agrochemical seed companies – Dekalb, DuPont, Monsanto, Pioneer Hi-Bred - in the 1980s the ‘Holy Grail’ of agricultural biotechnology was the maize seed for it was there that the commercial viability of GM seeds lay. In June 1988, Pioneer Hi-Bred patented the first commercially viable and replicable transgenic corn seed (Cummings, 2005). Pioneer Hi-Bred dominated the market for a decade until it was acquired by DuPont in 1999 for \$7.7 billion (Wall Street Journal, 1999). Today the GM corn seed market is shared between DuPont Pioneer and Monsanto (Hendrickson and Heffernan, 2007).¹³ When in 2001 the US army destroyed the Iraqi seed bank that had been located at Abu Graib, US companies were kind enough to provide the army with seeds to distribute during Operation Amber Waves.¹⁴ Of course, in their scramble to assist the poor Iraqi farmers the companies were quick to establish intellectual property rights over these seeds so that they could not be saved and replanted. In 2004 Order 81 was issued by the head of the Coalition Provisional Authority, Paul Bremer, prohibiting the reuse of these seeds by Iraqi farmers and that instead they could purchase licenses from these kind corporations in order to receive new seeds each year (Ramey, 2010: 384; Seabrook, 2007).

Weis describes the contemporary agro-input industry as ‘a complex oligopolistic web characterized by growth, mergers, takeovers, joint ventures, interwoven licensing agreements and the continual striving for market expansion’ (2007: 72). Each of these occurrences are simply stages en route towards larger concentrations of capital, wherein no firms are immune from takeovers or acquisitions. By 2004, 84 per cent of the US\$35.4 billion global pesticides market was controlled by ten TNCs; approximately half of the US\$21 billion global commercial seed market was also controlled by the top ten TNCs; and 55 per cent of the US\$20 billion global animal pharmaceutical market likewise. These were all rises on previous years (Action Group on Erosion, Technology, and Concentration [ETC Group], 2005: 3, 6). By 2008 the respective percentages had risen to 89, 67 and 63 (ETC Group, 2008: 4). Apart from the financial costs to farmers of interlinking input-dependency, the transfer of the agricultural knowledge base away from individual experimentation and

not possible to hold in higher regard the hybrid selections that brought disease resistant varieties of tomatoes, wheat or rice made by modern plant breeders, compared to those made by the first farming communities to selectively breed the varieties that held these characteristics. Freely and unimpeded for centuries these varieties were brought from the South to the North and suddenly the North was telling the South that they would have to pay for the most recent improvements (Seabrook, 2007).

¹³ Monsanto developed Bt corn in the mid 1990s which they had incorporated with a soil bacterium, *Bacillus thuringiensis*, to make resistant to certain pests making it extremely popular.

¹⁴ The bank contained ancient Mesopotamian varieties of wheat, lentils, chickpeas and other crops from the area where it is believed that sedentary agriculture was first established. Thankfully, some Iraqi scientists had already sent samples of many of the species in cardboard boxes to an international bank in Syria where they still remain. Nevertheless, many of the world’s seed banks are not suitably built for long-term storage and so are instead often referred to as ‘morgues’ (Seabrook, 2007).

consultation with other farmers will in the long term also become an avenue for further surplus extraction by TNCs. The increasing pressures upon farm output standardization will in turn reinforce incentives to cultivate using certain agro-input packages (Shiva, 1999: 37).

The development and commercialisation of GM crop varieties since the 1980s has been a major conduit for the extension of technological dependence upon agro-input TNCs. Indeed, it is 'widely acknowledged ... [as] one of the most important chapters in the recent development of global agriculture' (Buttel and Hirata 2003:1). 'Born of the passionate marriage between academia and venture capital', US agro-chemical corporations and universities (especially the University of California at Berkeley) first began researching the use of recombinant DNA technology to embed genes across species barriers in the 1970s (Kloppenborg, 2004: 16; see also Cummings, 2005;).

Many see Genetically Modified Organisms (GMOs) as 'Frankenfoods' and predict dire consequences through 'genetic pollution' such as the development of 'super-weeds' through cross pollination between GMO and wild relatives, or of 'super insects' such as those already found in the lab which are resistant to Bt toxins within 4 to 5 generations (Ferry, N. and A. Gatehouse, 2009: 401-403). To combat these issues, the lobbyists for the "Gene revolution" pitch their sale within the context of global hunger, malnutrition, and an exploding global population expected to level at 10 billion by 2050. They argue that GMOs herald the 'next Green Revolution', which other than combating food-shortages could also be used to address micro-nutrient deficiencies. Opposition to GMOs can be accused of perpetuating these injustices (Middendorf *et al.*, 2000: 109; McMichael, 2004: 137).

The view that it is distribution that is at the heart of hunger is considered 'as facile as it is incorrect' and that instead 'food production and purchasing power both need to increase in developing countries'. Furthermore, it is assumed that the economic costs of these developments are borne by consumers in wealthy countries; therefore they are in fact 'a transfer of wealth by large corporations from the developed world to the developing world'. As such, 'ethical considerations of genetic engineering of crops pale in comparisons to the ethical considerations of not improving the lives of the poor' (Chrispeels, 2000: 3, 5-6). Others contend that rather than wait and see if any 'conclusive evidence' arises for why GM crops should not be promoted we must instead respond to the 'strong argument, from impoverished communities especially, to facilitate and bring about advancements in GM crops to not only increase trade but to improve health and nutrition' (Von Braun and Brown, 2003: 1044).

On the other hand, some people believe that seed 'enhancement' has much more to do with surplus extraction than addressing hunger issues. It is argued that GMO cropland is capital-intensive, promotes monocultures and locks farmers into a dependency upon seed and chemical packages encoded to be biologically compatible with GMO cropland. As such,

their introduction is in no way seen as representing efforts towards poverty alleviation (Buttel, 2003: 8). A key source of evidence for this contention is the advent of research into the use of toxins to be inserted into genes that will kill the embryos and thereby render the plant sterile. For these 'terminator seeds', a patent was granted on March 3rd, 1998. Dundon belatedly admires the 'exquisite reasoning' behind the only argument used in their favour, which is that the usually denied 'genetic pollution' would be minimised by their use (2003: 433). The seed companies Delta and Pine Lands in association with the Agricultural Research Services of the US Department of Agriculture are leading the research into 'terminator technologies', which is 'perhaps the most blatant case of state support of private property interests to the exclusion of any public benefit' (Lewontin, 2000: 102).

Although users of hybrid seeds have long had to annually return to the companies for more seed, hybrid seeds have only been successful with a few crops and are relatively easy to replicate allowing for more companies to participate in their manufacture. Terminator genes could theoretically be applied to every type of crop and be controlled by a handful of chemical/ seed companies (Middendorf *et al.* 2000: 113). Shiva summarizes such a research agenda as 'a means for capital accumulation and market expansion . . . When we sow seed, we pray, "May this seed be exhaustless". Monsanto and the US Department of Agriculture (USDA) on the other hand, are stating, "Let this seed be terminated so that our profits and monopoly is exhaustless"' (1999: 36).

So far the commercial applicability of 'terminator seeds' have been denied. However, in the USA agro-input TNCs have been very successful in coming to dominate governmental institutions responsible for agricultural research, regulations and policy such as the USDA, the Food and Drug Administration (FDA) and the Environmental Protection Agency (EPA) by operating a revolving employment door. Consider for example Michael Taylor who went from being a lawyer for Monsanto to heading policy development at the FDA where he removed any negative references regarding the effects of bioengineering from policy statements. He then moved on to the USDA where he was in charge of food safety and biotechnology before returning to Monsanto where he was promoted to vice-president (Cummins 2005). During the Bush administration the very Secretary of the USDA, Ann Veneman, had served on the board of the biotech company Calgene, which was later taken over by Monsanto. Needless to say, she stacked the USDA's top positions with people who had previously held top positions in, or very close ties with, agribusiness companies. Examples include her Chief of Staff Dale Moore, her Deputy Secretary James Mosely, her Deputy Under-Secretary Floyd Gaibler, and the list goes on (Mattera 2004: 4). Even the Secretary of Defence Donald Rumsfeld held close ties with Monsanto as he had previously been the Chief Executive Officer (CEO) of the Pharmaceutical company G.D. Searle & Co. when it was acquired by Monsanto in 1985. After having difficulties finding a

buyer Rumsfeld's stock and options were handsomely valued at \$12 million (National Farmers Union [NFU], 2008: 6). In the 1990 federal election cycle the agro-business sector contributed \$20.6 million. By 2000 this had increased to \$54.4 million. When George Bush was fraudulently elected president in that same year, a frightening 74 per cent of contributions to the Republican Party had come from the agri-business sector (Mattera, 2004: 13). Such 'contributions' were of course made with the expectation of forms of recompense and these were duly paid.

In regards to GM foods, the USDA has been the leading 'public' proponent. As soon as Ann Veneman entered the USDA as Under Secretary during the first Bush administration she announced that one of the first GM foods to come to the shelves and made by her previous employer, Calgene's FLAVR SAVR tomatoes would no longer be regulated. However, to the frustration of US agribusinesses, while US consumers were unable to escape from being used as guinea pigs the same was not the case elsewhere. Before the adoption of GM corn, in 1994-1995 the US supplied 82 per cent of the corn imported to Europe. Over the period 2003-2004 the US exported no corn to Europe. As a consequence of oversupply, domestic corn prices have plummeted. Meanwhile, US taxpayer's money has been used by the USDA to oversee 39,660 genetic engineering test sites between 1987 and 2002 and in offsetting the costs to private capital of research into 'terminator technology'. Taken together, it is estimated that in 2004 the cost of GM foods to US corn farmers alone was around \$15 billion. On May 10th 2004 Monsanto had to reluctantly announce that in effect it was abandoning the attempt to sell GM wheat (Mattera, 2004: 26-27). As will be shown later, this corporate-state nexus is also highly visible on the output side of food production and within the field of trade negotiations.

Such a supportive regulatory framework provides the background against which agro-input TNCs must attempt to juggle their legal dichotomy presented by patent claims to intellectual property rights: either GMOs are innovations sufficiently different from traditional crops thereby substantiating environmental concerns, or they are similar enough to traditional crops to allay these concerns, but insufficient to claim patents. Other than in the USA, agro-input TNCs have also been successful in having their interests represented in developing countries, principally Argentina, China, South Africa, India and Brazil (Buttel and Hirata 2003: 1).

Once patent rights have been established even those who have not used such patents can be prosecuted in the name of proprietary infringement. This was strikingly demonstrated in the Canadian case of the canola rapeseed farmer *Percy Schmeiser versus Monsanto Canada, Inc* (2004). Through the uncontrollable drift of seeds, Schmeiser's non-GM fields had been genetically polluted. Monsanto filed a patent infringement suit against Schmeiser for seed theft and wanted damages of \$400,000. Schmeiser argued genetic pollution but the

Canadian Supreme Court ruled 5-4 that regardless of how the seeds entered his fields they were still the property of Monsanto (Carolan 2010: 121-123).¹⁵ So far GM seeds have become deeply embedded in the production of maize and soya bean in only a handful of countries, elsewhere (and especially in Europe) they have been resisted and have become a key point of contention in multilateral negotiations concerning agriculture, as will be later discussed.

Downstream

A growing share of money spent on food is received by processing, distribution and retail companies which until the 1970s primarily focused upon regional and national markets though now are increasingly global (Lyson and Lewis Raymer, 2000: 200; Lewontin, 2000: 95). The concentration of capital within agro-food companies has occurred through the food system becoming increasingly integrated primarily via horizontal and vertical integration as well as cross-subsidization.

Horizontal integration takes place when small local firms become profitable and expand geographically through mergers and acquisitions or by building new plants to become regional or national suppliers. To the degree that they continue to specialize in a specific stage of the production process the integration is horizontal, although this stage can be expanded to include other products, such as the slaughter of pigs as well as chickens. In the US, over the course of the second half of the twentieth century the same pattern of fewer and larger firms gaining an increased market share has taken place in each of the various stages of food production. In the 1990s the pattern became global. No firm has been safe from being absorbed by the increased concentration of capital but the point is simply that capital has continually concentrated. For example, in the US almost one third of broiler chickens (chickens produced for meat) are produced and processed by Tyson. In the didactic simile of Heffernan:

Like the narrow opening of an hourglass which controls the flow of sand from the top to the bottom, the processing firms are positioned between the thousands of producers and millions of consumers in the United States and the world. These firms have a disproportionate amount of influence on the quality, quantity, type, location of production, and the price of the product at the production stage and throughout the entire food system. The only stage in

¹⁵ Although he had lost the case, Schmeiser was not ordered to pay damages. The following year, the indeterminable 77 year old found more GM canola on his land. He pulled it out himself and sent Monsanto a bill of \$660 to cover the costs of removal. Monsanto offered to pay but on the condition that Schmeiser sign a release that stated that he would not talk about the terms of settlement. Schmeiser refused to be gagged and launched a small claims file against Monsanto. On March 19th 2008 Monsanto agreed to pay the bill in an out of court settlement (The Globe and Mail (Canada), 2008).

which a set of firms begins to equal the economic power of the food processors is the retail stage, which is also becoming more horizontally integrated. The interface between the processing and retail stages is currently where the giants of the food system interact (2000: 66).

Vertical integration occurs when a company branches out to different stages of the production process such as producing seeds, agrochemicals, feedstuffs, slaughter, distribution and retail. Consequently, for example, many ranchers end up selling their cattle to the same people they bought the feedstuffs from. When the food system was primarily concerned with subsistence, the farmer controlled each stage from seed to plate. As cities grew and the food system became increasingly commercial, the stages between seed to plate became the vertically integrated preserve of competing firms that now aim to expand their horizons across the globe. After Tyson, the second largest broiler producer and the largest turkey producer is ConAgra. ConAgra is also one of the largest distributors of agricultural chemicals and fertilizers, and in 1990 it entered the seed business. ConAgra owns 100 grain storage facilities, 2000 railroad cars and 1,100 barges. Even by the time the poultry reaches the shelves it is still the property of ConAgra under the brand names Country Pride, or as the more value added TV dinner labels Banquet or Beatrice foods. After Phillip Morris, ConAgra is the largest food firm in the US and has operations in 32 countries (Heffernan, 2000: 68-71).

Cross-subsidization is applicable to both horizontal and vertical integration. If for example a firm was to horizontally expand into another region, produce can be sold at a loss in one arena until competitors that have not horizontally integrated are priced out of the market. Similarly, if a firm is vertically integrated into processing and distribution then it could suffer losses in distribution until non-vertically integrated competitors only hope for survival is through merger. Of course cross-subsidization is contingent upon another firm not trying to cross-subsidize you in the market that is profitable enough to absorb the losses, which is why it is better to integrate horizontally and vertically into as many sectors as possible. Another means by which companies are increasingly cross subsidizing is by expanding into other national markets. As global trade barriers are reduced - such as through the establishment of the European Union (EU), the North American Free Trade Agreement (NAFTA), the Dominican Republic and Central American Free Trade Agreement (DR-CAFTA), the Common Market of the South (MERCOSUR), the Free Trade Area of the Americas (FTAA) and the Association of Southeast Asian Nations (ASEAN) - animals can be bought in one country, fattened across the border, and taken back over the border to be slaughtered before crossing the border again to be distributed. Such circumstances make it very difficult to establish the end product's country of origin and seriously erode the ability of national governments to exercise control over their national food system. Many TNCs involved are actually conglomerates. For example, the largest agribusiness in the US and the

second largest in the world is Phillip Morris, usually associated with cigarettes. Phillip Morris also own Kraft General Foods, Maxwell House coffee, Miller Beer, and Oscar Meyer meats. In the US, of every dollar spent on food 10 cents ends up in the bank account of Phillip Morris (Lehman and Krebs, 1996). Similarly, the largest producer of European livestock feed is British Nutrition who are owned by British Petroleum. Likewise, Mitsubishi are one of the world's largest processors of beef, auto manufacture and banking (Heffernan, 2000: 71-75).

In 1970 US\$6 billion was spent in the USA in fast-food chains but by 2001 the figure had reached US\$110 billion. The US population spend more money on fast food than the cinema, books, magazines, newspapers, DVDs and recorded music combined. Every day about a quarter of the US population will visit a fast food outlet. About half the money spent on food in the US is spent at restaurants of which the vast majority are for fast food. A mere generation ago, three quarters of the food bill was used to purchase foods to be prepared at home. Every year McDonalds opens about 2000 new restaurants around the world. In the US McDonalds is also the largest purchaser of beef, poultry and potatoes (Schlosser, 2001: 3-4). Familiar brands selling the same produce from Bangkok to Boston obviate any fear of the unknown. Supermarket grocery sales have also risen enormously and are also increasingly concentrated. In 1993 Wal-Mart's food sales were practically inexistent (Hendrickson, *et al.* 2001: 3). Today it is the world's top grocery retailer. In 2006 Wal-Mart's global grocery sales totalled US\$312.4 billion. Its closest competitors, Carrifour (France) and Tesco (UK), respectively totalled US\$92.6 and US\$69.6 billion, huge amounts but less than half of Wal-Mart combined (Hendrickson and Heffernan, 2007: 4). Of the three, it is Wal-Mart whose total profits derive least from groceries, totalling 46 per cent compared with 74 and 73 per cent respectively (ETC Group, 2008: 22).

The consolidation of agro-food TNCs is better demonstrated at levels closer to the farm gate. In 1982, the 'four firm concentration ratio' or CR4 for US grain milling stood at 40 per cent. By 2005 the CR4 had risen to 63 per cent. For soybean crushing, the CR4 rose from from 54 per cent of the national total in 1977, to 80 per cent in 2002, with the CR3 totalling 71 per cent. Meanwhile, for maize the CR2 stands at 56 per cent (Hendrickson and Heffernan, 2007: 2-3). The figure that is thought to constitute an oligopolistic market is still open for debate. Heffernan tells us however, that 'much of the economic literature suggests that when four firms control 40 percent of the market, they are able to exert influence on the market unlike that in a competitive system' (Heffernan, 2000: 65-66). US cereal and feed crop industries are thus coming increasingly under the control of a contracting number of corporations. Meanwhile in the big three meat industries (beef, pig and poultry) growth and concentration are also more than evident. As Weis writes in regards to the poultry broiler industry:

Tyson Foods and other large meat producers control and integrate the feed mills, chick hatcheries, slaughter, processing and retail distribution, but prefer to outsource the warehousing and growing of animals to farmers, who can more aptly be called contract growers. In this system, the slaughter-packer-distributor provides the chicks and technically owns the animals while transferring the cost of the factory farm unit itself, its depreciation and upkeep (including company-mandated building upgrades), the risk of growing, the risk and cost of waste management (not only of the immense amount of manure produced, but of the significant number of animal carcasses which do not make it to slaughter) and even the transport costs to the grower, while continuing to stipulate and sell the feed and pharmaceuticals. Broiler flocks are generally turned over in six to eight weeks, and with a few large, integrated companies controlling access to the market (with the oligopolistic character of the industry even more acute for farmers at a local scale) growers are trapped in what has been called a 'captive supply' with little leverage to affect the nature of the contract and very small margins for each animal. Contract arrangements are also fast growing with factory-farm pig production, and the increasing integration between beef feedlots and slaughter and packing plants has led to different forms of contract with farmers (2007, 79-80).

In 1986 the top four US corporations controlled 35 per cent of domestic broiler chicken slaughter and packaging. By 2007 they controlled 58.5 per cent with a CR2 of 47 per cent. For pork slaughter and packaging the CR4 for the US market continually grew from 34 per cent in 1989 to 66 per cent in 2007. Meanwhile, in regards to beef the same figure rose from 72 per cent control in 1990 to 83.5 per cent in 2005 (Hendrickson and Heffernan, 2007: 1-2). On a global scale 74 per cent of poultry, 50 per cent of pork, 43 per cent of beef and 68 per cent of eggs are produced on CAFOs, and as mentioned above the point has just been passed when factory farms also account for most of the fish consumed (Nierenberg, 2005: 11-12). In the US, Tyson Foods leads in the beef slaughter and packaging markets, and is second place in regards to pork and poultry (Hendrickson and Heffernan, 2007: 1-2). Globally, Tyson Foods is the world's main meat producer with annual sales in 2005 worth US\$26 billion from operations all round the world (Nierenberg, 2005: 12).

In 2008, 82 per cent of the commercial seed market appertained to those over which intellectual property rights had been established. The top ten TNCs, who were all located in industrialised countries, controlled 67 per cent of this market. The top two TNCs, Monsanto and DuPont - both based in the US - controlled 38 per cent of the market between them. 74 per cent of global agrochemical sales were made by the top six TNCs, which included both Monsanto and DuPont. Seven of the top ten TNCs in food and beverage sales were located in the US, although number one was Nestle located in Switzerland (ETC Group, 2008:11, 15, 21). While it is difficult to measure the balance of power between agro-food TNCs and the dominant retail chains (WalMart, Carrefour, Tesco etc.), 'the basic point is that smaller entities in any part of the chain are being left out' (Hendrickson *et al.*, 2001:12-13).

Small Farmers

For Eric Hobsbawm, ‘the third quarter of the twentieth century marked the end of the seven or eight millennia of human history that began with the invention of agriculture in the stone age, if only because it ended the long era when the overwhelming majority of the human race lived by growing food and herding animals (1994: 9). By 2030 all developing areas will be predominantly urban. On a global scale, at some point during 2008 the ‘tipping point’ was reached whereupon the majority of the world’s population became urban based (UN Agency For Human Settlements Providing Adequate Shelter for All [UN –HABITAT], 2010: x, 12). The main ‘pushing’ factors behind rural-urban migration have included low rural incomes from agriculture; minimal off-farm employment opportunities; the consolidation of land owning; a move towards export rather than subsistence farming; declining soil fertility and a lack of available new land. ‘Pull’ factors include higher incomes and better employment opportunities, plus educational possibilities. From now on, 90 per cent of the global population growth will be confined to urban areas (UN Human Settlements Programme [UNHSP], 2003: 25).

The number of people engaged in agricultural activities does continue to rise in absolute terms although not in relative. In 1950, 80 per cent of humanity was involved in agriculture. By 1990 the figure had fallen to 60 per cent. In 2004 it had ‘tipped’ to 49 per cent. Furthermore, about two thirds of the income of farm households now derives from sources unrelated to agriculture and instead derive directly or indirectly from urban sources (UNHSP, 2003: 97). Nevertheless, the peasantry still constitute a very large proportion of humanity and generally that within which exist the highest levels of poverty. Therefore, the peasantry cannot yet be considered as a relic of the past and nor can ‘de-peasantization’ be considered inevitable. Writing in 1994, for Hobsbawm: ‘The most dramatic and far-reaching social change of the second half of this century, and the one which cuts us off forever from the world of the past, is *the death of the peasantry*’ (1994: 289 emphasis added). Bernstein however, admonishes us not to view contemporary peasants, small holders or small farmers as anachronisms destined for the dustbin of history. To do so ‘precludes rather than encourages investigation and analysis of exactly who, where and why “peasants” are in contemporary global capitalism’ (2000: 46). Furthermore, as Araghi rightly points out, we must distinguish ‘between two forms of dispossession of the peasantry: (1) dispossession through differentiation and (2) dispossession through displacement’ (2000: 146). Araghi concludes that the former type of dispossession occurs when states attempt to protect domestic markets from the liberalization of land by global competitive forces. Unfortunately, since the 1950s the latter form of dispossession has been far more common. This has especially been the case since the 1980s as a neoliberal economic order became

truly ascendant. Nevertheless, the close links between the two forms must also be born in mind.

Amin (2003) delineates three classes of farmers in terms of per-farmer productivity. The first are capital intensive large-scale in temperate zones totalling a few tens of millions. The second are the well positioned farmers within developing countries. They are less capital intensive than the first group, though still much more so than the third group of small holders. The third group constitute the vast majority of the global agricultural population and are almost entirely labour intensive, bereft of government financial support or credit, and increasingly also of fertile lands while tied to the rising costs of high yield seeds. In terms of per farmer output, Amin estimates that the level of the first group before 1940 was about ten times that of the third. Today it is thought to be approximately two thousand times higher (2003: 1-2).

Subsidies exacerbate these disparities in scale and technology and are completely contradictory to the tenets of neoliberalism. The world's richest countries between them spent approximately US\$235 billion in 2002 on subsidizing their own agricultural sectors (predominantly benefitting the largest farms). This was almost 30 times the amount provided for agricultural development programmes in LDCs. In 2001-2002 the US supported 25,000 domestic cotton farmers with US\$2.3 billion in subsidies. The EU did the same spending \$700 million, as did China who spent \$1.2 billion. In Burkina Faso over 2 million farmers depend upon cotton exports for their livelihoods, which constitutes a quarter of the economically active population aged 15-65. The costs of production in Burkina Faso are US\$0.47 per kg of cotton. In the US the price is US\$1.61 per kg. Nevertheless, as a consequence of the subsidies, US, Chinese and European cotton farmers increased levels of production despite falling prices, much to the detriment of West African cotton farmers and national economies. In Chad, Burkina Faso, Mali and Benin cotton accounts for two thirds of agricultural export earnings, a third of total exports and 5-10 per cent of GDPs. Similarly, in 2002 sugar production in the EU was subsidized by US\$2.3 billion so that despite the costs of production being more than double those of most developing countries the EU is world's second largest exporter of sugar. Apart from production subsidies, export subsidies for meat, dairy products and cereals also work to the detriment of small farmers in LDCs by depressing world prices and in the long term discourage investment in agriculture (FAO, 2003: 20-21; Rosset, 2006: 36-37).

Global market integration within the context of subsidized competition and long-term price declines are leading to a situation wherein, 'the magnitude of threatened dislocation is truly staggering' (Weis, 2007, 26). In the candid words of Amin:

. . . agreeing to the general principle of competition for agricultural products and foodstuffs, as imposed by the WTO, means accepting the elimination of billions of non-competitive

producers within the short historic time of a few decades. What will become of these billions of human beings, the majority of whom are already poor among the poor, who feed themselves with great difficulty. In fifty years' time, industrial development, even in the fanciful hypothesis of a continued growth rate of 7 percent annually, could not absorb even one third of this reserve (2003: 3).

Cities have become the dumping ground for this 'surplus humanity'. In today's world, the informal economy accounts for 85 per cent of all new employment opportunities. In the years 1999-2000, the informal economy accounted for roughly 42 per cent of the GNP in 23 African countries. It continues to grow and is today thought to provide in Africa 61 per cent of all urban employment. Similarly, in Latin America the informal economy constitutes 80 to 90 per cent of all new job opportunities (UN-HABITAT, 2010: xiv; 28, 55). The same pattern is evident in developing countries across the world, causing Davis to describe 'the global informal working class ... [as] the fastest growing, and most unprecedented, working class on earth' (2007: 178). This 'surplus humanity' form a reserve labour army and consequently function indirectly to keep formal wages low, fragment labour organisations and leave rural communities to be composed of aging populations. Generally they live in slums where they lack access to clean drinking water (1 billion), sanitation (2.5 billion) or electricity (2 billion). By 2050 it is expected that the number of people living in slums will increase by about 300 per cent (Magdoff, 2004: 1). In the aptly titled book by Davis, we are moving towards a *Planet of Slums* (2007).

It is sometimes argued that the advent of agrarian capitalism in Europe forced the displacement of many peasants and farmers but that this was eventually for the greater good. Over time the displacements contributed towards the creation of, 'a modern, wealthy, urban-industrial and post-industrial society with modern agriculture able to feed the nation and even export food. Why should not this pattern be repeated in the contemporary third world countries?' (Amin, 2000: 3). Amin points out that the circumstances at the time were fundamentally different for two principal reasons. Firstly, in Europe and the U.S. the transition towards agrarian capitalism was contemporaneous with a century and a half of labour intensive industrial development. Countries currently seeking to make the transition from 'industrialising' to 'developed' must make use of technologies that are far more capital intensive than earlier periods of industrialisation. Secondly, to a very large degree Europe was able to export the 'agrarian question' by packing off surplus populations to the temperate 'neo-Europes' of the 'New World' such as the U.S., Canada, South America, Australasia and South Africa. In the frank words of Cecil Rhodes in 1895:

I was in the East End of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'bread,' 'bread,' 'bread,' and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism ... My cherished idea is a solution for the social problem, *i.e.*, in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new

markets for the goods produced by them in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists (quoted in Lenin, 2004: 79).

Obviously this is not an option for countries in the Third World today, while migration is a possibility only for their wealthiest and most educated and as such constitutes little other than a 'brain drain'. As malnutrition migrates from the countryside to become concentrated in the slums so also will the potential for political unrest. In the years 1990-1995, of the countries classified by the UN as having low levels of human development 57 per cent experienced armed conflict. By comparison, among those countries classified as having high levels of human development only 14 per cent experienced the same (Pinstrup-Anderson, 2000: 132). To avoid food riots and political protest, one short-term option for governments is to further liberalize markets to access cheap imports, thereby inaugurating a vicious circle in terms of import dependency.

In 1985 Neil Young, Willie Nelson and John Mellencamp organised the first Farm Aid in support of struggling farmers mostly from the US Midwest. All three featured this year for its 25th birthday celebration, in some ways a poignant reminder of their continued struggle. In 1930 more than one fifth of the US Economically Active Population (EAP) was involved in farm related activities, by 1970 the figure had fallen to 4 per cent (Weis, 2007, 82).

In rural communities where small businesses and farms prevail, more surplus produce circulates locally than in those where large farms and corporations have more influence. Between 1910 and 1990 the farmer's portion of the total value of US agriculture fell from 41 to 8 per cent, while that of inputs rose from 15 to 24 per cent, and that of processing, distribution and retail rose from 44 to 67 per cent (Lehman and Krebs, 1996). Given that farmers rarely sell directly to consumers though buy inputs commercially, 'farming is one of the few businesses that pays retail prices for inputs and sells its products at wholesale prices' (Magdoff *et al.*, 2000: 12). Moreover, farmers are caught between rising input costs and falling farm-gate prices. Smaller holdings become less economically viable through this cost-price squeeze.

Apart from being better able to manage the cost-price squeeze via economies of scale, the largest and wealthiest farmers, or companies, also benefit most from concessions (i.e. credit and tax) and the subsidies. By subsidizing a crop, farmers can produce below the costs of production and those with the greatest area to farm benefit proportionally. Between 1995 and 2002 the US government subsidized farming by US\$114 billion. For the wealthiest 1 per cent this entailed an average annual payment of \$214,088 while the 20th percentile averaged only \$9,916. The remaining 80 per cent received much less or nothing. Likewise in Europe 1.8 per cent of the 5.2 million beneficiaries of the Common Agricultural Policy

(CAP) received €500,000 or more while 78 per cent got less than €5,000 each year (Rosset, 2006: 38-40). The result is that the large farms sell their excess produce on domestic and international markets at prices below the costs of production (otherwise referred to as 'dumping'), and consequently force small farmers, both at home and abroad, to be artificially uncompetitive and thereby forcing them from the land. In the normal year of 2002, US exports of wheat, soybeans, maize, cotton and rice were respectively sold at 43, 25, 13, 61 and 35 per cent below their costs of production (Rosset, 2006: 42).

Nevertheless, while dumping and the consequent lowering of farm-gate prices is driving millions from their land, it is not necessarily the case that this state of affairs would be drastically altered by the absence of subsidies. In a world where there has never been such hunger, it is distressingly ironic that farm gate prices are impoverishingly low simply because of overproduction and the concentration of control over agricultural markets. Whereas farmers once had a host of potential buyers that had to out-compete each other for the farmer's produce, today it is much more likely that a single corporate buyer purchases the produce throughout the region and in doing so can set the prices as low as they like in what are referred to as 'captive draw areas'. In the US in 2006 the CR4 for terminal grain handling facilities was 60 per cent and included Cargill, Cenex Harvest States, Archer Daniels Midland (ADM), and General Mills. The CR3 for corn exporting was 82 per cent and again included Cargill and ADM, plus Zen Noh (Rosset, 2006: 46). In 2007 the CR4 for beef-packing was 83.5 per cent and was composed of Tyson, Cargill, Swift & Co. and the National Beef Packing Co. The CR4 for pork packing was 66 per cent, made up of Smithfield Foods, Tyson Foods, Swift and Co. and Cargill (Hendrickson and Heffernan, 2007: 1). The further examples of corporate concentration are numerous with no sector appearing inviolate. The degree of vertical and horizontal integration is also staggering, as is the list of countries within which these corporations operate and can engage in international cross-subsidization.

In the attempt to stay afloat in the face of this double price squeeze, debts are encumbered which, in the case of crop failures, falling or persistently low prices, or high interest rates bring many foreclosures. As a consequence, countries such as the US, India and Korea have witnessed 'an epidemic of farmer suicides' in recent years (Rosset, 2006: 2).¹⁶ In the five years following the enactment of the Freedom to Farm Act in 1996, the US lost more than 90,000 farms of less than 2000 acres and gained 3,600 that were greater. Many of the resultant suicides were covered up as machinery accidents so that the families could claim the life insurance in order to try to start again (Rosset 2006: 49). While it is true that through capital intensive farming in 1998 the average US agricultural worker farmed at

¹⁶ In India alone, around 150,000 farmers have committed suicide as a result of debts contracted by attempting to keep pace with industrial farming (Shiva, 2007: 5).

58 hectares 50 times the world average, this figure average masks vast disparities (Gilland, 2002: 49).

Between 2002 and 2007 there have been falls in all categories of US farms with products holding an annual market value of less than US\$100,000 other than those less than \$2,500 which increased by just under 10 per cent. Farms producing crops with an annual market value of between \$100,000 and \$499,999 remained stable, while those earning more than \$500,000 grew by an astonishing 65 per cent. Over the same period the average market value of the produce sold increased by just fewer than 45 per cent. The number of US farms owned by corporations increased by 30 per cent, while those owned by co-operatives, estates, trusts or other institutions increased by a staggering 75 per cent. Unsurprisingly, the percentage of farmers who declared farming to be their primary occupation fell by just under 20 per cent, and those who declared something else rose by just under 35 per cent over the period (USDA, 2007: 2). 14.7 per cent of US farms are larger than 500 acres and yet hold 79 per cent of the land and account for 61 per cent of the wealth generated through the sale of produce plus government payments (USDA, 2007: 66-67).

The EU has a system of national quotas to offset overproduction. Nevertheless, the EU farm subsidies between 2007 and 2009 made up a greater share of farmers' income than they did two decades before (Economist, 2010b). Despite the accession of Eastern European countries, France remains the largest beneficiary of the EU €57 billion farm budget, of which it receives about a sixth (Economist, 2010c). This is an especially remarkable figure given that less than 2 per cent of the European workforce is employed in agriculture and 80 per cent of the subsidies go to the wealthiest 20 per cent of farmers such as large land owners and agribusinesses.¹⁷ In France, there is only a quarter the number of farms that existed in 1950. Partially on account of fears to further cuts in the CAP, between 1993 and 2004 many sold their arable farms while others expanded to remain economically viable. Consequently, over the period France lost a third of her arable farms while average size increased by over 40 per cent. Nevertheless, they remain only a quarter the average size of US farms and are subject to a regulated farm-property market which controls size (Economist, 2005). Meanwhile in regards to CAFOs they have not developed in the EU to anywhere near the same extent as elsewhere. Nevertheless, they do appear to be on the horizon. In 2009 around 480 of the UK's 13,500 dairy farmers were forced out of business for being unable to compete with large-scale imports from countries with less restrictive animal safety

¹⁷ The concentration of farm subsidies among the wealthiest 20 per cent within Organisation for Economic Co-operation and Development (OECD) countries did not occur until the mid 1990s. This coincided with huge drops in the number of Europeans employed in agriculture. Between 1980 and 2001 Europe lost half of its agricultural labour force. In the latter part of the 1990s alone, over a million farming jobs were lost (McMichael, 2004b: 7).

legislation. A further 400 are expected to leave the industry this year. At present the average size of a cattle herd in the UK is 120 (Independent, 2010).

Exporting the ‘free’ market: Structural Adjustment Programmes

Previous to World War Two most colonies or newly independent nations had agricultural trade surpluses and manufacturing trade deficits. Following the Depression and the war, the US domestic farm policy entailed effectively supporting farmers by purchasing their produce at a set price when the market price dropped below it. These subsidies, plus productivity increases through technological innovations, brought huge surpluses that the government had to find new destinations for and which it did, initially, through the policy of *food aid*. However, the 1954 American Trade Development and Assistance Act established Public Law 480 which allowed for “concessional sales” of agricultural surplus stocks in foreign currencies as grants and barter for strategic raw materials. Between 1954 and 1972, 70 per cent of food aid, generally wheat, consisted in sales. Governments in poor countries were only too keen to access cheap food imports that could help depress the costs of living and thereby make manufactured products cheaper to export through lower wages, making dreams of industrial urban modernity easier to imagine (Friedman and McMichael, 1989: 104-105; Friedman, 1990: 13-18).

To further bolster this desire, it was estimated that on average governments in LDCs transferred 10-15 per cent of the income from the rural economy to the rest of the economy simply by using state marketing boards and nationalised industries to raise the prices of items purchased by the rural poor, while lowering the prices for those they sold. Given the difficulty of implementing an effective tax system in the rural areas of most LDCs, to a degree this was understandable. Nevertheless, by manipulating the terms of trade of agriculture an urban bias was created. Effectively, poor rural producers were forced to subsidise relatively wealthy urban consumers (Lipton, 1977: 270-327). Consequently for Lipton: ‘The most important class conflict in the poor countries of the world today is not between labour and capital. Nor is it between foreign and national interests. It is between the rural classes and the urban classes.’ (1977: 13).

Modernization goals were also financed by increasing the levels of foreign exchange earnings through the promotion of agro-export production. This practice was crucial to advocates of import-substitution-industrialization (ISI). Such agro-export promotions brought greater large-scale capital intensity, expanding the agricultural frontiers, and bringing more peasants into the sphere of market relations. The ‘scissors’, however, was increased food import dependence and declining terms of trade for tropical commodities via

overproduction and the development of industrially processed substitutes such as soy oil for vegetable oil and high fructose corn for sugar (Bernstein, 2000: 35). The intensification of agro-exporting alongside urban-biased cheap food policies brought increasing levels of import dependence, especially following changes of taste towards flour and wheat. Within a couple of decades, 'underdeveloped countries of Africa, Asia and Latin America rose from being practically non-existent as importers to taking almost half of world imports in 1971 – and at their peak in 1978; they bought 78 per cent of wheat exports' (Friedmann, 1990: 20). Nevertheless, these policies were successful in raising capital in the Third World. Between 1960 and 1982 the gross domestic product (GDP) in Latin America rose annually by an average of 5 per cent, in Africa by 4 per cent and in the Asia-Pacific region by 7 per cent (Bello *et al.*, 1994: 7).

Unfortunately, most LDCs were unable to use the financial gains from this development model to industrialise successfully, leaving them in a precarious position with regards to food security, which became especially evident when in 1973-1974 a food crisis coincided with an oil crisis.¹⁸ Prices for both soared and aid increasingly became trade. To finance these imports, the 'petrodollars' that had been generated by the oil price hikes in 1973 and 1979 that had been deposited in western banks were eagerly lent to the governments of LDCs, regardless of the degree to which they oppressed their domestic populations.¹⁹ However, the continued tropical commodities disaster (which was exacerbated by a recession in the north), import dependency and the rise in the variable interest rates (through overextended lending) proved to be an unmanageable combination and contradicted the erstwhile assumption of lenders that countries could not go bankrupt. By the late 1970s countries were edging precipitously close towards bankruptcy. Whereas in 1970 the total level of indebtedness among LDCs amounted to US\$64 billion by 1984 the figure had risen to \$686 billion. Furthermore, the proportion owed to private banks had also risen over the period from a third to more than half. The debt crisis expanded and merged

¹⁸ The food crisis was a direct consequence of the interaction between surpluses previously contained within the socialist and capitalist blocs. In the crop year 1972-1973 three quarters of all of the world's commercially traded grain was bought by the Soviet Union. As a result, this created proportional shortages and price rises. The Nixon administration attempted to implement embargos which simply 'revealed that the US government could not control trade even when, as for soybeans, the US had a virtual monopoly over supply. State trading agencies and transnational corporations and their subsidiaries were able to use complex transactions and transshipments to organise trade outside the knowledge, much less the control, of the US government or indeed of any state' (Friedman, 1993: 41). Only two months after declaring the second embargo, the US government was forced to sign the largest ever deal that had been made in the history of the food economy whereupon the Soviet Union was guaranteed grains for five years. When the Carter administration again attempted an embargo in 1980 over Afghanistan the Soviets simply bought mostly from Canada and Argentina at much higher prices because of the embargo. The massive profits generated for competitor nations via the US embargo demonstrated the degree to which the US had become dependent upon Soviet purchases (Friedman, 1993: 38-41).

¹⁹ By the late 1970s, five of the World Bank's top eight loan recipients were dictatorial regimes (Bello *et al.* 1993: 13)

the roles of the IMF and World Bank as both were forced to step in for the sake of the stability of the global financial system and make conditional loans, known as Structural Adjustment Loans (SALs), so that countries could make their payments (Bello *et al.*, 1994: 18-26; Walton and Sneddon, 1994: 14).

The debt crisis coincided with two other occurrences which would prove to be fundamental for the design of the SALs. Firstly, in the 1970s a crisis began to confront businesses in the US and Europe whereby in general they had reached the point at which they were producing a surplus to what could be absorbed by domestic markets. No longer could the protectionist policies promoted by ISI be tolerated. Third world countries would have to open their markets to absorb the surplus production of the north and the way they could be made to do so was by acceding to their demands for the restructuring of the debts (Rosset, 2006: 18-19). Secondly, on the political front: in 1978 the first steps were taken in China by Deng Xiapeng towards the liberalization of an economy that was composed of a fifth of the world's population; in May 1979 Margaret Thatcher was elected Prime Minister of the UK on a mandate to break the unions and end the inflationary stagnation that had beset Britain for a decade; in July 1979 Paul Volcker was appointed head of the US Federal Reserve and immediately altered its monetary policy drastically; and in 1980 Ronald Reagan was elected President of the US and quickly set about implementing 'his own particular blend of policies to curb the power of labour, deregulate industry, agriculture, and resource extraction, and liberate the powers of finance both internally and on the world stage' (Harvey, 2005: 1).

SALs had first been formulated at the World Bank during the last years of the presidency of the ex-US Secretary for Defence (1961-1968) Robert McNamara (1968 to 1981). However, they were not fully implemented until after McNamara's resignation and the occupation of the position first by the former head of the Bank of America, A.W. Clausen, and then by ex-Republican congressman, Barber Conable. Both held very close ties with Reaganites.²⁰ The first major change to occur in the Bank's lending policy was a result

²⁰ Traditionally, the President of the Bank is the candidate most favoured by the US, while the Managing Director of the IMF is chosen by Western European nations, whose Deputy is always from the US. Nevertheless, the locations, structures and mandates of each institution were established by the U.S. upon their creation. Furthermore, in each institution an 85 per cent majority of votes must be obtained for any major policy changes. The U.S. holds 17.33 per cent of the vote in the IMF and 16.52 per cent in the World Bank and consequently is the only country with the power to veto in both. As such, when the markets wish to predict the likely actions of the IMF, they base their opinions upon activities in the US Treasury. The World Bank is influenced more by the State Department. Additionally, both institutions periodically require increases in the contributions of its members. In the U.S. any increases in national contributions must be approved by Congress. Consequently, as the largest contributor these occurrences also give Congress a large amount of influence in determining both the governance of, and the overall policy directions of the institutions. Something it successfully makes use of (Woods, 2003: 92-114). Unsurprisingly, the SAPs were often referred to as the 'Washington Consensus'.

of the US decision to cut by US\$300 million the 1982 national contribution to the International Development Association (IDA), a move that was soon mimicked by other contributors and brought the IDA's budget to a \$1 billion less than had been expected. The IDA granted concessional loans to the poorest countries (i.e. with a per capita income equal to or less than US\$400). According to A.W. Clausen, future loans would be made to those considered to be "making the greatest efforts to restructure their economies" (quoted in Bello *et al.*, 1994: 26).

This redirection was simply a foretaste of others that were soon to arrive. SALs were rapidly dispersed means by which countries could meet their interest payments to private banks or lessen balance of payments deficits. However, in order to receive a SAL countries had to be willing to sign up for a Structural Adjustment Programme (SAP). The fundamental conditions attached to SAP were as follows:

1. To reduce inflation, taxes and the demand for external capital inflows, governments were obliged to make deep cuts in their spending programmes. These cuts typically fell hardest upon education, health, welfare and agricultural extension services.
2. An additional means to reduce inflation and increase the competitiveness of exports was to cut wages or at least minimise levels of increase. Other artificial barriers to the mobility of capital that needed to be eliminated were minimum wages, trade union activity and 'structural rigidities' such as full time contracts.
3. To increase the efficiency of local industry, as well as the competitiveness of exports, and thereby increase levels of foreign exchange received, it was recommended that countries liberalize imports by reducing tariffs, quotas and other restrictions.
4. Similarly, the efficiency of local industry and services could also be improved by increasing the presence of foreign competition through the removal of restrictions on foreign investment.
5. Exports could also be made more competitive, and imports less so, through currency devaluation against stronger currencies such as the US dollar. Additionally, to further facilitate trade, currencies were to be made freely convertible with others.
6. Lastly, that, resources are allocated more efficiently through the radical deregulation or privatization of often corrupt and inflated state enterprises. In agriculture, this entailed dismantling state-controlled marketing boards that set minimum prices.

So as to ensure that countries were complying with the ‘targets’ mentioned above, before receiving the SAL countries had to agree to allow the Bank and the IMF to monitor its ‘progress’ as such the loans would be issued in batches that could be suspended (Bello *et al.* 1994: 27; Bello, 2001: 128; 2004: 43; Green, 1995: 4; Robbins, 2003: 30; Rosset, 2006: 19; Weis, 2007: 117-119). By drastically reducing the ability of national governments to oversee national economies and national economic strategies, it is not considered ‘too much to say that by the end of the 1980s the only development policy that was officially approved was not to have one – to leave it to the market to allocate resources, not the state’ (Leys, 1996: 24). LDCs were obviously reluctant to lose sovereign control to the IMF and World Bank, or the US Treasury and State Department, but upon the advent of the debt crisis in 1982 they had little other option. SAPs rose from accounting for 3 per cent of World Bank lending in 1981 to 25 per cent by 1986. By the late 1980s more than 70 LDCs had engaged in SAPs and by late 1992, 267 formal SALs had been issued (Bello, 2001: 129; 2004: 43).²¹

In theory, it was believed that industrialization could only begin once sufficient foreign exchange had been earned or invested with which to purchase the necessary infrastructure suitable to any particular country’s potential competitive advantages, such as lower costs of production. However, by encouraging all coffee, sugar or any other tropical commodity producing countries to do the same, the final result was simply over-production. Economists refer to this race to the bottom as the *fallacy of composition*, whereupon more is produced but less is earned (Robbins, 2003: 30). Nevertheless, it was believed that by handing over greater control to the market, capital, resources and labour would be allocated much more efficiently and in turn this would increase levels of food security via the advent of a cheaper supply of food while correcting the urban bias of national development policies to the benefit of small farmers. Similarly, by devaluing currencies and reducing export tariffs it was assumed that agricultural exports would increase and the production of ‘non-traditional agricultural exports’ (NTAEs) such as flowers, exotic foods and other crops were also strongly encouraged. Nevertheless, the most eagerly sought ‘structural adjustment’ by peasant farmers, land reform, was conspicuously absent from the policy agenda (Weis, 2007: 119-121; Friedman, 1993: 50).

For those of the neoliberal ethos, it is assumed that any governmental caps on the amount of land that an individual can own will simply generate corruption, tenure insecurity, inflated bureaucracies attempting to monitor land acquisitions, and measures by landlords to evade the limits (such as subdivision among family members). Furthermore, such an

²¹ To some countries multiple SALs were issued. Between 1980 and 1999 Argentina received 30 adjustment loans while Côte D’Ivoire attained 26. Easterly points out that: ‘One might expect that it would take more than one loan to accomplish “adjustment”, but it’s hard to see why it would take such a large number’ (Easterly, 2005: 6).

approach is 'supply-driven' and therefore economically irrational. It simply leads to a situation where land owning is in no way related to economic efficiency which is a barrier to external investment. Instead, the model that should be followed is that of Market Led Agrarian Reform (MLAR) whereupon selected beneficiaries are chosen by governments to be recipients of loans to purchase lands that landlords voluntarily sell at full price. These individual beneficiaries are then grouped into an organisation that can enjoy the economies of scale for both inputs and outputs. To a certain degree, the MLAR model was adopted during the 1990s via the Brazilian *Projecto Cédula da Terra* (PCT), the Colombian *Agrarian Law 160* and the South African *Reconstruction and Development Programme* (RDP).

In Brazil, only owners of small and medium sized farms were willing to sell land and that which they did was either underutilised or abandoned and overpriced. As such, PCT 'beneficiaries' only gained land that was in isolated areas without irrigation or market access, or to old unproductive lands plagued by disease, where they had to build homes, infrastructure and subsist. Furthermore, the selection of beneficiaries' process was manipulated by local elites and in turn this led to the fragmentation of the associations. In Colombia and South Africa the process suffered from similar deficiencies. While it can be argued that the MLARs simply suffered from administrative and technical setbacks, another viewpoint is that the foundational assumptions of MLARs ignore rural class antagonisms and the iniquitous distribution of political power (Borras Jr., 2003: 367-394). MLARs were also supported by the World Bank in Cambodia, the Philippines and Thailand where they suffered from similar setbacks to Brazil, South Africa and Colombia. Consequently for some, MLARs are simply an attempt by the World Bank 'to enhance its political legitimacy in this field by engaging with farmers and the organisations that support them ... [via] delaying tactics against genuine agrarian reform' (Leonard and Manahan, 2004: 12).

Meanwhile, the SAP that was least desired was the decomposition of state marketing boards that had fixed the prices for payment and sale of agricultural commodities. It was thought that by doing so levels of productivity were bound to increase through the removal of government interference in market competition. Such a view overlooked the fact that most peasant farmers in LDCs lack the requisite amount of land needed to drastically increase production levels; infrastructure is insufficiently developed in most isolated rural areas for small farmers to have an economic interest in delivering their crops to urban markets; and that when traders did exist, the state marketing boards acted as intermediaries between them and the peasants to ensure fair prices (Robbins, 2003: 30-32). With the exception of the East and Southeast Asian Newly Industrialising Countries (NICs) which chose not to follow the policy prescriptions of the Washington Consensus:

By the end of the twelve-year-long Reagan-Bush era in 1992, the South had been transformed: from Argentina to Ghana, state participation in the economy had been drastically curtailed; government enterprises were passing into private hands in the name of efficiency; protectionist barriers to Northern imports were being radically reduced; and, through export-first policies, the internal economy was more tightly integrated into the Northern-dominated capitalist world markets (Bello, 2004: 44)

Over the 1980s average incomes in the poorest countries fell by 10 to 40 per cent. As a response to the debt crisis and SAPs, between 1976 and 1992 there were 146 large scale collective actions - otherwise known as “IMF riots” - in 39 countries that involved mass demonstrations, strikes and/or riots (Walton and Sneddon, 1994: 42-44). Meanwhile as these austerity and market liberalizations were being foisted upon LDCs, the USA, Europe and other OECD countries increased the competitiveness of subsidised agro-exports as well as selective protectionism, brazenly contradicting the logic of comparative advantage. Whereas in 1979-1981 an average of 32 per cent of the total value of agricultural output was supported by OECD governments, by 1986 that figure had risen to 47 per cent (Burniaux *et al.*, 1988: 1). Although the average levels of subsidies for all OECD countries with the exceptions of Turkey and Europe have fallen from their 1986 levels, from 2004 they have started to increase again (The Economist, 2010b). As such, levels of overproduction are also raised and the low prices of produce to be exported further distorted. As advocates of SAPs preached the tenets of liberalism these hypocrisies were conveniently ignored, while food self-sufficiency gave way to new food imports that altered diets in ways favourable to the interests of TNCs. Given that small farmers were largely shut out from the agro-export markets (with exceptions such as East African cotton farmers etc.), those who suffered most from the protectionism of the industrialised world were the large-scale commercial farmers. In general, small farmers suffered far more from the flood of subsidized exports from “breadbasket” regions onto domestic markets, which by 2000 accounted for 50 per cent of the foreign exchange of the FAO’s low income food deficit countries (McMichael, 2000: 23).

Despite these revolutionary changes in agriculture, most small farmers in LDCs continue ‘hoeing and ploughing in the old, labour-intensive manner’ on small plots of land (Hobsbawm, 1994: 293). A disproportionate share of LDC’s best arable land continues to be used for agro-export despite the declining terms of trade. Subsidized, large-scale, industrialised agricultural production in the wealthiest countries (and the emerging powers) continues to deflate the prices of basic food crops through market liberalization. Small farmers are more vulnerable than ever and many are fleeing to urban areas in search of a better life. As levels of urban poverty look set to rise, more cheap food imports will doubtlessly be called for to quell the cries of a concentrated, politically influential mass of malnourishment. The submission of the peasantry to this set of circumstance can in no way

be assumed. They have after all been very influential in numerous revolutionary movements such as Mexico, Russia, China, Algeria, Vietnam and Cuba (Wolf, 1971). Moreover, in the decade following World War Two they were influential in achieving land reform across the political spectrum from US occupied Japan, Taiwan and Korea, decolonised India, communist China and Eastern Europe, the western Islamic world of Egypt, Iraq, Syria and Algeria, as well as Bolivia in South America, with many more soon to follow. These reforms, could entail anything from 'the break-up of large holdings and their redistribution to peasants and landless labourers to the abolition of feudal tenure and servitudes; rent reduction and tenancy reforms of various kinds to revolutionary land nationalisation and collectivisation' (Hobsbawm, 2002: 354). Nevertheless, today the object of protest are becoming less governmental institutions and more those of agro-TNCs which have benefitted enormously from the SAPs by gaining access to new markets, facilitating the outsourcing of production, while increasing dependence upon their agro-input packages. In order to secure and expand these benefits gained in the 1980s, agro-TNCs then turned their attention towards multilateral governmental negotiations in the 1990s (McMichael, 2000).

The Rise of the World Trade Organisation (WTO)

In the face of such market distortions caused by subsidies, surpluses and protectionism of wealthy countries, the tropical commodities disaster and debt induced SAPs, the WTO's official policy objective of 'Fairer markets for farmers'²² appears highly laudatory. However, the WTO's Agreement on Agriculture (AoA) implemented in 1995 bares not even a semblance of an attempt to meet such aims and is instead a milestone in the quest to limit national sovereignty over agricultural policies through a set of supranational multilateral rules. Meanwhile, the legal rights of agro-TNCs were expanded and consolidated.

The origins of the WTO lay in the vision of John Maynard Keynes for the establishment of a system of global economic governance. The idea was to avoid a reoccurrence of the interwar economic crises that beset capitalist nations and the capitalist system in general via severe national protectionism and the widespread adoption of beggar-thy-neighbour economic policies, otherwise known as the 'tariff wars of the thirties' (Peet, 2003: 148). These crises had only been terminated by the advent of the Second World War due to the consequent requirements for mass modern production carefully planned and consumed by the state. It was widely believed that free trade prevented war through mutual dependence. In addition, as evidenced by the war, it was important for the state to take a part

²² 'Understanding the WTO: The Agreements', WTO, <www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm#tariffs> [accessed 17 November 2010].

in stimulating the economy via 'demand-management' such as investing in public goods to increase levels of employment for their construction and consequent 'multiplier effects'. Redistributive taxation was also seen by Keynes as a means for raising levels of disposable income and thereby demand. Consequently, at the United Nations Monetary and Financial Conference at Bretton Woods on 1-22 July 1944, involving 44 nations and hosted by the US Treasury Department, it was decided that international economic cooperation would require three regulatory institutions: the International Bank for Reconstruction and Development (IBRD, which became the World Bank), the IMF, and to promote free-trade against protectionism the International Trade Organisation which came into existence as the General Agreement on Tariffs and Trade (GATT) and in 1995 became the WTO. The idea was that 'governments of nation-states would have a greater role in the economy, subject to international rules in a compromise between domestic autonomy and international norms ... These institutions would assume the role of the state in a global market economy (Peet, 2003:36).

GATT failed, however, to gain the signatures of many nations and was therefore restricted to attempting to lower tariffs on the commerce of industrial products, extending preferential treatment towards developing countries, and altering technical barriers to trade such as product standards. Agriculture and other sectors mostly remained outside its remit. Yet GATT's Uruguay Round negotiations (1986-1994) changed this situation by reconsidering the possibility of an international legal framework for trade and attempting to eliminate export subsidies for agricultural and textile goods. This led to the Agreement on Textiles and Clothing and the Agreement on Agriculture. The Uruguay Round also created the WTO to incorporate a wider array of sectors and expand the ambit of regulations for liberalised trade and investment. For example, the General Agreement on Trade in Services (GATS) involved the obligation to allow service providers from any nation to compete with domestic firms. Similarly, the Agreement on Trade Related Investment Measures (TRIMS) required that no party create obstacles such as 'local contents requirements'. Thirdly, the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) is an enforcement mechanism for ensuring that no generic versions of patented items are produced and distributed domestically within twenty years of the issuance of the patent, to the benefit especially of pharmaceuticals and the promotion of biotechnology.

Essentially, the WTO is a meeting place for governmental representatives of different sectors to establish and rework a set of shared rules governing the level of protectionism and subsidizing considered appropriate, as well as a judiciary to enforce compliance. The guiding principle uniting all the different sectors is the agreement to do all within their power to eliminate as many barriers to trade as possible. For example, previously 'special and differential treatment' (SDT) was given to countries that were

particularly dependent upon a small range of exports, often as a consequence of colonialism. SDTs were held in perpetuity but now are no longer, they are simply stages of transition on the way to liberalized trade. Once agreements have been reached between sectors, governments must accept or reject all of the agreements across the various sectors. They cannot simply pick and mix. Once accepted, a dispute settlement process (overseen by trade lawyers) can be resorted to should any government (often at the instigation of TNCs) believe its economic interests to be affected negatively by the non-compliance of another country. Decisions can be appealed by governments but not vetoed and should any offending practise persist, fines and trade sanctions can be administered. The unequal voting ratios that ensure US and EU control of the IMF and World Bank do not exist in the WTO. Decisions are typically made by consensus, yet, should a vote be required, each country has only one vote and rulings can be carried by a two-thirds majority. Nevertheless, this has never occurred and rulings are always reached through a 'consensus' (Peet, 2003: 146-160; Weis, 127-131).

Upon its accession, the US Congress put forth a stipulation requiring the automatic retirement from the organisation, should three or more rulings against US interests occur within a year. There was actually little need to do so, for as C. Fred Bergsten, the head of the Institute of International Economics, explained during the US Senate hearings about the ratification of the GATT-WTO Agreement in 1994, the WTO "does not work by voting. It works by a consensus arrangement which, to tell the truth, is managed by four – the Quads: the United States, Japan, European Union and China ... Those countries have to agree if any major steps are going to be made. But no votes" (cited in Bello, 2002: 119). It appears that most decisions are actually arrived at in backroom sessions known as the "Green Room" after the colour of the office of the Secretary General in Geneva, and from these 'sessions' most countries are excluded. Either the stick - such as the cancellation of preferential trade arrangements - or the carrot - such as aid packages of grants, loans and debt restructuring - are then put forth to the other countries (Bello, 2002: 117-123). As such, there are those who firmly believe that:

the WTO institutionalises a corporate regime, targeting food self-sufficiency and food safety as restraints on the market and private accumulation; and perhaps most significantly, seeking to *control the institutional dimension of the world market* – namely the regulatory framework at the international and, by extension, the national, levels, since states author and abide by multilateral rules' (McMichael, 2000: 26, italics in orig.).

As evidenced by the massive street protests at the WTO Ministerial meetings that were not held in distant, authoritarian countries such as Qatar, there are many who are in agreement with McMichael.

The Uruguay Round laid the basis of the Agreement on Agriculture (AoA), which took effect upon the creation of the WTO on January 1st 1995. The AoA is supposed to rest upon the three 'pillars' of: increasing market access, lowering export subsidies as well as

domestic supports. Regarding the first, all members agreed to replace quantitative restrictions (import quotas) and non-tariff barriers with tariffs. Signatories to the AoA from developed countries promised to reduce import tariffs by 36 per cent by 2000, developing countries would do so by 24 per cent by 2004, while LDCs had to promise simply not to increase theirs, although by 2004 they were being told to make cuts. Meanwhile export subsidies in developing countries would be cut by 36 per cent in value and 21 per cent in volume over the decade, while in developed countries the corresponding figures were 24 and 14 per cent. Domestic supports were portrayed as potential export subsidies. Consequently they were to be categorised in one of three coloured 'boxes' according to the way in which they distort trade. Amber distorts (ex. input subsidies), blue does the opposite (ex. payments to farmers for removing lands from production) and green is assumed to have no effect (ex. state funded agricultural research).

In practice, the EU and the US attempt to hide the amber in the green or blue while claiming to have made massive subsidy reductions. The green box is particularly conducive to this purpose. Direct payments to farmers 'coupled' to production would lie in the amber box and therefore need to be reduced but not eliminated. However, if the payments are 'decoupled' by not being linked to production levels they can be placed in the green. In practice, these direct payments are made (predominantly to large producers) when the price of a crop falls below the costs of production. Consequently, these direct payments allow producers in developed countries to stay afloat and continue to produce at 'dumping prices without the need for export subsidies. As such they account for 70 per cent of US and 25 per cent of EU domestic supports. Other supports that fall within the green box include income insurance, infrastructure, food storage against famine, pest and crop disease management. Meanwhile, there are numerous influential factors that are not included in any box, such as that in the US petroleum is three to four times cheaper than elsewhere on account of wars and petroleum explorations (Rossett, 2006: 81-8). Writing soon after the signing of the AoA, Kevin Atkins, a senior policy advisor at Oxfam UK, opined that it had been constructed by the 'United States and the European Union to accommodate their "right" to subsidize production and dump surpluses on world markets at artificially depressed prices. However, the Uruguay Round does require developing countries to liberalize their food systems, notably by reducing restrictions on imports' (1996: 245). Unable to compete in the absence of import tariffs with subsidized, large-scale and capital intensive agro-TNCs, millions of peasant smallholders have been forced to abandon attempting to supply their domestic markets, while countries have become correspondingly food import dependent. Consequently for Watkins, advocates of the AoA, in attempting to portray it as 'free trade', were committing little else other than 'an act of fraud' (1996: 247).

The Singapore Ministerial in 1996 developed into something of a division between those countries that simply wished to consolidate the existing agreements and reconsider certain imbalances, and those who wished to push forward onto the elaboration of new agreements. Issues of concern were numerous but of particular note to many developing countries, was the idea that the WTO should concern itself with labour standards, which was viewed as a veil for protectionism. Tensions had increased by the second ministerial in Geneva (1998) as a result of the East Asian financial crisis, the threat it posed to Latin America and Russia, and mounting popular concern over the social consequences of neoliberalism. Many developing countries began to refuse to move on to further negotiations until those commitments that had been made by the North during the Uruguay round were complied with. Again, the potential labour standards issue was a source of concern to developing countries as OECD countries attempted to court the rising cries of western civil society groups. Furthermore, the election of a new Director General (DG) proved a highly contentious issue, and was in part resolved only by allocating the two front runners non-renewable back-to-back three year terms in office.

At the 1999 Seattle Ministerial the diverging opinions came to a head within the context of the famous 'Battle of Seattle' occurring out on the streets. Prominent objects of contention, which were mostly divided between wealthy countries on one side versus everyone else, included: the 'Singapore Issues'; TRIPS; GATS; the tenets of the AoA; the concurrent timetabling of different negotiation groups; but most importantly, the earlier promises of drops in subsidies and the fact that in the US and EU levels of aggregate state support for agriculture had actually increased since the Uruguay round, with many having simply been moved into different boxes. GMOs also arose as a major issue of contention between the USA and EU. Given this host of contentious issues, and the inability of governments to pick and mix between different agreements, on the last day many opted for the latter within the all or nothing policy dichotomy and 77 countries simply walked out. For the advocates of the WTO, Seattle could not be considered simply as a temporary setback; instead it constituted a legitimacy crisis (Rosset, 2006: 22; Wilkinson, 2006: 101-118).

At the 2001 Doha Ministerial in Qatar - far out of the reach of potential protesters - the quest for the expansion of WTO authority was continued and spearheaded by the US and the EU. Meanwhile, India emerged as the leader of countries backing the 'multifunctionality' argument which posits that the social functions of agriculture (such as food security and rural stability) are greater than other economic sectors. Therefore it should be subject to greater policy flexibility. Two 'special safeguards' were considered particularly important. 'Special Products' identified by the producing countries should remain free from liberalization commitments for the purposes of rural development, cultural rationale, food security or environmental factors. Secondly, 'Special Safeguard Mechanisms' (SSMs)

(namely the right to raise tariffs) must remain if an agrarian sector is suddenly negatively affected by a surge in imports. Additionally, louder calls were made - from both Cairns Group affiliates (a group of 19 agricultural exporting countries campaigning against US and EU agricultural subsidies) and others - for a reassessment of domestic agrarian subsidies considered eligible for continuation. A vague compromise was reached whereupon developing countries agreed to discuss the expansion of WTO authority into other sectors in return for promises by developed countries to seriously consider both the negative developmental consequences of increased liberalization for developing countries, especially in regards to agriculture, and those pertaining to health, generic medicines, and intellectual property rights. This launched the so-called Doha Development Agenda (DDA) to be completed by 2005 (Weis, 2007: 143-150).

Just six months later the Bush administration committed what ex-World Bank Chief Economist and Nobel Laureate, Joseph Stiglitz, condemned as “the worst form of political hypocrisy” (cited in Orden, 2006: 80). The 2002 US Farm Security and Rural Investment Act (the 2002 Farm Bill) constituted an 80 per cent increase in support for the domestic agricultural sector, raising agro-subsidies to an unprecedented US\$180 billion. Of course, it was to be distributed predominantly among agro-TNCs with 60 per cent of U.S. farmers receiving no subsidies at all and most going to the wealthiest 10 per cent. Even World Bank President James Wolfenson stated in an indignant speech that: “These subsidies are crippling Africa’s chances to export its way out of poverty”. US chief negotiator Robert Zoellick admitted that such record subsidies could be used as a bargaining chip in further negotiations (Mittal 2003; NYT 2002; 2002a). Even Europe was able to act disgusted and criticise the US subsidies as it engaged on the 2003 CAP reform of shifting US\$50 billion of subsidies into the ‘non-trade distorting’ green box (Kwa, 2003: 6).

The USA and EU put aside their differences on GMOs to jointly issue a ‘framework for negotiations’ for the 2003 WTO Ministerial in Cancún. This framework reaffirmed that most of their subsidies were not ‘trade distorting’ and therefore not subject to reduction commitments, offered only minimal reductions in those subsidies they recognised as ‘trade distorting’, and wished for limitations on ‘special safeguards’. Despite concerted protestations by China, Brazil and India the official draft released by the WTO Secretariat was largely a replica of the US-EU framework. In such circumstances it could not even be hoped for by poorer countries that wealthier countries would come to Cancún bringing concessions. Instead, Cancún in the eyes of many was simply attended for the purpose of ‘preventing the US and EU from imposing new demands on the developing countries while escaping any multilateral disciplines on their trade regimes’ (Bello 2003a:1).

From the kick-off, the Cancún Ministerial developed into a Seattle-like confrontation, similarly surrounded by protesters. The concerted protestations of India.

China, Brazil and South Africa had been a harbinger of the manner in which the south intended to organise such as under the Group of 21 (G-21) established in 1999. Agriculture was more central than ever with many of the protesters being members of peasant social movements. Governments were even forced to observe a minute's silence after the ex-president of Korean Federation of Farmers and Fisherman, and 1989 FAO 'Farmer of the Year', Lee Kyung Hae, dramatically immolated himself wearing a now iconic sign reading 'WTO Kills Farmers'. The G-21 prioritised three agricultural issues: access to selectively protected markets; US and EU subsidy reductions; and the need for developing countries to maintain 'special safeguards'. Supporting the G-21 were the other alliances of the G-33 and the G-90. The latter was predominantly composed of members of the African, Caribbean and Pacific Group of States (ACP) who although supporting the priorities of the G-21 also wished to maintain their preferential trade agreement (PTA) with the EU. All continued to resist the 'Singapore issues' advocated most strongly by the EU and Japan, as well as the attempts by the US to extend TRIPS. To summarize, the G-21, G-33, and G-90 all argued that if the Doha Development Agenda (DDA) was truly about development then the responsibility lay with the developed economies to make most of the concessions. The somewhat predictable result was that the Cancún Ministerial collapsed, not only upsetting the timetable for the DDA but threatening its very existence (Bello, 2003: 2-4; 2003a: 2-3; Kwa, 2003: 6-9; Weis, 2007: 147-150).

Cancún, like Seattle, underscored the post-debt crisis reluctance of the vast majority of national governments to allow the rules of the global economic order to be written by the affluent few. This defensive cohesion, however, obviated staggering diversity in ideologies and economic priorities. Ultra-liberalization and an end to US and EU subsidies were the principal objectives of countries like Brazil, Argentina and Thailand due to their competitive agro-export economies. Flexibility was prioritised by countries experiencing social convulsions, such as India and China. The ACP wished to maintain PTAs. Meanwhile the poorest LDCs that were net-food-importers viewed an end to subsidies as potentially catastrophic in the short term. Bananas and sugar provide fitting examples with the EU-ACP PTAs previously being forced to roll over against challenges at the WTO by the USA and a few Latin American banana exporters (at the behest of Chiquita), and later against Brazil, Thailand and Australia over sugar.

Another point of concern was that multilateral negotiations could simply be abandoned by the wealthier nations in favour of bilateral and sub-regional negotiations focusing specifically on Asia. With examples such as NAFTA (1995) already signed, DR-CAFTA (2004) and the EU expansions of 2004 and 2007 on the immediate horizon, such concerns were not without substance. The consequent dilemma of whether to push for reformed multilateral trade regulations or seek agricultural development outside the WTO

and AoA was divisive. Adopting the reformist position, Oxfam's Kevin Watkins believed that abandoning the WTO would deprive all countries of a means to pressure wealthy countries into abiding by their commitments to cut subsidies and protectionist tariffs. Failure to achieve this 'would inevitably accelerate the trend towards unequal regional and bilateral treaties, putting developing countries at a further disadvantage in bargaining processes' (2003: 10). For others, the WTO is beyond redemption and to those who:

... argue that the WTO is better for developing country interests than FTAs because it has institutionalised rules and procedures that constrain the more powerful countries ... [they forget] rich country governments' systematic intimidation and coercion of Southern countries in the last few years in an attempt to pry open their markets, hiding behind a thick veil of non-transparency (Bello, 2003: 4).

The opinion of Walden Bello 'has always been that poverty can only be eliminated via broad structural reforms like agrarian reform, reversal of trade liberalization, and a moratorium on the servicing of the foreign debt' (2010). For Bello, 'South-South cooperation' and regional integration such as ASEAN and MERCOSUR could bring benefits when conducted in a manner conducive to the localisation and democratisation of decision-making authority (Bello 2003a: 4). Agro-export markets remain largely the preserve of large farmers, with small holders being almost entirely concerned with the domestic markets. Thus, the liberalization of markets exposes them to - and institutionalises - subsidised cheap imports far more than it provides them with access to export markets. Agro-export markets remain of top concern to governments simply because:

Market access is at once the 'Holy Grail,' or bait held out to Southern countries - access, in their case, to US and EU markets - and the real goal of the trade superpowers in ongoing negotiations, which is access to poor country markets for US and EU exports. The former is typically held closely as a bargaining chip by the US and EU, to be doled out bit by bit in each round of negotiations in exchange for yet wider opening of Southern markets. When one considers that agricultural exports are typically equivalent to less than 10 per cent of agricultural value-added in LDCs, the bargain with the devil that is on offer becomes clear. 'Give us more market access for dumping into your 90 per cent (the domestic food markets for which the vast majority of small farmers produce), and we'll give you more of a chance for your 10 per cent in our markets (the tiny elite of large agro-exporters).' Unfortunately for family and peasant farmers the world over (responsible for producing the 90 per cent), their governments are usually beholden to small but immensely powerful agro-export elites. Thus have most Third World governments bitten hard on the market access bait.' (Rosset, 2006: 82).

Since Cancún, the principal issues of policy contention have been: the inflexibility of the US and EU on their definitions of 'trade distorting' domestic subsidies while critiquing 'special safeguards'; the desire of developing countries to maintain their tariffs on industry and agriculture; and the traditional US-EU conflict regarding GMOs. The lack of interest among developing countries in expanding market liberalization made the US decide to reorient the strategy towards bilateral and sub-regional agreements. In July 2006 in Geneva Pascal Lamy, the Director General of the WTO, and former EU negotiator, was forced to announce

the official suspension of the Doha Round. In 2007 the WTO again re-emerged and it is hoped that the Doha round finishes by 2012.

Conclusion

Smallholding peasant family farmers have been the principal victims of a neoliberal onslaught over the past three decades that have rendered their economic viability precarious to say the least. The ‘meatification’ of diets and rise of the TNC-controlled grain-livestock complex in temperate breadbasket regions, dovetailing with declining terms of trade for tropical commodities, have been among the chief economic factors lying behind this state of affairs. However, these economic factors would not have been possible were it not for the revolving door with political power holders which guarantees supportive legislation and massive subsidies out of the tax-payer’s pocket. In turn, these subsidies enable these agro-TNCs to produce at below the costs of production and thereafter dump the surplus upon the domestic markets of third world peasants, which renders them unable to compete and the country increasingly food import dependent. The ability to do this arose from the negotiating position that developed countries attained as a result of the debt crisis, regardless of which dictator had incurred the debt.

As we have seen, multilateral governmental conferences under the WTO have completely forsaken their original purpose and now serve as little else other than a means by which OECD countries can further institutionalise corporate control of the global food economy, often through an admixture of economic sticks (the abandonment of preferential trade agreements) and carrots (debt reduction, aid etc.). The purpose of these sticks and carrots are decided in Green Rooms by the four Quads who attempt to cover up their hypocrisy with different coloured boxes. In the absence of such duplicitous behaviour, true liberalism - bereft of subsidies and import tariffs (and even passports) – could be advantageous for the peasant farmers of the world’s developing countries. However, it almost seems naïve to imagine that this is likely to ever occur given the distribution of political power and the purposes for which it is used. Meanwhile, with the levels of competition that exist among developing countries and the increasing presence of bilateral trade agreements with developed countries, it is hard to put much hope behind South-South integration.

In the conclusion of her introduction to *Disappearing Peasantries?*, Deborah Bryceson describes the situation of the contemporary peasantry as follows:

... peasants are now more elusive than before. The economic, social and political pressures and opportunities that have befallen them have led many peasantries to diversify into a number of occupations and non-agricultural income earning avenues. Their relationship to

the soil has changed. Multi-occupational, straddling urban and rural residences, flooding labour markets, peasants become definitionally problematic. State and market influences have permeated their societies, and the nature of the peasant family and village community has altered (2000: 30).

As such, we see why in areas where the possibility exists of producing illicit crops, it is less of a temptation and more one of the few remaining means by which food can be placed on the table. Any producer of illicit crops would much prefer to grow other crops.

Unfortunately, this has never been less economically viable and in all likelihood seems destined to become less so. However, as mentioned in the introduction, the 'sacred leaf' has played surprisingly important economic and political roles over the course of Peru's gradual transition towards agrarian capitalism. In order to contextualise the Peruvian transition, we should first consider some more famous examples and it is to this that we turn in the next chapter.

III

Theories and Paths of the Peasantry's Demise

Introduction

This chapter seeks to provide a descriptive and theoretical background to the Peruvian transition towards agrarian capitalism and the anomalous role of the coca leaf within it. As such, transitional examples are given of England, France, eastern and western Germany, Russia, the Low Countries, Spain and Catalonia and mention is also made of the northern and southern U.S. 'paths' to agrarian capitalism.

The purpose of providing such an array of examples is to highlight the two standard models of transition in the theoretical literature regarding the social relations in feudal agrarian economies. These are known as capitalism 'from above' and 'from below', or the *Junker/Prussian* paths versus the North American/ French paths, or the *Gutsherrschaft* and the *Grundherrschaft* models of feudal economies, depending upon the degree to which independent peasant farmers were able to play a role in the process.

The writings of various theorists are interspersed throughout the chapter in an attempt to locate them as close as possible to the historical examples upon which their theories are principally based. That said, it should be pointed out that none of these theorists sought to restrict their writings to any single historical example and to a large degree each was engaged in a theoretical discussion with one another spanning the course of several centuries. The classical theorists of particular relevance for the agrarian question include Adam Smith, David Ricardo, Karl Marx, Vladimir Lenin, Karl Kautsky, Friedrich Engels and Alexander Chayanov. However, before considering these examples and interpretations of them, let us turn first to the orthodox view of their contemporary relevance.

The contemporary orthodox view of the peasantry

In the November-December 2008 edition of *Foreign Affairs* 'perhaps the most influential orthodox view on the causes, dynamics, and solution to the food price crisis' was put forth by Oxford University's Professor of Economics and Director of the Centre for the Study of African Economies, Paul Collier, in his 'Politics of Hunger: How Illusion and Greed Fan the Food Crisis' article (Bello 2009: 7). Professor Collier believes that the root cause of the food-price crisis lies in Asian economic growth bringing increased prosperity which, in an area that accounts for approximately half of the world's population, also entails a rise in the demand for food. This increased demand translates into the 'meatification' of diets which, given the ratio of 6:1 in terms of the kilograms of grain required for every kilogram of beef, necessarily leads to an increase in the demand for grain (Collier 2008:69).²³ The limited integration of most small farmers into global grain markets will restrict their economic benefits from such global increases in demand. In order to increase overall levels of supply, Collier believes that first must be slain three giants of 'romantic populism'.

The first giant is constituted by:

... the middle- and upper-class love affair with peasant agriculture ... [whereupon] (p)easants, like pandas, are to be preserved.

...But distressingly, peasants, like pandas, show little inclination to reproduce themselves. Given the chance, peasants seek local wage jobs, and their offspring head to the cities. This is because at low-income levels, rural bliss is precarious, isolated, and tedious. The peasant life forces millions of ordinary people into the role of entrepreneur, a role for which most are ill suited. In successful economies, entrepreneurship is a minority pursuit; most people opt for wage employment so that others have the worry and grind of running a business. And reluctant peasants are right: their mode of production is ill suited to modern agricultural production, in which scale is helpful. In modern agriculture, technology is fast-evolving, investment is lumpy, the private provision of transportation infrastructure is necessary to counter the lack of its public provision, consumer food fashions are fast-changing, and best met by integrated marketing chains, and regulatory standards are rising towards the holy grail of the traceability of produce back to its source. Far from being the answer to global poverty, organic self-sufficiency is a luxurious lifestyle. It is appropriate for burnt-out investment bankers, not for hungry families (2008: 71-72).

This 'love affair' derives from the loss of peasant farming in Europe and the US, and has been responsible for international development agencies seeking to raise levels of peasant productivity rather than embracing industrial agriculture which, since the English enclosure movement, has been 'a force for rural development and enhanced food supply' (2008: 72). While Collier points out that during the European agricultural revolution innovations did occur on small farms as well as large, they were mostly led in eighteenth-century England by correspondences among the gentry surrounding agricultural experimentation, that were

²³ In China, for example, it is estimated that by 2020 there will be a 55 per cent per capita increase in the volume of meat consumed since 1993. This figure will amount to 73kg per person per year, representing a tightening of the gap between the figure consumed in the wealthiest countries, which is expected to reach about 90 kg per person per year by 2020 (Nierenberg 2005: 11).

thereafter introduced on small-holdings. In today's Least Developed Countries (LDCs) such gentry-led innovations could be pioneered by publicly-funded agrarian research stations, though given the impoverished state of the public sector in most LDCs such possibilities are limited. Although this could be rectified, ultimately 'commercial agriculture is the best way of making innovation quicker and easier' (2008, 72).

Collier uses the Brazilian example of technologically-sophisticated industrial agriculture to support this theory, giving by way of example of innovation the manner in which the time needed to rest land between the harvest and replanting has been reduced to a mere half hour. Moreover, he points out how through 'contract farming' by small farmers for larger businesses models of agricultural innovation can be brought by industrial agriculture to the peasantry. Collier recognises that industrial commercial agriculture can produce 'ugly' repercussions if ineffectually managed, such as the displacement of peoples and the destruction of parts of the Amazon. This explains the reluctance of governments of LDCs to allow land to become marketable, especially in the face of economically non-dynamic urban 'exit options' for displaced peoples. Yet he maintains that 'allowing commercial organisations to replace peasant agriculture gradually would raise global food supply in the medium term' (2008: 73).

Romantic populism's second giant that Collier wishes to slay in the name of food security is the hysteria surrounding scientific development, i.e. GMOs. He views the manner in which they have been banned in Europe since 1996 as little more than another form of protectionism by the agricultural lobby (aided by the European left's distrust of the U.S. corporations involved in their development, and the fear of health-conscious consumers in the wake of mad cow disease). This has led to all African countries (with the exception of South Africa) also banning GMOs through fear that their development would entail permanent exclusion from European markets. For Collier, this abstention from GMOs is one that African countries risk at their peril given that the increased food supply that will be required by continued African demographic growth is becoming increasingly difficult to meet simply through expanded production. This is especially the case given some of the predictions regarding the potential consequences of global warming, such as the increasing aridity in some areas countered by higher rates of rainfall in others. A Green Revolution is an option he views as inappropriate for Africa due to fertilizers no longer being as cheap as they once were, especially in the advent of higher energy prices and therefore also of transportation and usage costs. Instead, he argues that what is needed is a 'biological revolution'. He makes mention of a scientific review by Jennifer Thompson, of the Department of Molecular and Cell Biology at the University of Cape Town, wherein it was

pointed out how 15-40 per cent of African maize is lost in storage to stem-borer beetles, to which a new GM variety is resistant.²⁴

The third and final giant of romantic populism at which Collier points his crusading sword is that of the fantasy amongst US governments that dependence upon Arabian oil can be overcome by reorienting primarily corn production towards the manufacture of biofuels such as ethanol. Collier sees this reorientation as pointless because it requires the use of almost as much energy in production as that produced, yet due to handsome government subsidies has led to almost a third of US grain being directed towards this end. The importation of Brazilian sugar-cane ethanol would be a far more energy efficient means of making the transition away from oil import dependency. As things stand, however, in order to protect this wasteful industry the US government restricts such imports. World grain prices have been affected by this transition, but by what degree Collier admits it is difficult to estimate. Nevertheless, the ending of such subsidies would undoubtedly entail at least a short-term reduction of grain prices, and an increase in the amount of grain available for food-production.

It cannot be denied that the reorientation of corn in the US towards the production of bio-fuels certainly played a role in the restriction of the production and supply and has caused a rise in the price of grain. The second dragon has been considered in the previous chapter and so need not be here. Consequently, it is with the first dragon that this chapter shall be concerned. From across the political spectrum, a view not too dissimilar from Collier's was put forward over 150 years ago by Karl Marx, and it is to this that we shall now turn.

Marx and the peasantry

For Marx, the spread of capitalist relations of production was unique in simplifying the surplus extracting relations (or class antagonisms) that had existed throughout recorded history. In the Roman period the gradations of subordination were patricians-knights-plebeians-slaves. In the Middle Ages these gradations evolved into feudal lords-vassals-guild masters-journeyman-apprentices-serfs. In capitalist societies the antagonism dichotomises into bourgeois-proletariat. This was because the surplus extracting relations

²⁴ Had Collier's article been written later, he might also have made mention of the recent sequencing by British scientists led by Professor Neil Hall at the University of Liverpool of the wheat genome, the results of which are being placed for free on the internet to enable others to use the findings as a base for introducing new disease-resistant higher-yielding varieties. It is estimated that these will be cultivated within as little as five years, bringing reductions in the price of bread and thereby increasing food-security. Moreover, it will also provide the option, should the desire arise, to produce genetically modified variants (The Independent, 27/8/10).

stopped being managed through non-economic means. Force was no longer required by the ruling classes when workers depended upon a wage to purchase their essential means of subsistence. Although England was the country wherein capitalism was born, on account of the declining rates of profit capitalists must constantly improve their methods of production to remain competitive in the market place by producing commodities as cheaply as possible thereby forcing people in other countries to attempt to do the same or else be flooded with imports. As Marx famously wrote of capitalism, 'it creates a world after its own image' (1978: 477). Marx noted the trends, and predicted the continuance of the centralisation of production and the concentration of wealth, property and populations. Eventually, a breaking point would be reached when the concentration of wealth was in the hands of so few that defence from the indigent multitudes was no longer possible. Moreover, the factory system itself would provide the arena for the development of class consciousness and collective organisation by amalgamating the proletariat together.

Self-subsistent peasant farmers who owned their means of production could not be considered the same as the wage-labouring proletariat. To attempt to group the two together was an example of the 'love affair' to which Collier referred above, and Marx terms 'petty-bourgeois Socialism', viewing it as both reactionary and Utopian. Ultimately, such a position 'aspires either to restoring the old means of production and of exchange, and with them the old property relations, and the old society, or to cramping the modern means of production and exchange, within the framework of the old property relations that have been, and were bound to be, exploded by those means' (1978: 493).

The peasantry were to be considered (alongside the other ranks of the petty bourgeois such as shopkeepers, artisans and small manufacturers) as 'inevitably' destined 'to decay and finally disappear' (1978: 482). The specific case of the peasantry was fundamental because:

Its annihilation, the transformation of individualised and scattered means of production into socially concentrated ones, of the pygmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labour, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capital (1906: 835).

Contrary to any suppositions of unilinearity or economic determinism in Marx's thinking, he explicitly points out the contrary in the introduction in the first chapter of the section on primitive accumulation. Although, within the overall historical process the basis is always the expropriation of the peasant producer from the land, occurring only where serfdom has been abolished, 'the history of this expropriation, in different countries, assumes different aspects, and runs through its various phases in different orders of succession, and at different periods' (1906: 787). It is to some of these different processes that we shall now turn our

attention, paying particular attention to the effects of class structure in conditioning these transitions.

The feudal crisis and its contradictory conclusions

At least since the advent of settled agriculture, some seven or eight millennia ago, all societies have been divided by surplus extraction relations whereupon the 'ruling' or 'surplus extracting' classes exist upon the value created by the classes of direct producers. In order to understand the long-term economic development of any specific nation, it is therefore necessary to analyse the relatively autonomous process by which its surplus extraction relations became established. By doing so it is possible to provide explanations of questions surrounding the transition from feudalism to capitalism such as: why did serfdom intensify in Eastern Europe while it declined in the West and why did agrarian capitalist class relations emerge so much earlier in England?

In medieval Europe 80-90 percent of people subsisted through arable or pastoral peasant family farming, with the latter being more common in Celtic-speaking regions and Scandinavia, but the former predominating overall. Most arable land was planted with cereals such as wheat, rye, barley and oats, generally to produce bread, gruel and beer, and often through the 'three field' system that was fertilized to a limited extent with manure. Peasants usually also had access to common pastures where they grazed a restricted number of horses, cows, oxen and sheep, providing hauling power, dairy products, wool, hides and manure. Additional access to woodlands were a source of game, nuts, fuel, building materials and a foraging site for pigs (the most widely consumed meat). Rivers were fished, although this was, and still is, considered poaching when recompense is not made to the landlords. Peasants, at least in arable areas, generally resided in nucleated settlements with their plots scattered around surrounding fields. Initially, administrative matters such as the sharing of common resources and the levying of taxes were enforced by landlords, but by the later Middle Ages these functions increasingly became the preserve of village assemblies composed of the heads of households. This transferral of power strengthened the sense of communal solidarity.

These basic productive units of medieval economies differed in terms of well-being and size as a consequence of the land: labour ratio and class differentiation. Although some were, at least in principal, 'allodial titles' (i.e. independent of any landlords), most were forced primarily by extra-economic means²⁵ to hand over a large portion of their produce (in

²⁵During periods of land scarcity, peasants would be forced to rent a strip of the lord's demesne, or higher themselves out as wage labourers. In the majority of feudal cases, however, peasants were

labour, kind, cash or a mixture) to support the landowning nobility, clergy, state and indirectly the towns. None of this rent, tax or tribute was reinvested to increase productivity. Different tenurial agreements existed within the villages, affecting the length of tenure, the level of rent or dues to be paid as well as numerous feudal (seigniorial) rights upheld in seigniorial courts. Consequently, the peasantry was composed of a three-tier class structure with a minority of well-to-do, the wider group of middle peasants, and a quarter to one-third of land-poor to landless (DuPlessis 1997: 14-21).

The non-producing classes were dependent upon the relationship between the peasantry and nature. Technological improvements had a very small role to play in this period and certainly not one that led to productive improvements keeping up with demographic growth. As smallholdings subdivided and proliferated onto less-fertile, uncultivated lands, a productivity ceiling was reached within the institutional constraints that existed. Meanwhile, landlords were accosted in the fifteenth century by price declines that rendered payments in kind less valuable and currency devaluations that did the same for fixed cash rentals. Increases in wages had been brought by the fourteenth century demographic collapse, leaving demesne grain cultivation also less profitable. This forced landlords to fall back on their feudal levies such as “socage” or “tallage” land taxes, tolls for the use of bridges, markets and other monopolies, judicial fines, and land transferral fees through sale or inheritance. On top of these, the peasant was forced to pay ecclesiastical tithes and increasing state taxes as nations centralised. All together, it is estimated that in the late Middle Ages peasants generally parted with between a quarter and a third of their produce or the money derived from it. Serfs were the property of their lords, as was their produce. As internal class differentiation expanded within the peasantry the only alternative option for those about to form a separate class was to rise up against the non-productive classes. This was particularly the case in areas where the produce was the most marketable of the medieval era - wine (Hilton, 1974; 1978).

During the late fourteenth, fifteenth, and early sixteenth centuries, this crisis in feudal production gave rise to peasant-lord conflicts right across Europe over the continuance of serfdom and access to the vast expanses of land left vacant by the demographic collapse. In England, the seigniorial reaction after demographic collapse brought by the Black Death (1348-50) failed in its attempt to stem the revolts and flights from the land, so that by the end of the fifteenth century serfdom had ended. This process was almost replicated in Catalonia where the peasantry attained freedom, the right to property and to the vacant lands they had already occupied, formalised by the 1486 Sentence

forced to hand over a portion of their labour, produce, or monetary income derived from their customary lands in ‘exchange’ for protection against others who sought to make incursions into the lord’s jurisdictional domain.

of Guadalupe. Indeed, practically everywhere across Western Europe serfdom had ended by 1500. East of the Elbe, however (in present day Poland, eastern Germany, the Czech Republic and western Hungary), the seigniorial reactions were successful in crushing the peasantry, re-imposing serfdom and confiscating large portions of their land.²⁶ These outcomes were not arbitrary but the result of various factors that had affected the relative strengths of the contending agrarian classes.

Nor did the abolition of serfdom necessarily lead to similar paths of agrarian development. For example, English landlords consolidated their holdings and leased them out to wage labour-employing, large-scale, capitalist tenants who were quick to seek labour-saving agricultural improvements. In France, landlords were less able to make land consolidations and those demesnes they had were generally leased out in much smaller parcels than in England, to be cultivated by peasant farmers less likely than large-scale capitalist farmers to make productive improvements. Again, the principal reasons for why can be sought in the different surplus extraction relations that gave rise to - and emerged from - the dissolution of serfdom in each country.

A divided Germany

The principal initial reason for the Elbe becoming a dividing line was the greater levels of peasant solidarity and strength in Western Europe, which were extremely manifest at the village levels. Brenner writes of how:

... through much of western Germany by the later middle ages the peasantry had succeeded, through protracted struggle on a peace-meal village-by-village basis, in constituting for itself an impressive network of village institutions for economic regulation and political self-government. These provided a powerful line of defence against the incursions of landlords. In the first instance, peasant organisations and peasant resistance to the lords appears to have been closely bound up with the very development of the quasi-communal character of the peasant economy. Most fundamental was the need to regulate co-operatively the village commons and to struggle against the lords to establish and to protect common rights - common lands (for grazing and so on) and the common-field organization of agricultural rotation (in which the post-harvest stubble played an important role in the support of animals). Sooner or later however, issues of a more general economic and political character tended to be raised. The peasants organised themselves in order to fix rents and to ensure rights of inheritance. Perhaps most significantly, in many places they fought successfully to replace the old landlord-installed village mayor (*Schultheiss*) by their own elected village magistrates. In some places they even won the right to choose the village priest. All these gains the peasants forced the lords to recognise in countless village charters (*Weistumer*) -

²⁶ Brenner uses this example to point out the weakness of the orthodox notion that the decline of serfdom was contingent upon the demographic collapses of the fifteenth century, which by depriving the lords of a ready labour supply rendered the economic system no longer tenable. In Germany, east of the Elbe the very opposite occurred. In the region of Samland, for example, the population in 1525 was but a third of what it had been in 1400 and yet serfdom had been imposed over the intervening period (1982: 70)

through which the specific conquests of the peasantry were formally institutionalized (Brenner, 1976: 56-57).

East of the Elbe, this occurred to a much lesser extent, for example the landlord-installed village mayor (*Schultheiss*) was never displaced, while very few village charters (*Weistumer*) were issued. This left the East German peasantry much more vulnerable to incursions and control by landlords, eventually leading to the imposition of “neo-serfdom”. Aided by the dissolution of monarchies in medieval Eastern Europe, the lords were much more cohesive as a class, helping to forestall the potential of the emergence of monarchical absolutism. Brenner believes that this had much to do with the original, relatively late, colonial settlement patterns of eastern Germany which, apart from granting landlords a greater leadership role (and ability thereby to erect barriers to peasant self-government), had not generally resulted in the creation of common-fields and thereby the co-operative practices and struggles associated with them. This separation of peasant farmers from one another also made them much easier to rule over. The only East German region where a peasant revolt occurred during the Great Peasant Wars of 1525 - east Prussia - was also unique in being the only area to have avoided “Germanic” colonization. Instead, Teutonic Knights aimed to consolidate their regime by building upon the existing peasant communities, so as to avoid the emergence of a potentially competitive lordly or knightly class. In this way, east Prussian peasant communities were in a stronger position - compared with other east Elbian areas - to counter the emergence of a class of knightly landowners upon the dissolution of the Teutonic Order in the fifteenth century (Brenner, 1976: 57-60).

The results of the outcomes of these conflicts bore heavily upon the different agricultural, economic, social and political developments which thereafter separated Eastern and Western Europe. Two different manorial systems developed on either side of the Elbe, which Kay labels *Grundherrschaft* and *Gutsherrschaft* (1974: 70). The systems differed by the degree to which the landlord was involved in cultivation. In the former, the lands were mostly (if not entirely) leased out to rent-paying peasants, either in kind or cash. In the latter, the lord’s demesne constituted the principal unit of production and was cultivated by labour-rent-paying tenants (*corvée*) in exchange for the plots of land upon which to subsist and reproduce, although they also had to part with up to half of their produce in levies (DuPlessis, 1996: 9). Generally, to the West of the Elbe the former predominated, as did the latter to the East although in a far more commercialized manner than its historical antecedent, with up to three-quarters of crops being marketed (DuPlessis, 1996: 77). Most *Gutsherrschaft* manors supplied the domestic market, although grain exports were indirectly very important for the agrarian development of many *Grundherrschaft* economies, especially of the Low Countries.

West of the Elbe the peasant farmers were no longer serfs and therefore maintained

control over their labour, if not their produce or monetary returns. This was the principal difference between the two systems. As a result, labour-saving technological improvements that would lessen the percentage of produce or monetary returns to be parted with were much more assiduously sought in *Grundherrschaft* regions. Furthermore, when rent is paid in money this necessitates the establishment of domestic markets which give impetus towards the development of manufactures. Gradually, this manorial system brought social differentiation within the peasantry whereupon the wealthier peasants (*kulaks*) would seek to employ others and expand their levels of production. As primitive accumulation progressed, the feudal mode of production would become an obstacle to the *kulak* economic interests of purchasing land and hiring waged labour. Similarly, an emerging manufacturing bourgeois also sought the availability of free labour. Partial land expropriation would serve the interests of both the rural and urban bourgeoisie and expand the market for their goods as agricultural produce increasingly became destined for expanding urban areas, while rural cottage industries became gradually replaced by urban manufacturing. As such, in the *Grundherrschaft* economies the transition towards agrarian capitalism came through bourgeois revolutions against feudalism led by the wealthier peasantry in alliance with the manufacturing bourgeois, although supported by the lower ranks of peasantry and the emerging urban proletariat. Meanwhile, the East was, for Brenner, practically condemned to the 'development of underdevelopment' (1976: 60). The principal reasons were that given the availability of forced labour, there was little incentive to make technological improvements to raise productivity. Labour could simply be intensified and estates expanded. In turn, these greater levels of labour exploitation limited the development of a domestic market for manufactured goods which, in any case, were further suffocated by the constraints on the peasantry's ability to join the urban labour force. Through the retention of their ruling class hegemony, landlords were able to assume the position of merchants and simply import any necessary industrial goods directly from the West. Therefore, in the East, upon the eventual abolition of serfdom the transition to agrarian capitalism was still led by landlords or *Junkers*.

Things began to change markedly for much of the rural population following the defeat of the Prussian army to Napoleon in 1807. A series of edicts were issued that aimed to modernise Prussia's fiscal, military, educational, bureaucratic and agrarian systems. Serfs were emancipated immediately by the Prussian Edict of 1807, in exchange for a large portion of their smallholdings if they had any. Whilst this enabled the *Junkers* to increase their estates, they were at a loss for how to recruit labour as erstwhile serfs were understandably reluctant to return. At first, the *Junkers* adopted two strategies. They employed young unmarried male farm servants who boarded on the estates before their compulsory military service. In addition, cottager holdings were established whereupon

cottagers (*Instleute*) provided labour during the harvest and threshing periods (paid in kind), in exchange for smallholdings. The *Instleute* also had to maintain at least two other workers (*Hofgänger*) to work the Junker's estates - usually wives and family members - who were often seen by the *Instleute* as an extra source of income (paid in kind during harvest and threshing, in cash at all other times) and an incentive to stop children from leaving home. The introduction of waged-labour was extremely consequential for the overall eastern European transition towards agrarian capitalism and rendered the manorial system more appropriately labelled as *Gutswirtschaft* rather than *Gutsherrschaft* (Kay, 1980: 7).

Although a form of quasi-serfdom, the cottager system proved quite profitable for the *Instleute* with many hiring additional *Hofgänger*, who in their spare time worked the *Instleute*'s lands. As such, it gave rise to the introduction of many technological developments within eastern European farming. With arable land in abundance, it was also a relatively cheap way for the *Junker* estates to remain operational. Moreover, by paying in kind, capital outlay was limited and both *Junker* and *Instleute* had a coincidence of interests in grain prices, minimising the potential for conflict. Thus, to be an *Instleute* was quite an enviable position for many.

Technological improvements on larger estates increased the opportunity costs of the cottager system for *Junkers*, while many came to view *Instleute* as aspiring through capital accumulation to establish their independence. By the 1860s the cottager system stopped being expanded and all was done to reduce the number of those in existence. At the same time, farm servants often came to be seen as surplus to requirements because the adoption of seed drills, and other machinery, brought expanded holdings that needed to be farmed in a more capital intensive way. Meanwhile, many of the youth became hesitant to enter the regimented long days of farm service and be paid on an annual basis unlike in other employment opportunities emerging in the expanding cities. *Junkers* decided to replace both with confined labourers (*Deputatisten*), who, by the end of the 1860s, came to constitute the majority of agricultural labour east of the Elbe.

Deputatisten were contractually hired for six or twelve months, and like *Instleute*, also had to bring *Hofgänger*. They received a much smaller, stipulated, share of the harvest and areas to farm (often no more than a potato patch to be supplemented by commodities supplied under contract by the *Junker*), but were allowed to live rent-free, although this was really only a mechanism to allow the *Junkers* to evict at will. *Deputatisten* were often forced to steal to feed their livestock (generally just a second pig), were apathetic towards their obligations as these were not paid in relation to effort, and when working alongside day labourers came to resent their position even more.²⁷ Through the widespread application of

²⁷*Deputatisten* cannot be thought of as share-croppers given that the volume of the crop they were to

the thresher and other machinery, employer's labour needs also came to be much more seasonal, with far less required over winter. As such, by the late nineteenth century the number of *Deputatisten* were reduced, with those that remained took on more supervisory tasks. Parents were only too happy for their children to take up trades - or gain a weekly wage in industry - even though it entailed hiring *Hofgänger*, who, as the century progressed, became increasingly difficult to find due to rural 'flight from the land' (*Landflucht*).

One response by *Junkers* was to employ mostly landless day-labourers (*freie Arbeiter*), who were often contracted by the week. By the end of the century, *freie Arbeiter* more than doubled the number of *Deputatisten* and farm-servants in the sugar-beet districts of central Germany, and were coming to form an increasing proportion of labour force in the eastern territories as well. However, the more widely used response from the 1870s, was to employ migratory labour, increasingly from Austrian Poland and Russia. By the eve of the First World War the German farm labour system was practically dependent upon predominantly foreign seasonal workers (*Wanderarbeiter*), accounting for a third of all agricultural employees (Perkins, 1984; Hussain and Tribe, 1983: 40-51). As such, we see the cumulative changes experienced by the *Gutsherrschaft* manorial system from the days when the estates were composed of corvée rent-paying tenants subsisting upon small plots of land. Following the introduction of some waged labour and thereby the adoption of the *Gutswirtschaft* model, these serfs had been gradually replaced by a seasonal, predominantly foreign, waged labour force employed upon a single-farm estate until the peasantry had been fully proletarianized.

In western Germany, the peasant elite that had begun to emerge during the sixteenth century strengthened their positions as time progressed, aided by the vast array of principalities insisting that smallholdings be passed on undivided to successors, and the occupation of the numerous holdings left vacant by the wars and conflicts that engulfed western Germany over the centuries. Farmers innovated and directed production towards the market, with many converting to livestock when the price of cereals fell in the seventeenth century, while others, located nearer to cities, adopted horticultural farming. However, when cereal prices recovered in the eighteenth century many reverted to their cultivation. By the end of the seventeenth century, 90 per cent of land was still in the hands of peasant farmers (Brenner, 1976: 69). During the eighteenth century, however, western Germany experienced the highest rates of demographic growth in Europe for any area of a comparable size - most explosively in the countryside. In the regions where inheritance was not impartible (such as the southwest), successive subdivisions brought landlessness (DuPlessis, 1997: 163).

Unfortunately, industrial development to absorb this growing segment of the

receive had already been contractually stipulated. As such, they bore closest resemblance to an agrarian proletariat, although one that was paid in kind rather than cash.

population was severely obstructed in the eighteenth century by the most powerful guilds in Europe, intent on defending their corporate monopolies from 'free masters'. Western Germany in the eighteenth century continued to be composed of a patchwork of principalities, with their respective tariffs, customs, tolls and other obstacles to trade and industrialization. By 1800, the vast majority of the western German population remained rural, paying heavy rents and state levies, and thereby left with little income to purchase manufactured goods.

Kautsky and the interdependency of small and large farms

Writing about West German agriculture at the end of the nineteenth century, Kautsky believed that small farms could opt to become 'appendages' to large farms, similarly to the 'contract farming' that Collier makes mention of (1988: 307). It was undeniable that large farms were far more efficient in terms of saving on labour and materials. Specialised divisions of labour were far more practicable on large farms, and by being managed correctly labour activities were coordinated for the attainment of a specific objective, bringing higher levels productivity, yields and avoidance of waste. During the feudal period this had mattered little, yet scientific developments had rendered this no longer the case. Large farms were in a better position to make use of steam or electrically powered machines, fertilizers, extensive irrigation and drainage systems, bringing woodlands and pasturage into cultivation. Small farms often struggled to even make a horse drawn plough worth the cost of feeding the horse and buying the plough. Fifty small farms, each with one or two cattle, would have to build fifty barns for them, whereas a large farm with fifty cattle could build just one. Infrastructural developments such as light railway were also more likely to be of benefit to large farms, by facilitating the purchase of machinery and repair parts, as well transporting large amounts of produce for sale in more profitable markets (1988: 95-110).²⁸

Agriculture and industry were increasingly being separated, with tasks previously covered by the household becoming independent branches of production, consequently affecting off-farm employment possibilities. Through inheritance and population growth, farms were fragmenting and costs of rent and sale increasing. Consequently, the peasant domestic unit was becoming more expensive and smaller through the advent of commodity production, while large farms were expanding. Many household workers now considered surplus to the productive requirements of peasant farms were forced to seek off-farm rural or urban wage labour, while those remaining increasingly required sources of money to pay

²⁸ Bryceson points out that whereas Marx proved more concerned to point out the effects of agriculture upon industry, Kautsky's analysis is the other way around (2007: 10).

taxes, purchase items such as coffee and tobacco, and vital productive inputs. Grain comprised a crop which peasant farms found it especially difficult to remain self-sufficient in. Kautsky agreed with estimates that farms between 2 and 5 hectares could remain self-sufficient in grain, which in western Germany at that time (1895), left 58 percent of agricultural enterprises forced to buy grain. To the degree that duties were placed upon grain in the interests of the 18.29 per cent of agricultural enterprises that produced a surplus, the non self-sufficient 58 per cent suffered. Such a states of affairs demonstrated for Kautsky how the majority of the rural population were becoming consumers of foodstuffs and producers of labour-power, further evidence of the rise of large-scale capitalistic agriculture (1988: 173). Consequently, agriculture in general was rapidly mechanising and making use of an increasing division of labour amongst a proletarianising peasantry, within a relatively depopulating countryside when compared with the towns and cities.

Nevertheless, between 1882 and 1895 the number of agricultural enterprises in Germany rose by 281,000, with 206,000 of these being smallholdings of less than one hectare; absolutely the rural population was increasing (1988: 178). Unlike industry, where the means of production can be multiplied at will (the centralisation of capital), in agriculture the primary means of production is land, which cannot be so easily expanded. It requires the unification of disparate peasant farms. For example, while opening a supermarket does not necessitate the exclusion of the local grocer, butcher or baker as a prerequisite (though it may happen as a consequence), with regards to land, it is a zero-sum game. Furthermore, industrial productive forces are concentrated in proportion to the level of expansion with workers packed along the factory assembly line where they can be more easily policed, but in agriculture, expansion entails the same methods of cultivation being practised over a wider area. With the lower ratio in agriculture of value to volume for both inputs and produce, the additional costs associated with expansion in terms of land, labour, machinery, inputs, supervision and transport result as proportionally far higher than those of industry. A point arrives where these additional costs are greater than the additional income derived (1988: 147-148).

This in no way entails that small farms are more profitable. Just that large farms have a maximum size which varies according to numerous factors, such as what is being cultivated, how, where, infrastructure and soil type. For example, forestry and pasturage can occur on an extensive estate, with a lesser need for a centralised storage facility, labour power, barns, machinery or capital accumulation. This is why the enclosures took place on such a grand scale and why it was the initial form of large-scale capitalist agriculture practised in colonies where 'bonanza farms' often reached 10,000 hectares or more. While by way of contrast, 'farms over 500 hectares are a rarity in England with its intensive cultivation, requiring plentiful stock, crop rotation, and a good deal of fertiliser: the

maximum is 1,000 hectares' (1988: 150).

For Kautsky, the principal restriction upon large-scale capitalist farms is access to labour, for even 'though all other conditions may be met, the absence of property less labour-power, forced to sell itself to the capitalists, will render capitalist activity impossible' (1988: 159). Again this is not a difficulty that urban industry faces, being based where the proletariat is abundant. Yet, most urban proletarians are not suitable for rural labour, nor have any inclination to be agricultural proletarians. Furthermore, the labour requirements of large-scale capitalist farms are much more seasonal than in urban industries, so, the best 'production sites' of suitable labour are found among nearby independent peasant farmers willing to hire themselves - or their children - out as day labourers. However, such 'production sites' contract upon the expansion of larger farms, which led Kautsky to comment that, 'this in itself is sufficient to ensure that, despite its technical superiority, the large farms can never completely prevail within any given country' (1988: 163).

Peasants help large landowners maintain such seasonal labour 'production sites' at a cheap rate through 'overwork and underconsumption' (their 'two major weapons' against elimination) (1988: 110). These are two aspects of peasant life that had long been commented upon and encompassed the whole domestic unit, with children contributing from a very early age, and today only being spared by school hours. That schooling represents a heavy drain upon the resources of the peasant farm shows the degree to which in many cases parents hope that, with education, their children can attain a life away from the farm, and no doubt the levels of disappointment when such hopes often fail to materialise. In the absence of the ability to meet increasingly capital intensive competition in the production of commodities by purchasing machinery, the only option for peasant farmers is to become more labour intensive through working harder and for longer. Kautsky quotes a number of commentators upon the miserable existence of peasants. He fails, however, to make note of the remarkable levels of generosity that is encountered amongst economically poor peasant farmers, and indeed amongst economically poor people in general, demonstrating that socially they are often millionaires. However, Kautsky's point is that to the degree that the capitalist market takes deeper roots in agriculture, levels of overwork and underconsumption will be forced to rise to their maximum.

He counters the argument that for crops which require a greater degree of care, the peasant farm is preferable. This was supposedly demonstrated by market gardening, viticulture and the production of industrial crops such as flax and hemp, leading towards a supposition that they formed the last bastions of the German peasantry. Kautsky notes that within these remaining 'refuges', large-scale establishments are in no way prohibited and, that the general hectareage devoted to the cultivation of many of these crops is in overall decline. Furthermore, even when this is not the case, wild price fluctuations can be

disastrous when cultivating mono-crops, so overall, ‘the types of farming in which the small farm is superior to the large are really only of scant significance: in general, the large farm is decisively superior to the small’ (1988: 120). In Kautsky’s day, however, there were no illicit crops.

Increasingly, therefore, peasants were being forced to seek forms of supplementary employment, most often as agricultural wage labour for neighbours or on large estates. The latter Kautsky considered quite analogous to erstwhile feudal obligations, with the rise in demand for labour coinciding with the period when peasants most need to attend to their own crops, namely, harvest time. Nevertheless, such supplementary employment opportunities are not always nearby, especially if other nearby peasant holdings are already so subdivided by inheritance that there is no demand for additional labour. Previously, this might not have been an issue given the additional option of domestic handicraft industry, though the development of large-scale urban industry had effectively separated agriculture from industry. This conferred upon the peasant the status of ‘mere’ farmer, who was now far more tied to the soil. At best, the option remained of producing for a merchant or ‘putter-out’, with the only other possibility, for those who are able, being seasonal (or non-seasonal) migration to areas where their presence helps to keep the general wages low. As such, the large-scale farm is usually welcomed by the peasant community for the supplementary income earning opportunities that it affords, leading Kautsky to the conclusion that: ‘the small farm was a prop for the large farm ... (and) the large farm appears as a prop for the small’ (1988: 181).

Communal pre-revolutionary Russia?

By the fourth quarter of the nineteenth century, Marx felt that the process of separating the producer from their means of production had been practically accomplished throughout Western Europe. Yet, the same could not be said for everywhere else, nor did it appear as necessarily inevitable. As Marx recognized, Russia was unique for being ‘the only European country in which communal property has maintained itself on a vast, nationwide scale’ (1983: 102). This was a matter of considerable concern. In 1881, he received a letter from radical Russian intelligentsia seeking his opinion:

... on the agrarian question in Russia and our rural commune ... [which] is a life-and-death question above all for our socialist party. In one way or another, even the personal fate of our revolutionary socialists depends upon your answer to the question. For there are only two possibilities. Either the rural commune, freed of exorbitant tax demands, payment to the nobility and arbitrary administration, is capable of developing in a socialist direction, that is, gradually organising its production and distribution on a collectivist basis. In that case, the revolutionary socialist must devote all his strength to the liberation and development of the commune.

If, however, the commune is destined to perish, all that remains for the socialist, as such, is more or less ill-founded calculations as to how many decades it will take for the Russian peasant's land to pass into the hands of the bourgeoisie, and how many centuries it will take for capitalism in Russia to reach something like the level of development already attained in Western Europe (1983: 98).

Russian serfs had been emancipated in 1861, but their communal institution (the *mir*) had been left intact, and even consolidated. The *mir* varied in sizes, number of inhabitants and economic activities, though they were mostly agricultural. The functions of the *mir* can be divided into ten categories: economic (redistribution of individual plots and organization of activities on land held communally); taxation (distribution and collection of taxes for the state, local government (*zemstvo*), and the commune, plus the organization of labour for communal tasks); legal (for practically all issues other than arson and murder, and primarily in accordance with common, rather than state, law); administrative-police; representation (with other communes, the state, other institutions and landlords); cooperative-charity (food provision, poor relief, assistance for those without kin, hospitals and other social institutions; educational; cultural; religious; and communications (Miranov, 1985:441-2). Such an all-encompassing administrative structure both enforced the state's interests, while representing those of the peasantry. Meanwhile, at an individual level:

It is nearly impossible to find a single significant social act of the peasant (within the community, to be sure) or a significant event in his life that was not influenced by the commune, through either its formal or informal structure. Land allotment and the use of other communal resources, the performance of various duties and obligations imposed by the state, the division of property, departure for employment outside the commune, observation of religious rites, welfare for orphans, maintenance of schools, measures against cattle plague and fires, weddings and births, deaths and illnesses, family feuds – all were part of the life of the commune. For the peasant the commune was the most important reference group, even more important than such primary groups as the family and immediate neighbours. It embraced not just a part of his life activity, not just certain parts of his personality, but his entire being and existence (Miranov, 1985: 449-50).

Periodic land redistribution and collective tax responsibilities limited the levels of class differentiation, thereby establishing something of a commonality of interests. Consequently, it should come as no surprise that the *mir* gave rise to an intense debate among the Russian intelligentsia over whether Russian agriculture could skip the capitalist transitional stage and proceed directly from feudalism to communism. Somewhat surprisingly, Marx saw the Russian peasantry's experience of working cooperatively under an elected leadership, and within a historical configuration whereby they could appropriate the positive technological developments in commercial agriculture, as factors that made Russia 'able to develop and transform the still archaic form of its rural commune, instead of destroying it' (1983: 102). Ultimately, the combination of state exactions and the interest of landowners in forming a middle and working class would severely threaten the feasibility of collective farming. Only

a revolution could save the rural commune. Otherwise, peasant farming becomes a necessary transitory stage in the overall development of large-scale capitalist agriculture, by which it is destroyed. Supplementary craft employments such as weaving are rendered uncompetitive by large-scale industries, communal property is usurped and thereby limiting the upkeep of livestock, while technological improvements requiring large capital investments bring a fall in the prices of agricultural produce:

The agricultural smallholding, by its very nature, rules out the development of the productive powers of social labour, the social concentration of capitals, stock-raising on a large scale or the progressive application of science.

Usury and taxation must always impoverish it. The outlay of capital in the price of land withdraws this capital from agriculture. Incessant fragmentation of means of production and isolation of the producers themselves. Tremendous wastage of human labour. The progressive deterioration of the conditions of production and the increase in price of the means of production is a necessary law of small-scale landowning. The disastrous effect of good seasons for this mode of production (1981: 943-944)

Similarly, Engels also believed that the peasantry had no future and that the *mir* could only be held together by the advent of a victorious proletarian revolution (Hussain and Tribe, 1983: 178-9; Gatrell, 1982: 27). However, he was well aware that, with the exceptions of England and Eastern Europe, in all countries the peasantry remained in 1894 ‘a very essential factor of population, production and political power’ (1950: 623). He saw capitalism as having made substantial inroads into the village community, and that the period had passed when villages had been largely self-sufficient, and when payment had been made by exchange or the reciprocation of services: ‘taxes, crop failures, divisions of inheritance, and litigations drive one peasant after another into the arms of the usurer ... in brief, our small peasant, like every other survival of a past mode of production, is hopelessly doomed. He is a future proletarian’ (1950: 626).

For Engels, the primary issue of concern centred on ‘how was the peasant to be helped, not the peasant as a future proletarian but as a present propertied peasant, without violating the basic principles of the general socialist programme?’ (1950: 627). The task he set himself was to resolve the tensions among the peasantry surrounding the abolition of private property and its replacement with cooperative farming. The peasantry had to see that the transition was in their own interests and ‘the sole means of their salvation’ (1950, 636). His plan for doing so was by presenting the peasantry with examples of cooperative farming on expropriated large landed estates after the landlords had been compensated.

Lenin and 'Depeasantisation'

In 1899 Lenin published *The Development of Capitalism in Russia* in which he challenged populist (*Narodnik*) beliefs surrounding the degree to which peasant society was egalitarian. Lenin argued that such views obviated the intensifying levels of social differentiation. As the *kulaks* sought to escape communal restraints on accumulation, poorer peasants wanted to be freed from communal taxes and other obligations. Thus, the *mir* was in the process of dissolving. Despite its peculiarities, Russian agriculture was replicating the 'main tendencies' of western European agricultural systems such as: increasing division of labour bringing the proletarianization of the peasantry through the spread of waged labour (often immigrant i.e. *Wanderarbeiter*), while peasants clung desperately to their smallholdings; greater use of machinery; *Landflucht*; and the transplantation of large-scale capitalist industries to the countryside (1956: 3-5). By outlining the manner in which these processes were occurring, Lenin's aim was 'of examining the question of how a home market is being formed for Russian capitalism' (1956: 1).

Feudal Russian agriculture had been organised around a *corvée* labour economy. Emancipation had released peasants from the obligation to pay rent in labour, forcing landlords to offer wages and provide tools. At least in European Russia, the *mir* had simply served as a transitional period before capitalism, and its disintegration was intimately linked with that of the peasantry. After the reforms, landlords had rushed to import machinery that could help replace unpaid serf labour, and indirectly displace the newly emancipated peasants. The fever passed but, despite a few blips (such as through the imposition of duties upon agricultural machinery in 1885 and a slowly developing domestic industry of agricultural machinery), demand continued to rise steadily and rapidly. In only eighteen years this had brought a 3.5 fold increase in the application of agricultural machinery. Iron ploughs, threshing, winnowing and reaping machines, broadcast seeders, row drills, seed sorters and driers, and hay presses were particularly sought after, demonstrating the use of machinery in an widening array of agricultural activities (1956: 224-226). Those areas where machinery was being used most intensively corresponded to those with the largest average farm sizes, and when within financial reach of wealthier peasants, their acquisition further intensified class differentiation and the employment of - as well as search for - waged labour. Yet rather than see the Russian peasantry as antagonists of capitalism, Lenin instead saw them as 'its deepest and most durable foundation' due to the numerous situations where elements of capitalism were visible in the village economy, reinforced by the weight of tradition in slowing down the transformative manifestations of it. Eventually, rather than simply differentiating, capitalism would lead to 'the utter dissolution of the old, patriarchal peasantry and the creation of *new types* of rural inhabitants' (1956: 173). These 'new types'

would be a minority class of commodity producers (the rural bourgeoisie or *kulaks*) and a class of agricultural wage labourers (the rural proletariat) with small subsistence allotments. While this would be the main trend, like Marx, Lenin advised the reader to remember that ‘capitalism penetrates into agriculture particularly slowly and in extremely varied forms’ (1956: 179). In Russia, the middle peasantry were in the most precarious position. A small minority would manage to join the successfully capitalising peasantry; for the vast majority each crop failure entailed being pushed further into the ranks of the rural proletariat. It was the middle peasantry that were most likely to emigrate, thereby accentuating the dissolution of the peasantry in these areas.

Within this overall process of ‘depeasantization’, Lenin concluded that agriculture was becoming increasingly commercialised. However, unlike industry this was not giving rise to specialised independent branches combining to produce a particular product, but instead would be devoted to mono-crop industrial agriculture. This, in turn, would create a domestic market for capitalism through crop specialisation, leading to increased inter-regional trade. It would also raise demand among the rural proletariat for manufactured products for personal consumption and among the rural bourgeoisie for the means of production and labour. Agricultural capitalism would extend the contradictions that give it a transient character. It would transform patriarchal lords into industrialists and dependent isolated peasants into ‘free’ mobile wage labourers bereft of the medieval barriers maintained by the *mir*, while also making continuous improvements to the means of production (1956: 331-40). Thus it was progressive but destined to concentrate power and wealth in the hands of a diminishing minority.

Generally, the capitalist mode of production would lead to a reduction in the proportion of the economically active population engaged in agriculture (1956: 15). A large part of the reason for why this occurs is because the most striking and outstanding feature of capitalism is that, ‘in place of the former scatteredness of production, capitalism creates an unprecedented concentration of it, both in agriculture and industry’ (1956: 657). The commodity economy inevitably selects from among the small producers one or two to be the intermediaries with the larger urban markets. Once this occurs, ‘the ousting of small, scattered marketing by large-scale wholesale marketing becomes inevitable’ (1956: 391). Merchant capital enters small industries through these intermediaries, at first only by the purchase of their wares, assuming a monopoly position where possible so as to force down prices. Soon merchant capital combines with usury through loans to the peasant who is constantly in need of money, to be repaid with goods sold at artificially low prices, often leaving them earning less than a wage labourer.

In the preface to the 1907 second edition of *The Development of Capitalism in Russia*, written in the aftermath of the 1905 demonstration of revolutionary political action

by 'all classes' (though led by the urban proletariat), Lenin writes of how the events also demonstrated 'the dual position and dual role of the peasantry' (1956: 6). The peasantry, as a mass, displayed a revolutionary political character due to their 'unprecedented impoverishment' and the organisational structure contained in the dissolving *mir*. However, within the peasantry there is the antagonistic class structure of the employers and employed, wherein a small minority become bourgeois, while the vast majority either join the proletariat or eke out their existence as semi-proletarians, holding on to their contracting means of production. Between the two groups is the impoverished middle peasantry who vacillate between the counter-revolutionary bourgeoisie and the revolutionary proletariat.

Lenin viewed the class struggle between the landlords and peasantry as essentially being over the adoption of one of two forms of bourgeois development. Landlord's wished for large-holding, landlord dominated economies, wherein the feudal methods of surplus appropriation were replaced by bourgeois forms. This 'internal metamorphosis of the feudal economy', Lenin termed the 'Prussian', or 'Junker', path (1956: 8; 1962: 239). This form is also likely to be supported by the small minority of wealthy peasants, while condemning the rest to 'to decades of the most harrowing expropriation and bondage' until they eventually come to form a rural proletariat (1956: 8). As in Prussia, the landlords would become capitalist farmers, maintaining as many feudal privileges as possible, with land leasing uncommon and the peasantry less differentiated (Hussain and Tribe, 1983: 40-51). This 'path' has also become known as 'capitalism from above' (Byres, 1986: 13). The vast majority of the peasantry however, sought a form of bourgeois development in which they would be at the forefront and the landlord class would be abolished through revolution, or would simply be none existent through colonialism. This would leave the peasantry free to gradually differentiate among themselves into capitalist farmers and waged rural labour. This model of development was termed the 'American path', and has also become known as 'capitalism from below' (Lenin 1962: 239; Byres 1986: 13). Of course, Lenin was well aware that in a country the size of the US there was great diversity in relations of production, for as he later wrote in 1915:

We find here, on the one hand, a transition from the slave-holding - or what is in this case the same, from the feudal - structure of agriculture to commercial and capitalist agriculture; and on the other hand, capitalism developing with unusual breadth and speed in the freest and most advanced bourgeois country. We observe alongside of this remarkably extensive colonisation conducted on democratic- capitalist lines.

We find here areas which have been long settled, highly industrialised, highly intensive, and similar to most of the areas of civilised, old-capitalist Western Europe; as well as areas of primitive, extensive cropping and stock-raising, like some of the outlying areas of Russia or parts of Siberia. We find large and small farms of the most diverse types: great latifundia, plantations of the former slave-holding South, and the homestead West, and the highly capitalist North of the Atlantic seaboard; the small farms of the Negro share-croppers, and the small capitalist farms producing milk and vegetables for the market in the industrial North or fruits on the Pacific coast; "wheat factories" employing hired labour and the

homesteads of “independent” small farmers, still full of naïve illusions about living by the “labour of their own hands” (1964, 100-1).

These illusions were ‘naïve’ because Lenin predicted that machinery would come to play a much greater role in agriculture and gradually displace both manual labour and small-scale production. Indeed, he saw this as already beginning to take place, though obviously it was occurring in a very plural form, just as there were numerous varieties of both the American and Prussian ‘paths’. Nevertheless, the distinguishing characteristic of the American ‘path’ remained the absence of a feudal or landlord class and high levels of peasant class differentiation in the North and West, with the South more closely reflecting post-Emancipation Prussia. He saw pre-Revolutionary Russia as more closely approximating the Prussian and Southern US ‘paths’. The struggle for the Northern American ‘path’ within a socialist context was, however, being waged by both the proletariat and the peasantry (Lenin, 1956, 6-10). Ultimately, however, all ‘paths’ lead to a communist Rome.

Chayanov and the specific economic logic of the peasantry

Assimilating and synthesizing much of the data on agrarian development that emerged from over 4000 volumes of *zemstvo* statistics, the USSR’s leading agrarian economist between 1919 and 1930, A.V. Chayanov, developed theories of peasant behaviour at both the micro and macro levels. The former is put forward in his *Theory of Peasant Economy*, wherein he notes how a radical change in Russian agriculture had been occurring since the turn of the nineteenth century. The world market had moved in its favour, an internal market had been formed through the development of industry, and the cooperative movement had strengthened. Russian agriculture bore little resemblance to that of the previous century as early as the beginning of World War I. In turn, these changes were fortified by the advent of the Soviet period. Yet still, the vast majority of peasant families were very similar at the micro level. Typical, was the ‘family that does not hire outside labour, has a certain area of land available to it, has its own means of production, and is sometimes obliged to expend some of its labour force on non agricultural crafts and trades’ (1986: 51).

Within an increasingly capitalistic international agrarian context, Chayanov noticed some bizarre occurrences from a capitalistic point of view. Firstly, there was the difficulty that had been experienced in attempts to introduce labour saving machinery in the countryside due to the labour it would displace which could not be advantageously used in other pursuits. Secondly, rents paid were often considerably higher than net profit that could be expected. This ‘consumer rent’ was defined as when, ‘land-hungry peasants, under

pressure from consumption needs and avoiding forced unemployment, pay not only economic rent and total net income for the leased land but also a considerable part of their wages' (1986: 39). Thirdly, land-hungry peasants often cultivate crops, such as potatoes, that provide smaller net profits than less labour-intensive crops, such as grain, but more evenly distribute the labour requirements over the course of the agricultural year. Fourthly, the smaller the portion of land cultivated, the greater the incidence of craft and trade activities. Fifth, unlike elsewhere in Europe, where a rise in the price of bread entailed a rise in the price of wages, in Russia when there were harvest failures and the price of bread rose, the labour market was flooded leading to a reduction of wages. Lastly, that the labour productivity of a peasant domestic unit does not increase to take advantage of favourable economic conditions, but instead prefers to reduce the working hours to that required to obtain the same income. Consequently, Chayanov hypothesised that the peasant family as an economic unit functioned in accordance with what he termed 'the laws of the labour-consumer balance' (1986: 49).

Essential to understanding 'the labour-consumer balance' are the concepts of gross product and net product of labour for the peasant domestic unit. The former refers to all income annually attained by the domestic unit both from on-farm and off-farm economic activities. The latter refers to that which remains after all annual overheads have been paid. In turn, these are a consequence of both the hours worked (labour intensity) and the degree of labour productivity, the latter being a variable of numerous factors such as soil fertility, crops cultivated, use of machinery, fertilizers, availability of alternative economic activities and proximity to markets. Due to the seasonal nature of agriculture, average labour intensity was much less than that of industry although it could be much higher during specific periods, especially harvest. Overall, it was not fully utilised, yet what Chayanov found to be the most important factor affecting the level of labour intensity was 'the pressure of family consumer demands on the workers' (1986: 76).

The more non-productive mouths there were to feed in the household, the harder the economically active members had to work to feed them. This is the labour-consumer balance. A moment arises, when the marginal utility to be derived from additional labour equals the estimated drudgery and after this point work ceases. Therefore, this point arrives earlier if the market price of the produce (the wage) is higher. This is the opposite of a capitalist farm enterprise and can only be lengthened by additional weight upon the consumer side of the labour-consumer balance, such as if someone gets sick, or a baby is born. Conversely, when the price paid for the produce drops so low that after deducting wages it would no longer be profitable for the capitalist enterprise to continue in this activity, the peasant will simply increase the labour-intensity until the meeting point of marginal utility and drudgery has been passed. Over a family's 'natural history', the labour-

consumer balance tilts heavily towards the consumer side in the initial years as babies are born but then tilts heavily onto the labour side as the children reach a working age. For this concept Chayanov preferred to borrow the term, '*demographic differentiation*' (1983: 68).

Regarding, 'the question of the family farm's place in the present-day national economy, its features as a social and economic whole, its links with the capitalist economy, and the forms of their relationship to one another', Chayanov's conclusions differ markedly from other analyses (1983: 242). He disagrees with the belief that the heterogeneity witnessed within the peasantry was a consequence of their class differentiation into proletarians and capitalist farmers via the rise of the commodity market and agrarian capitalism. He recognized that this may have been the case in some examples, but sees the main cause of heterogeneity to lie instead in 'demographic differentiation'. As such, differentiation is not a manifestation of a recent historical process but a repetitive cycle wherein young families will attempt to expand their area under cultivation, while those of older families are more likely to contract - either being parcelled among family members or sold to others.

Both processes are often affected by other occurrences, such as overall land pressure, produce price, inflation, access to credit and political situation whereupon, 'one of them begins to temporarily predominate over the other, and after a few years a noticeable change occurs in the relationship between the classes' (1983: 249). This entails a growth within the ranks of the poorer classes in adverse economic situations and the opposite in favourable ones. Furthermore, sectors of the peasantry are likely to be affected differently. For example, a recession might highlight the precarious situation of the young domestic unit while also the stability of the older. Nevertheless, 'the chief cause of differences in farm size is the demographic process of family growth as its age increases, and not social factors causing peasant farms to become capitalist and proletarianized, as we formerly supposed' (1983: 254).

In terms of state agrarian policy, this implies the need for 'differential agricultural programs' that take such factors into account. Policies aimed to combat capitalist exploitation and proletarianization should definitely be maintained but:

... these social processes should be sought out, not by means of classifying sown areas and so on, but by direct analysis of capitalist factors in the organisation of production, i.e., hired labour on farms, not brought in to help their own, but as the basis on which to obtain unearned income, and oppressive rents and usurers credit (1983: 255).

Ultimately, Chayanov hoped to help peasant farms defend their positions against large-scale capitalist farms through the fortification of co-operative bodies, and took comfort in noticing that the processes of depeasantization and capitalist concentration throughout the world had

not occurred as rapidly as had been expected in the late nineteenth century, and that agrarian revolutions were springing up in various places. He admitted though that it was:

... clear to everyone working in the field of agriculture that literally before our eyes the world's agriculture, ours included, is being more and more drawn into the general circulation of the world economy, and the centres of capitalism are more and more subordinating it to their leadership.

In other words, while *in a production sense* concentration in agriculture is scarcely reflected in the formation of new large-scale undertakings, *in an economic sense* capitalism as a general economic system makes great headway in agriculture (1983: 257).

England: the classical landlord-capitalist tenant-wage labour structure

Like elsewhere in Western Europe, the English peasantry had been successful during the fifteenth century in gaining their freedom from labour-services, mobility constraints, arbitrary tallages and unbearably exploitative rents (which were actually declining due to inflation and the lengthy periods for which they were set). But landlords retained two long-term measures to combat the development of peasant freeholds. The first was the appropriation of customary peasant holdings that had been left vacant by the demographic collapses of the fourteenth and fifteenth centuries. Secondly, for those claiming freehold rights prohibitive fines could be arbitrarily levelled by the lord upon the conveyance of such lands, whether by succession or sale.

Throughout the fifteenth, and especially over the course of the unsuccessful major agrarian uprisings in the first half of the sixteenth century, these fines had been contested with payment often refused. However, by the end of the seventeenth century landlords controlled 70-75 percent of cultivable lands fostering 'the emergence of the classical landlord-capitalist tenant-wage labour structure which made possible the transformation of agricultural production in England, and this, in turn, was the key to England's uniquely successful overall economic development' (Brenner, 1976: 63). The peasantry had been prevented from establishing freehold control, thereby enabling landlords to 'engross, consolidate and enclose' (Brenner, 1976: 63).

It is thought that class differentiation within the English peasantry began to really take hold in the fifteenth century through the maintenance of wool exports at fourteenth century levels but being produced by half the number of farmers, hovering around 2 million in 1450 (Brenner, 1982: 105). As the exports became value-added via the rise of cloth production in the third quarter of the century (and especially from the 1520s), larger portions of the still-stagnant population were needed to take up industrial employments. The consequent rise in demand for agricultural produce, and thereby of food prices, gave impetus

to ‘competition among tenants for the land and among landlords for tenants [which] stimulated cost-cutting, thus specialization and improvement, leading over time to the replacement of small, inefficient peasant tenants by larger capitalist tenants, thus underpinning an agricultural transformation’ (Brenner, 1982: 87-8). As the balance of power tipped away from the landlords the state came to be more called upon to settle disputes, leading to a continual process of judicial centralization.

Landlords and the increasing capitalist tenant class (the ‘yeomanry’) needed the state to reaffirm the sacrosanct nature of private property, and, as Wood rightly points out, its ‘exclusivity’ (2000: 32). Under Henry VII (1485-1509) evictions had been illegal and any cottages that were raised had to be rebuilt. Henry VIII (1509-1547) even attempted to limit the number of sheep that could be owned to 2000. The English Reformation, however, brought the expropriation of the very large portion of land that had been under the feudal proprietorship of the Catholic Church. Estates were either given away to royal favourites or sold off to the yeomanry, with poorer hereditary sub-tenants often thereafter driven from these newly-appropriated erstwhile church estates. This formed the first wave of English enclosures and caused Sir Thomas More to comment sarcastically about how ‘sheep, that are naturally mild, and easily kept in order, may be said now to devour men, and unpeople, not only villages, but towns’ (1850: 18). The forceful demonstration of private property’s exclusivity continued to be a principal source of social conflict throughout the sixteenth and seventeenth centuries, and figured significantly in the minds of many who participated in the English Civil War (1642-51). Yet it was not truly confirmed until the last third of the seventeenth century following the restoration of the Stuarts (1660) and especially after the ‘Glorious Revolution’ of 1688.²⁹ These events laid the ground for the ‘Parliamentary enclosures’ from 1750s.

Demonstrative examples of the increasing influence of landed interests in the state began with the abolition of feudal tenure-enforcing, and intermittent enclosure-obstructing, royal courts during the Civil War and the Interregnum (1640-60); moving on to the protectionist Corn Law of 1670 for wheat, and later the same for cattle, apples and other crops; the strengthening of laws establishing a minimum working day and a maximum wage, and against any forms of combination, or “vagabondage”. Taken together:

The spoliation of the church’s (sic.) property, the fraudulent alienation of the State domains, the robbery of the common lands, the usurpation of feudal and clan property, and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a “free” and outlawed proletariat (Marx, 1906: 805).

²⁹ In 1650 only 10 percent of cultivable land in England had been enclosed (DuPlessis, 1996: 66).

By 1700, landlords controlled three-quarters of cultivated England and were continuing to enclose. However, the country's transformation into Europe's most agriculturally productive was dependent upon the adoption of new technologies and economies of scale, requiring significant capital investment made by large-scale capitalist tenant-farmers, and some independent owner-occupiers. Those productive improvements made by the peasantry were mostly labour rather than capital-intensive. As a consequence, by the end of the seventeenth century the English population had regained its fourteenth century levels but through agricultural productivity increasing at a quicker rate (due to changes in the agrarian class structure), were this time able to avoid the demographic crisis these levels had previously entailed.³⁰

Regional specialization was encouraged through investment in riverine, road and coastal transportation. The previously 'backwards' north and west became pastoral, while the south and east split into three: mixed grain and cattle farming developed in areas of sandy light-soil; pasturage occurred on heavy-soil; industrial and horticultural crops were grown around urban centres with London becoming Europe's most populated city by 1700, inhabited by 575,000 people (DuPlessis, 1996: 177). By this date some 40 per cent of the English population were no longer in agricultural employment, most of whom were instead engaged in manufacturing jobs, especially woollen textiles, although many other new import-substituting trades as well (Brenner, 1976: 66).

Manufacturing exports doubled in value between 1700 and 1780. Those to Europe accounted for only an eighth of these products with most countries encouraging their industries behind protective barriers and lower wages. Whereas at the start of the century European markets accounted for 84 percent of English exports, by the eve of the American Revolution most were sold elsewhere. Colonial markets were far more lucrative, with exports to North America and the West Indies jumping eight times in value between 1700 and 1770 (rising from 10 to 47 percent of exports), while over the same period exports to Ireland increased sixfold (jumping from 2 to 6 percent), and to Africa, Asia, the Levant and Latin America all increased sixfold (expanding from 3 to 8 percent). Colonialism and forced, as well as voluntary, emigration had brought profitable expanding markets.

A combination of 'mercantilist tariffs, bounties, monopolies, and prohibitions, backed by naval force, restricted these consumers as far as possible to British products' (DuPlessis, 1996: 244). The Orwellian sounding Act for the Encouragement of Trade in

³⁰ Croot and Parker contend that agricultural productive improvements need not necessarily occur only through large-scale capital investment, and that during the early modern period many also occurred on peasant smallholdings. They admit that 'important reclamation schemes and the floating of water-meadows did require heavy financial resources, [but] other improvements, such as manuring, new crops and even convertible husbandry, could be undertaken on any sized holding, financed by the farmer himself either from profits or by loans' (1978: 38). Adam Smith agreed with this perspective, viewing the small farmer as the 'principal improver' (1999, Vol. 1:495).

1663 was just one of the Navigation Acts used to restrict trade. Any exports and imports between Europe and North America, or other colonies, first had to pass through England where they would be 'inspected' and have duties levied upon them, effectively pricing European commodities out of the North American markets. The degree to which the Navigation Acts prohibited 'smuggling' is debatable, although they certainly helped swing trade in England's favour. Other means included the Methuen Treaty with Portugal (also known as the Port Wine Treaty), which guaranteed import-free entry for English textiles, bringing a 266 percent rise, most of which were exported to Brazil. Metalwares claimed an increasing portion of this export growth over the century rising from 3 to 15 per cent by 1800.

The domestic market continued to expand thanks in part to the growth of the middle classes from 15 per cent to between 20 and 25 per cent in only thirty years after 1750. The popular classes also increased their levels of consumption of manufactured goods. Unlike elsewhere, English manufactories were private initiatives and not state sponsored, although often very much aided by mercantilist prohibitive import tariffs (especially once the imports had developed a market that could be then taken over by domestic produce, such as with Asian calicoes). The vast majority of items were produced in the countryside with even London manufacturers putting-out to the lower paying provinces for the less skilful stages of production. England's industrial geography changed dramatically in the eighteenth century as a consequence of the exhaustion of southern mineral deposits, the absence of strong guild regulation, but most significantly the agrarian reorganization. The 'backwaters' in the north became the centres of textile production, mining and metallurgy, while the south and east de-industrialized to concentrate on cereal farming using male waged labour, leaving women and children free to engage in cottage industries (DuPlessis, 1996: 243-249)

The pace of British industrial growth over the eighteenth century was less rapid than that of France, but Britain enjoyed certain advantages. Of primary importance was that this was the first sustainable export drive that had not brought a consequent rise in food prices - and thereby wages - stemming from inelastic agricultural productivity. A more productive agricultural system allowed for a larger proportion of the population to engage in the production of manufactures, the transportation of which benefited from widespread infrastructural improvements. Consequently, by the early 1770s manufactures constituted 54 per cent of England's exports compared with only a third of France's by 1787. In France - like Italy - the textile export industries had long been severely handicapped by the inelasticity of agricultural production, while the domestic markets were limited due to the predominance of peasant agriculture. The emergence of agrarian capitalist class relations enabled England to diversify its productive base and, with protected domestic and colonial markets, placed it in the most favourable European position to enter the Industrial

Revolution at the close of the eighteenth century. In other words, by the eighteenth century the capitalist tenant class had become powerful enough so that between 1760 and 1820 they could legally enforce ‘wholesale enclosure, in which, in village after village, common rights are lost, and the landless and – in the south – pauperised labourer is left to support the tenant-farmer, the land owner, and the tithes of the Church’ (Thompson 1991: 217).

Smith and Ricardo: the liberal perspective

From Smith’s point of view, the principal economic differences between town and country were in terms of price fluctuations for their products and the degree to which they are amenable to the division of labour. Whereas price fluctuations for manufactured products occur simply on account of changes in demand, agricultural price fluctuations are also a consequence of non-economic factors such as weather (1999, vol.1: 161). Smith saw the division of labour in agriculture as most developed in ‘countries which enjoy the highest degree of industry and improvement ... the work of one man in a rude state of society being generally that of several in an improved one’, yet the overall level of productivity of the several being much higher than the same quantity of individuals in the ‘rude state of nature’ (1999, vol.1: 111). He continues, though, that agriculture is different in this respect because it is not as amenable to as many subdivisions of labour as manufacturing. The level of subdivisions of labour in everything we see is enormous, yet ‘the ploughman, the harrower, the sower of the seed, and the reaper of the corn are often the same’ (1999, vol.1: 111-2). Hence improvements in agricultural labour productivity do not occur as rapidly as in industry. Labour productivity in the agricultural sector of wealthy nations is likely to be higher than in poorer countries through the use of more fertiliser and machinery, but not as great as the degree of labour productivity in manufactures. Therefore, in the absence of huge levels of agricultural subsidies and import tariffs, produce from poorer countries should arrive cheaper at the domestic, and now - through transportational improvements - the international markets, simply due to the lower costs of production.

Writing thirty years after Smith in 1804, towards the end of the main enclosures period and much further into the industrial revolution, Ricardo, like Smith, opposed the protectionist Corn Laws although believed that many more technical improvements could be made to agricultural productivity than Smith had perhaps given credit for. Ricardo felt that agricultural improvements took two forms: those that increased the productivity of the land and those, which, through improvements in machinery, enabled farmers to obtain equal quantities of crops using less labour. Both led to a fall in the price of the raw produce: ‘If they did not occasion a fall in the price of raw produce they would not be improvements; for

it is the essential quality of an improvement to diminish the quantity of labour before required to produce a commodity; and this diminution cannot take place without a fall of its price or relative value' (2004: 42). The improvements that Ricardo envisaged were better systems of crop rotation and choices of manure, whereas in regards to machinery he referred to the plough, the threshing machine, better use of horses and more awareness of veterinary science. A further factor that would lead to a fall in the price at which raw produce could be sold, was 'the discovery of raw tracts of fertile land, which in other countries may be taken into cultivation, and which will affect the value of corn in every other market where importation is free' (2004: 8).

While importation prohibitions, population growth and rises in the cost of labour could act to counter these downwards price pressures, for Ricardo, those who sought protectionist measures upon importation to save the capital already invested were arguing the equivalent of someone forgoing the use of new machinery because it would render the old less valuable. Ultimately, those who advocate protectionist measures failed to see that the purpose of commerce is to increase production and thereby 'happiness'. For Ricardo, those seeking to maintain protectionist laws for corn:

... should endeavour to arrest all improvements in agriculture and manufactures, and all inventions of machinery; for, though these contribute to general abundance, and therefore to the general happiness, they never fail, at the moment of their introduction, to deteriorate or annihilate the value of an existing part of farmers and manufacturers (2004: 181).

Ricardo was referring to large-scale corn farmers, but, if asked if the above applied also to the peasantry, it seems more than likely that he would have replied in the affirmative.

Though firmly believing that improvements in agriculture would steadily raise levels of productivity, Ricardo was also a staunch Malthusian and, therefore, did not think it likely that the rate of population growth would at any stage slow down or that technological development in levels of agricultural productivity would be sufficient to meet the increasing needs of the growing national population. Consequently, and given that 'friends of humanity cannot but wish that in all countries the labouring classes should have a taste for the comforts of life, and that they should be stimulated by all legal means in their exertions to procure them', he advocated imperialism (2004: 57). In much less densely populated parts of the world, people were imagined to be surviving at the brink of famine due to their 'ignorance, indolence, and barbarism' (2004: 56). In order to increase their happiness, they simply needed to be better governed, thereby securing private property and improving education. Capital will necessarily accumulate faster than the population versus the other way around at home, where every industrial improvement is a cloaked dagger for the

working classes unless the rate of population growth falls. Such thoughts bear a striking similarity to the quote by Cecil Rhodes in the previous chapter, made nearly a century later.

France: ‘the classical land of small peasant economy’ (Engels, 1977: 626).

French peasant agriculture remained strong into the “early modern” period (approximately 1450-1800) through a continual process of gaining political and economic rights (such as making village mayors elected representatives, securing heritability, fixed rents and common lands) in village after village. In general, until the revolution, the parish and village community were one and the same with practically identical boundaries and interests. Apart from being the site of religious instruction, the church also functioned as the centre for community, business, education, administrative and sometimes even judicial matters.

However, the French village owed its pre-revolutionary sense of unity more to an economic system based upon:

... the collective ownership and use of the communal goods, the collective constraints upon private property for the benefit of the inhabitants as a group (prohibition of enclosure, compulsory rotation of crops), by the rights of usage over woods and fields (right to pasture on the fallow, of gleaning and stubble (*chaumage*), and lastly, by the rules of communal agriculture (the regulation of temporary cultivation, the fixing of the dates of harvest, the regulation of pasture on communal lands, etc.) (Soboul, 1956: 82).

This was principally due to their unique surplus extraction relations with the monarchical state which - since at least the mid-thirteenth century - sought to protect them from exploitative landlord rents by establishing and securing peasant property, so as to impose upon them higher taxes. Consequently, during periods of warfare and demographic decline, this made it more difficult for landlords to appropriate the vacant customary holdings as occurred in England.³¹ That this gave rise to different surplus extraction relations is

³¹ Croot and Parker (1979: 46) dispute this view and believe that the French monarchy worked in alliance with the clergy, seigneurs and landowners to brutally exploit the peasantry. As Brenner contends (1982: 79), they make no mention of the absolutist state’s role during the fifteenth and sixteenth century in abolishing the legislative remains of serfdom, even for areas where it had not already been disbanded in practice, such as in Nivernais. Nor is any space given to the series of ordinances, issued in the mid-fifteenth century, respecting local ‘customs’ which consolidated peasant property by giving it legal foundations. Most significantly, no attention is paid to the reallocation to the peasant villages of the responsibility for the collection of the royal *taille*, bypassing the rival landlords. In no way does Brenner perceive this state ‘protection’ to have derived from anything other than a material interest in exploiting the peasantry to the utmost, although, rather than working in collusion, the monarchy shared little of the spoils and power with the landed elite. The English monarchy, who were not in such an advantageous position, had to share more of both with the landed classes.

demonstrated most graphically by the fact that the widespread peasant revolts during the early modern period were directed in France against the overwhelming taxation system of the monarchy, rather than against the crippling levels of rent imposed by the landed aristocracy. Therefore, in France the absolutist state and the peasantry were mutually interdependent. This left the landed elite with little option other than to attempt to defend 'their' peasants against state extractions, as manifested by the ineffectual seigniorial reactions against the monarchy, which periodically interrupted the consolidation of the absolutist state. Generally, they were overcome through cooptation (Brenner, 1982: 81-2).

In England the monarchical state had been much more dependent upon the landed aristocracy, due in part to the presence of 'a peasantry whose rights had been too well established for a return to serfdom to be possible, but not sufficiently well established to enable it to maintain control of the land when faced with seigniorial pressure' (Bois, 1979: 66). This increased dependency was evidenced by the strengthening of parliamentary institutions. The only means by which French landlords could attempt to establish consolidated units was by purchasing discontinuous individual free-holdings, rather than by simply raising rents and evicting. Additionally, this also gave French peasants less of an economic incentive than English tenants to operate in an economically efficient manner, for they did not have to worry about alterations in the land: labour ratio resulting in higher rental payments. Subsistence and taxes could generally be garnered from the land. If not, then waged labour on the lord's demesne was usually an option. In these conditions accumulation was limited and class differentiation was generally checked by morcellation.

France experienced a rural crisis over the course of the seventeenth century where yields fell, along with prices and rents. To pay for wars and debt the Crown raised taxes, forcing many to abandon their lands. Nevertheless, the overall structure of peasant proprietorship in France remained more or less intact. By the end of the seventeenth century the peasantry accounted for some 45-50 per cent of cultivated land, compared with 25-30 per cent in England (Brenner, 1976: 73). Less warfare after 1725 - manifested in lower taxes - gave French agriculture space to attempt a recovery with yields, prices and rents all rising, while vacated lands were enclosed and brought into cultivation. Commercialised farming of cereals on large leaseholds had begun in northern France in the sixteenth century but expanded markedly over the course of the eighteenth century to supply the burgeoning towns and cities, especially Paris (Bernstein, 1996/1997: 27). The practice spread to other regions, often on lands appropriated during the Wars of Religion (1562-98), so that by the end of the eighteenth century large-scale commercial farms occupied about a third of arable French land (DuPlessis, 1996: 165). Smallholders - especially those near the towns and cities - also entered the commercial affray, specializing in particular on dairying, stockbreeding, vines, olives and tobacco, adapting as market prices dictated. Nevertheless, they were the

minority.

Against passive resistance, lawsuits, royal protection, inheritable smallholdings, fixed rents and the odd act of violence, French landlords in the eighteenth century were simply not in a particularly strong position to take advantage of rising land and food prices by making agricultural improvements. Although some were aided by Crown authorization of the enclosures of some common lands in the mid-eighteenth century, most resorted to the only profitable option available to them: rent out parts of their demesne on short-term leases for as much, and with as many conditions attached, as possible. In doing so, they were aided by rising demographic pressures. This led to the evolution of three classes in the stereotypical pre-revolutionary French village.

The wealthiest class was the *fermier-général* who usually did not own any land but would take on a large lease from the landlord to then divide and sublet. After the Revolution this position was nullified and so cannot be considered significant for the French path towards agrarian capitalism. Under the *fermier-général* was ‘the substantial class, called *labourers*, who worked considerable tracts which they owned wholly or in part’ (Lefabvre, 1967: 133). Then, there were the *manouvriers* composed of smallholders, sharecroppers and landless. It was the wealthier *labourers* who were able to make large profits during a price rise, buy adjacent smallholdings, make loans, hire wage labour and take advantage of capitalist development in the towns. Furthermore, they were also the best positioned to take advantage of the revolutionary declarations of 1789 and 1793 that held the right to property as “natural and imprescriptible”, allowing for enclosures and restricting collective rights (Soboul, 1956: 88). That said, all classes of the peasantry benefitted from the Revolutionary expropriations and in France it was the landlords that were expropriated, unlike in England where it had been the poorer peasantry by the wealthier *kulaks* in cahoots with landlords.

The peasantry continued to be bled by state taxes over the course of the eighteenth century, although in more diverse and nuanced forms such as consumption tax. The state neglected to invest these taxes on infrastructural projects that would have encouraged commercialisation, specialisation and improved productivity (and thereby eventually increased their tax base). Consequently, by the close of the eighteenth century most peasants continued to farm using low-yielding traditional methods primarily for subsistence, bringing only modest amounts to the market. Such a system was not conducive to significant increases in agricultural productivity and by the eve of the Revolution had led to a situation wherein the *manouvriers*, ‘unable to subsist except in and through the community, clung desperately to the traditional forms of production and stubbornly called for the maintenance of the limitations which collective constraint imposed on private property’ (Soboul, 1956: 89). The Revolution permitted a compromise, whereby, the maintenance of collective rights remained the decision of the community. For Soboul, the subsequent division of the

commons, coupled with the maintenance of aspects of traditional collective rights, explains the incomplete nature of the bourgeois revolution and the continuation of the French peasantry, despite the formation of a dominant rural class. For Brenner, the irony is not lost that 'the most complete freedom and property rights for the rural population meant poverty and a self-perpetuating cycle of backwardness. In England, it was precisely the absence of such rights that facilitated the onset of real economic development' (1976: 76). This view has become known as 'the Brenner thesis'.

Nevertheless, it must be pointed out that during the eighteenth century, 'France became the Continent's foremost industrial power' (DuPlessis, 1996: 237). Large numbers of the rural poor entered dispersed, regionally-specialized, rural linen and woollen proto-industrial manufacturing, especially in the north, centre, and south-west. Urban textile industries also began to emerge, some manufacturing luxury silks, but most concentrating on cheaper goods, with new cotton and cotton-linens expanding most rapidly for export to colonial markets and domestic consumption. Heavy industries, especially coal and iron, also expanded. From the Colbert ministry onwards (1696-1715), governments protected these industries through 'the full panoply of mercantilist measures, including preferential tariffs, import prohibitions, monopolies, financial inducements to immigrant artisans, exemption from guild rules, loans and grants of money, buildings, equipment, and raw materials' (DuPlessis, 1996: 237-8).

Overseas trade - in both luxury and cheaper products - grew eightfold in value over the century with the share for colonies rising from 20 percent in 1716 to just under a third in 1787. Additionally, most Latin American manufactured imports and industrial imports into the Levant, were French, while textiles were exchanged for slaves in West Africa. Italy and Spain were also dominated by French imports, while Germany and east central Europe rapidly purchased her silks. Yet it was the domestic market that consumed about three quarters of French goods. Inexpensive to moderate manufactures, including tools and other implements were avidly sought by a commercializing agricultural sector. Purchases by the popular and middle classes also swelled considerably, especially of textiles and clothes. In 1710 only ten percent of artisans wore cotton clothing but by 1789 they were worn by two-fifths. Luxury items were also predominantly sold in the domestic market. Overall, gross industrial output is estimated to have increased fourfold over the century, at a yearly rate of 1.9 per cent between 1701-10 and 1781-90. Like Britain, by 1800 industry accounted for about two-fifths of production, having risen from about a quarter in 1700 (when in Britain the figure had been closer to a third). French iron industry's output was, in terms of tonnage, roughly two and half times that of Britain's by the close of the eighteenth century.

Yet, the importance of such figures should not be overemphasised. In 1789, only a fifth of the French population were employed in industrial occupations compared to two-

fifths in England; two-fifths of French trade was in manufactures compared with two-thirds in England; only 600,000 tons of coal were hewn compared with 5 million in England in 1750, and 15 million by 1800; 900 spinning jennies were used in production compared to 20,000; and French iron industry used low-capacity charcoal-fuelled furnaces. On the eve of the Revolution, per capita output of coal in England was 70 times that of France and domestic demand for consumer goods was limited by the fact that the great majority of the population remained peasant farmers, whereas in England only a third continued to be involved in agricultural pursuits. Capitalist relations of production had taken a hold, though it was not yet of greater significance than more traditional, small-scale, labour-intensive organizational structures and technologies, making use of the abundant supplies of cheap labour from the under-employed agricultural sector (Dupplexis, 1996: 237-43; 186).

As capitalist relations of production came to exert a greater hold over the French agrarian economy during the nineteenth century, land became more concentrated in the hands of the *labourers* and the village community 'disintegrated completely' (Soboul, 1956: 91). Yet the vast majority of the French population remained isolated smallholding peasants. In the mid-nineteenth century, and specifically to that period, Marx famously described the situation as follows:

Throughout the country, they live in almost identical conditions, but enter very little into relationships one with another. Their mode of production isolates them, instead of bringing them into mutual contact. The isolation is intensified by the inadequacy of the means of communication in France, and by the poverty of the peasants. Their farms are so small that there is practically no scope for a division of labour, no opportunity for scientific agriculture. Among the peasantry, therefore, there can be no multiplicity of development, no differentiation of talents, no wealth of social relationships. Each family is almost self-sufficient, producing on its own plot of land the greater part of its requirements, and thus providing itself with the necessaries of life through an interchange with nature rather than by means of intercourse with society. Here is a small plot of land, with a peasant farmer and his family; there is another plot of land, another peasant with wife and children. A score or two of these atoms make up a village, and a few score of villages make up a department. In this way, the great mass of the French nation is formed by the simple addition of like entities, much as a sack of potatoes consists of a lot of potatoes huddled into a sack (1943: 132-133).

In 1850 approximately 40.8 per cent of the combined English and Welsh population was urban based, compared to only 14.4 per cent of the French, and 10.8 per cent of Germans (Wood, 2000: 37).³² As Byres points out, 'the stubborn persistence of that small-peasant economy, in the face of capitalism's onslaught, is eloquent testimony to the dangers involved in dogmatically assuming a form of agrarian transition in which the peasantry is quickly swept away' (1986:39). Although the French village enjoyed nowhere near the same rights or privileges that it had fought so long and successfully for, enough remained for most to be able to eek out an existence from their marginal smallholdings, supplemented in

³² Overton estimates that by 1850 only 20 percent of the English population continued to remain engaged in agricultural pursuits, whereas in 1500 the figure had been closer to 80 percent (1996: 1-9).

part by occasional wage labour and participation in rural industries.

The anomalous Low Countries?

Among other countries, it is pointed out by Le Roy Ladurie that in the regions surrounding the Netherlands a successful transition to industrial capitalism was made upon the basis of a peasant-dominated agricultural economy (1979: 59). In the provinces of east Flanders and Brabant (which today lie in Belgium and Northern France), by the mid-fifteenth century more than half of small holdings measured less than 5-8 acres. Lordships existed, but peasants enjoyed long leases and practically full control over their smallholdings, wherein they were free to develop what became known as “Flemish farming”. The practice of leaving land fallow was either abandoned or limited to one in seven to eight years, and instead, planted with fodder to leave the land better fertilized. Flemish farmers were also quick to adapt to technological improvements such as harrows for weeding and breaking up clods, ploughs adapted for specific soils and the scythe which replaced the slower sickle.

Flemish agriculture became much more productive and diversified than the European average. In addition to grain, meat and dairy products for the flourishing nearby urban markets (which as early as the mid-fifteenth century housed a third of the total population), farmers were producing a host of industrial crops like dyestuffs, flax, hemp, hops, as well as wool and leather. Flax in particular was notorious for soil depletion, yet through the high levels of fertilizer being used a family farming as little as a single acre could survive by engaging in some handicrafts on the side. Agriculture was so productive that whereas the European average of wheat yield per acre was less than a bushel in the late fourteenth and fifteenth centuries, in Flanders and Brabant the average ranged between 1.6-1.9, with producers in Lille said to have yielded as much as two and a half bushels as early as 1300.

In the northern provinces of the Netherlands - such as Holland, Utrecht and Friesland - colonists had first been tempted in the eleventh and twelfth centuries by promises of personal freedom as well as low cash rents and dues. This freedom allowed for a property market to quickly develop wherein peasants even had access to mortgages. By the end of the fifteenth century the nobility owned only ten per cent of the land, which was in any case scattered and bereft of strategic assets such as commons and forest. By contrast, the peasantry held more than half of Holland’s land. The landed elite were simply not in the position, enjoyed by their cousins elsewhere, to dominate the peasantry. Even the control mechanisms of juridical feudalism were weak and provincial representative assemblies or “estates” controlled by the towns.

It should be pointed out, that such a weak system of lordship did not give rise to strong village communities which might have encouraged collective interests. DuPlessis believes this to have been because of the absence of lord-peasant conflicts for which they would have been required. Furthermore, common fields were inexistent with family farms being canal-enclosed. Although drainage boards, or *watershappen*, were important collective organisations, they functioned simply to oversee the maintenance of canals, pumps and windmills and so, ‘had nothing to do with the kinds of agricultural regulation that structured communal institutions and solidarities elsewhere in rural Europe’ (1997: 27). Unlike the smallholdings of densely populated and heavily urbanized Flanders and Brabant, Dutch farms in the mid-fifteenth century were too poorly drained to be self-sufficient, forcing inhabitants to diversify their pursuits – dairying, fishing, grain growing, market gardening, peat digging and transport – from which they could use the proceeds, especially of dairying and herding, to purchase needed food items at market. The development of transport facilities for cheap grain imports from Eastern Europe, and the export of bulky agricultural commodities, also helped enormously. These factors moved the rural economies towards being market oriented and monetized. For Brenner, what is crucial for understanding how the Dutch transition towards capitalism occurred upon the basis of peasant agriculture, was the absence of ‘a strongly-rooted lordly class capable of extracting a surplus by means of extra-economic compulsion, and by 1500 the landed class received exclusively economic rents’ (1982: 107).

Meanwhile, the Flemish farmers were still tenants and so had to specialize and engage competitively with the market at an early date. Similarly to the Dutch, Flemish agrarian commercialisation was aided by the easy availability of cheap grain imports from the *Gutscherrschaft* manorial economies of eastern Germany and Poland. Rather than having to orientate farming activities around the provision of subsistence, they were free to pursue economically profitable alternatives for the nearby large urban markets. DuPlessis agrees with Brenner, and views such endearing examples as ‘restricted to the peripheries, whereas in the core long-established structures and practices remained robust’ (1996: 28).

The agricultural economy of the Low Countries continued throughout the sixteenth century to be Europe’s most specialized, productive and commercialised but decline set in during the seventeenth century Dutch Wars of Independence (1568-1648). By the 1680s the output of grain was at its lowest levels since the later Middle Ages, while rents had fallen by two-thirds. Yet, by 1720 at the latest, recovery had begun with grain output 30-35 percent more than it had been the century before and rents rising accordingly. Two agricultural systems thereafter began to develop in the southern Low Countries and the Dutch Republic, both of which increased involvement with markets although through very different social structures.

In the southern Low Countries large farms emerged, specializing in mixed grain and livestock for the urban markets. In west Flanders more than three-quarters of farms were greater than 25 acres and to a slightly lesser extent the same occurred in Hainut, southern Brabant and Namurois. The previously limited cultivation of industrial crops and horticulture practically ended. These farms were owned by urban bourgeois and nobles that leased to tenants with the financial means to invest in productive improvements. Landlords even went so far as to invest in costly projects such as drainage and buildings, offer credit, seed, cattle and reduced rents to entice such entrepreneurial tenants. As a consequence, the middle strata of the peasantry - bereft of the financial means to engage in such productive improvements - were pushed aside to join the ranks of the smallholders. For the smallholders who had specialised in labour-intensive dairying or industrial raw materials, demographic growth over the eighteenth century pushed up rentals so that by the 1790s they were forced to part with 40 percent of their revenue in rental alone. Subdivision occurred as a consequence, forcing many to attempt to survive by cultivating more potatoes and eventually two thirds of smallholding households to seek supplementary wage labour, usually in the linen trade which had expanded by two-thirds between 1700 and 1785. Woollens, sugar refineries, salt and tobacco processing, coal mining, and metallurgical industries also offered attractive options (DuPlessis, 1996: 171-3; 234-7).

In the maritime provinces of the Dutch Republic agricultural expansion finished in the 1660s upon the completion of the major infrastructural projects. Due in part to limited population growth in the Dutch Republic and its major nearby markets - as well as the emergence of international competition - agricultural production stagnated until about 1750. More significantly, the government had been forced to steeply raise taxes to pay for the decades of warfare with England (1652-54, 1665-67 & 1672-74) and France (1672-78). Landlords, who were primarily investors, accordingly pulled the plug. Costly drainage systems needed to be maintained and replaced but capital was increasingly difficult to acquire. To top things off, virus epidemics wrecked havoc on livestock. In Friesland 80 percent of cattle died within a year on two occasions (1714 & 1745). The agrarian economy began to move into the interior where small farmers began to forsake mixed cattle and grain farming in favour of sheep and cereals, specializing particularly in rye. Meanwhile, in districts lying alongside the Rhine - such as Utrecht and Gelderland - tobacco farming for the Amsterdam market provided a profitable, labour-intensive mainstay for many small farmers, whose yields per acre were two to three times above those of the American colonies (DuPlessis, 1996:173-5).

During the eighteenth century the industries of the Dutch Republic experienced decline, with the few urban exceptions of luxury goods such as diamonds, carpets and velvets, and in the interior, gin distilling and papermaking. Domestic demand contracted due

to the stagnant agrarian sector and rising sales taxes to pay debts incurred during the wars with England and France. Decline lessened the availability of waged labour, indirectly lowering the amount paid to those who retained their jobs. Export markets were cut off by a rising tide of European protectionism for other incipient industries (in Spain and the southern Netherlands using techniques initially taught by Dutch artisans). High export tariffs (and even prohibitions) were introduced on raw materials essential to the industries of the resource-poor Dutch Republic. Import tariffs (and outright exclusions) of the finished products were also raised in European and colonial markets. 'Smuggling' became the only option, but this also raised the price. The economy was saved from plummeting over the eighteenth century by three sectors: the consolidating strength of finance; the expansion of commercial agriculture to provinces of the interior; and the import and re-exportation of colonial products. Import dependency for manufactured goods had soared however. By 1800 the value of exported manufactured goods was only about a ninth of that of those imported (DuPlessis, 1996: 235).

Spain and Catalonia

Another exception that Le Roy Ladurie mentions in his criticism of the Brenner thesis for being too unilinear is Catalonia (1978:59). Unlike peasant farmers in the Netherlands, those in Catalonia did pay heavy seigniorial dues as well as tithes, and yet were market oriented. The crucial factor seems to have been that rents were fixed at low rates and tenure was secure following the 1486 Sentence of Guadalupe, which, as briefly mentioned above, also legalised peasant occupation of vacant lands (even if ex post facto). Taxes also remained stable leaving Catalunian peasants in a position to hold onto a greater part of their surplus and thereby enter into market relations.

Nevertheless, it should also be pointed out that from the late fifteenth century until the 1570s Spanish agriculture in general was 'productive, diversified, and market-oriented' and, most significantly, was no longer restricted to large estates but widely dispersed amongst the peasantry (DuPlessis, 1996: 50). Regional specialization left Castile famous for its wool, Aragon for saffron, provinces in the northwest for cattle, while the cultivation of fruits, sugar-cane, rice, vegetables and raw silk flourished along the Mediterranean coast. Grains, olives and grapes were grown throughout the peninsula and cereal yield ratios were amongst the highest in Europe.

Spain's agrarian downturn began in the mid 16th century predominantly on account of its 'surplus extracting relations'. Despite the opening gold and silver mines in her recently acquired American colonies the Spanish Crown's level of debt had grown massively by the

1560s, due primarily to contributions towards the expansion and defence of the Hapsburg Empire. As costs grew during the drawn out Dutch War of Independence (1568-1648), the French Religious Wars (1595-98) and maritime campaigns against the Turks (1560-75), taxes were successively raised. Local authorities found a means to transfer these costs onto the peasantry by auctioning off about 40 percent of the commons (*tierras baldías*) in the seventeenth century.

Some peasants succeeded in raising mortgages to purchase and enclose portions of these erstwhile commons, despite the rapidly rising sales taxes and drop in demand for agricultural goods. Others were forced to rent. Defaults were common, whereupon all lands were lost. Likewise, many communities pooled their resources to purchase the *tierras baldías* - sometimes from speculators at inflated cost - bringing levels of debt that often entailed having to resell or rent to clerical and aristocratic landlords, thereby bringing impoverishment and land concentration. Between them, the nobility and the Church came to own two-thirds of the countryside through *tierra baldía* sales. Jurisdictional authority was often devolved by the Crown, both to raise funds and secure political loyalty, while a blind eye was turned to woodland and wasteland appropriations. As if this was not enough, any segments of the nobility that found themselves in financial difficulty 'could count, moreover, on being rescued by Crown largesse, including tax exemptions, pensions, debt remission, and, most remunerative of all, participation in royal tax collecting' (DuPlessis, 1996: 53). For some, such taxes came to count for the vast majority of their earnings, even after ground rents and seigniorial fees.

Almost none of the nobility used these land and capital redistributions to invest in productivity improvements, being instead more interested in "political investments" that conferred power, status, and opportunities for profit, such as court posts or municipal offices. Only in southern Spain had large-scale demesne agriculture ever existed, and there the landlords, after initial attempts to invest in the land and manage it directly, eventually became rentier landlords like the rest of the peninsula, leasing on repeatedly raised short-term rents, rather than the previous fixed, perpetual-rents. Even before this occurred, peasants had been forced to part with around half of their produce once tithes, taxes, seigniorial dues, and thirty per cent rent had been taken. Those in trouble often had the option of short-term high interest loans (*censos*) from the landlord - using their dwelling as mortgage - whereupon they would often forever after be in a state of debt peonage. In Andalucía between half and three quarters of the population came to be landless, while elsewhere the portion remained closer to a fifth. Those who clung on to their small holdings daily faced the prospect of losing their grip and descending into the abyss of starvation and vagabondage. In these circumstances 'no significant innovations had been introduced, only extensive growth had been achieved, and once the ecological limits had been reached

agriculture slipped quickly into reverse' (DuPlessis, 1996:55).

Only in Catalonia did agricultural productivity increase, and only in Catalonia was the agricultural economy based upon smallholding peasant farmers paying moderate rates of tax and rental, with inheritance structured by customary rights, and leases remaining long-term. Irrigation systems, fertilizers and other agricultural improvements were introduced to enable the farmers to keep pace with the market. Despite having the highest rate of population growth in the eighteenth century within the peninsula, which more than doubled, food could be provisioned to a rapidly expanding Barcelona at a price low enough to subsidize industrialisation, but high enough to create a domestic market for manufactures. Upon these foundations Catalonia became 'the cradle of Spanish industrialization' and the most important textile centre in Europe during the eighteenth century (Duplessis, 1996: 162).

The Spanish Crown unsuccessfully attempted to enforce mercantilist trade monopolies with their colonies to encourage industrialization, but could not offset incursions by English, French and Dutch merchants. Poor infrastructure did provide some protection for domestic products due to high transportation costs but - like east of the Elbe - the principal obstacle was the practical absence of demand because of widespread impoverishment as the landed elite squeezed every possible drop of peasant surplus. This elite, like elsewhere, demonstrated their status through the conspicuous consumption of expensive imports. The merchant class opted to continue exporting primary or semi-processed products rather than invest in costly manufacturing equipment for a limited domestic markets or unstable export markets.

In Catalonia, however, there was a middle class of a size substantial enough to purchase manufactured goods, low food prices to offset labour costs, and heavy capital investment. Looms for the woollen industry quadrupled over the eighteenth century, despite international competition and an absence of import restrictions. Printed cottons were protected against Asian imports through various laws between 1717 and 1728, allowing the industry to expand greatly, so that by the 1780s, the region contained over 100 spinning mills and printed calico factories, using the latest technology and on the point of adopting steam power. Catalonian manufactures were sold at a cheaper price than international competitors throughout the peninsula and exported to the South American markets. However, the rest of Iberia 'took its place in the new international division of labour as a source of primary products and a consumer of manufactures from abroad' (Duplessis, 1996: 229).

Conclusion

In considering the differences and similarities surrounding the ‘peasant question’/ ‘agrarian question’ today and in the nineteenth century, Farshad Araghi distinguishes two forms of dispossessing the peasantry from the land: (1) displacement via class differentiation, and (2) displacement via dispossession. The former ‘prevails when the state (and the class it represents) attempts to prevent the liberalization of land by protecting the home market from world market forces as capitalism penetrates the periphery’ (2000: 145). Of the examples given above, this was the model that dominated the agrarian transitions to capitalism in France, the northern U.S., the Low Countries, western Germany and Catalonia. Meanwhile, historical examples of the latter are found in eastern Europe, Spain, the southern U.S. and England. Araghi argues that this is the form of displacement we are witnessing today throughout the Third World, although it could also be argued that this is what we are still witnessing in the developed world as well.

As we have seen, other terms used to describe these forms of displacement are capitalism ‘from below’ and ‘from above’ (Byres, 1986: 13), the ‘American path’ versus the ‘Prussian path’ (Lenin, 1962: 239), *Gutsherrschaft* and *Grundherrschaft* feudal manorial systems or the ‘peasant-farmer’ and ‘landlord-farmer’ roads to agrarian capitalism (Kay, 1974: 70; 1980: 9). Kautsky concerned himself primarily with issues arising out of the first form of dispossession while Marx and Engels concerned themselves more with the latter, Lenin straddled both and Chayanov viewed the two as being of a less central concern to the timeless peasant than cycles of demographic differentiation. Nevertheless, even if we are witnessing today more of the Prussian path than the French, the writings of Kautsky and Chayanov shed much light on the means by which the peasantry cling to their plots of land and avoid being absorbed into the informal economy and urban slums.

Kautsky was quite right about many small farms becoming ‘appendages’ to the large. As Cristobal Kay points out in regards to Latin America, many peasant farmers have transmogrified into, “proletarians in disguise”. Although formally owning a small-holding, in practice they are completely dependent on agri-business, earning an income similar to that of rural wage labourers. Others have become “semi-proletarians”, whose principal source of income stems from the sale of their labour power rather than from the household plot’ (2000: 130). Meanwhile, Chayanov added to this developmentalist paradigm by elucidating the ‘labour-consumer balance’ and thereby ‘demographic differentiation’. Lenin paid more attention to social differentiation, although the two can be considered in tandem. Meanwhile, in regards to Kautsky’s work, at least before the two fell out, Lenin estimated it as being ‘after Vol. III of “Capital,” the most noteworthy contribution to recent economic literature’ (1956: 3).

Regarding differentiation by dispossession, the predictions of Marx, Engels and Lenin are proving to be correct. As we saw in the last chapter, capital is centralising, concentrating and leaving in its wake a growing number of ‘surplus humanity’ forced to somehow make ends meet in the informal sector. Surplus extracting relations have been exported and capitalism is recreating the world ‘after its own image’. Although there have never been more rural inhabitants, the squeeze is on peasant farmers throughout the world, caught as they are between dumping, tariffs and more technologically efficient agro-TNCs operating according to economies of scale. As the century progresses, it seems unlikely that the squeeze will not get tighter.

The policy prescriptions of Smith and Ricardo seem in retrospect to have been somewhat naïve or utopian. Struggling as they were for the repeal of the Corn Laws, both would have been mortified by the hypocrisy of contemporary advocates of ‘liberalism’. Nevertheless, in the case of Smith at least, he would not have been terribly surprised given that in his opinion ‘government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none’ (1999, Vol. 2: 302). Consequently, as Kautsky succinctly wrote in 1899, the ‘agrarian question’ that should be the focus of consideration is not ‘whether the smallholding has a future ... [but]: *whether, and how, capital is seizing hold of agriculture, revolutionising it, making old forms of production and property untenable and creating the necessity for new ones*’ (1988: 12). It is with this admonition in mind that we shall attempt to trace the political and economic roles of the coca leaf during the Peruvian transition towards agrarian capitalism.

IV

Coca and Colonialism

Introduction

It is the intention of this chapter to argue that the idea that the production and consumption of coca under the Inca was a monopoly is a myth that was propagated to serve the financial interests of the Spanish Crown and conquistadores. Its use was already generalised upon the arrival of the Spaniards. Furthermore, it is also a myth that only the Spaniards benefitted from the profits in coca production. Almost immediately so also did the indigenous. Consequently, during the introduction of Peruvians to a monetary economy, and thereby the first steps towards agrarian capitalism, we see both capitalism ‘from below’ and ‘from above’ occurring.

We are told that when seeking to outline the formation of the manorial or *hacienda* system in Latin America a distinction has to be made between countries with high labour/land ratios (Mexico, Guatemala, Ecuador, Peru and Bolivia) and those which by comparison were relatively under-populated by indigenous peoples (Chile, Argentina, Uruguay and Brazil). Within the former group of countries, the rise to dominance of the *hacienda* system and enserfment took far longer due to the continuous and concerted resistance by the indigenous against land encroachments upon their communal holdings. As a result:

As long as no export market developed for certain products, the *Grundherrschaft* type of hacienda system generally predominated. The internal market was far too weak to stimulate large-scale agricultural production ... However, where an export market existed, the hacienda enterprises (demesnes) began to expand cultivation with the labour services of attached tenants, exactly as in the East European case of *Gutsherrschaft* (Kay, 1974: 81).

Peru was unique, for there the *Gutsherrschaft* and the *Grundherrschaft* manorial systems coexisted, the former dominating the coast and the latter the highlands (Kay, 1982: 1287-8). It is my contention that in regards to the production of coca, the internal market was definitely strong enough to give rise to the adoption of the *Gutsherrschaft* manorial system, as on the coast. Nevertheless, to a practically unrecognised degree, independent peasant farmers and *ayllus* also participated in this market which in turn gave rise to the advent of capitalism from below. Given that in 1653, more than a century after conquest, the Jesuit missionary Bernabé Cobo would write that ‘in this kingdom of Peru there is nothing better

known than Coca, the trade in which is the most profitable that there is in the Indies' (1890-95: 473), then, should this contention be the case, it will therefore be necessary to quite radically alter our preconceptions of the relations of production during Peru's initial steps towards agrarian capitalism. The *gente originaria* deserve a far more preponderant role in the story of, in the aforementioned words of Kautsky, '*whether, and how, capital is seizing hold of agriculture, revolutionising it, making old forms of production and property untenable and creating the necessity for new ones*' (1988: 12). Old forms of production were not rendered untenable. Instead, they were re-orientated towards new markets.

The pre-Hispanic coca monopoly myth

In late pre-Hispanic Peru elaborate agrarian structures ordered an integrated, technologically advanced, agrarian economy stretching from the irrigated desert coast, up humid inter-Andean valleys to the bitterly cold Altiplano (*puna*) and down into the jungle (*selva*). The basic social and political landholding unit was an extended kinship group (*ayllu*). The land was communal property and periodically redistributed in individual plots (*tupus*) by the *ayllu's* leader (*curaca*) in accordance with what Chayanov would have termed the labour-consumer ratio within the domestic units. In addition there were 'commons' to which all families had access. Given the diversity of Peruvian climates, many *ayllus* established settlements in discontinuous zones where they could cultivate other crops to interexchange with the original settlement. In this manner, *ayllus* were able to diversify their resource bases without entering into exchange, and thereby remaining self-sufficient. This system of agrarian economy has become known as that of the 'vertical archipelagos' (Murra, 1972).

A section of the *ayllu's* holdings was also set aside for the cultivation of tribute for the Inca as well as the State religion (*Inti Raymi*). This tribute was stored in warehouses (*colcas*) from where it was redistributed by bureaucrats to the non-producing classes, and especially the military. Although a 'preliterate' society, records of these distributions were kept by a specialised tier of the bureaucracy (*quipuruna*) who used a system of multicoloured knotted cords attached to a main rope to count as well as 'write' (*quipus*). Apart from tribute in kind, corvée labour tribute (*mit'a*) was often requisitioned for participation in the construction or maintenance of infrastructural projects, terraces and military service. If this entailed leaving the *ayllu* for a period, members of the *ayllu* would be obliged to cultivate and harvest the absentee's *tupu*. To expand agrarian production, segments of communities in overpopulated areas, and troublesome members of newly colonised communities, could be relocated to other areas to work as colonists (*mitimaes*),

whereupon they were supplied with women and subsistence, as well as rendered free from tribute until economically self-sufficient.

The nobility and priestly class also possessed their own landholdings which were cultivated both by *mit'a* and resident servile labourers (*yanacona*). At least from the Huayna Capac period (1493-1527), private estates and the right to levy tribute were issued to members of the nobility and the military for services rendered, to cement alliances and to maintain control over recently conquered areas. This emergence of a rural bourgeois appears to have intensified during the Inca War of Succession, following the death of Huayna Capac after contracting smallpox (without having met a European). Nevertheless, private property had not come close to developing to the extent that there was a land market when the Spanish arrived in the midst of the civil war (Murra, 1980; 2002: 83-143, 240).

The Spanish Crown, after receiving their royal fifth (*quinto*) from the period of pillage, set about attempting to administer the accumulation of wealth from their new empire. At first this occurred principally through the extraction of gold and silver from the pre-Hispanic mines in the central highlands. Agricultural innovations were limited to the cultivation of sugar cane on the coast to supply the increasing Spanish population. The initial agrarian policy needed to address two factors: (1) that conquistadores were rewarded for military services so as to remain loyal; (2) the provision of crops for subsistence and clothing for the urban and mining sectors. Essentially, then, the agrarian policy needed to organise the allocation of land and labour.

Through papal authority, Charles V assumed control of all lands that had previously belonged to the Inca and the Church, as well as others considered 'vacant', theoretically respecting those of the *ayllus* and their *curacas*. Pizarro was authorised to distribute among conquistadores part of these lands as grants (*mercedes de tierra*), while others were 'entrusted' (*encomendado*) with a specific number of individuals to be 'civilised' through the teachings of Christianity and Spanish for which in return they would be obliged to pay tribute either in labour or kind. Most of the *mercedes* were considered quite useless in the absence of a corresponding labour supply and so *encomiendas* were by far the most avidly sought royal rewards. *Encomiendas* conferred upon their recipients a feudal seigniorial social standing that few could ever have dreamt of back in Spain; a means of accumulating wealth through the direction of corvée tribute into the mines as well as tribute in kind towards providing subsistence for the miners; and political power via the potential use of corvée tribute for military purposes. Unsurprisingly, then, the best *encomiendas* issued by Pizarro were firstly to himself, secondly to family members, and then to other conquistadores, especially those from Extremadura. Pizarro was 'entrusted' with natives in Los Reyes (Lima), Cuzco, Huánuco, La Plata and Guayaquil, generally in areas with pre-Hispanic gold or silver mines within its boundaries. He also had houses and various land

grants (Gabai and Jacobs, 1987: 659-60).

Some of these land grants were coca fields (*cocales*) that had previously been used to provide the Cuzco elite with Peru's best quality coca. They were located in the Yucay valley that had been taken over as an *encomienda* by Pizarro and his brothers Hernando and Gonzalo. Shortly before Pizarro's arrival, this area had been taken as a private estate by Huayna Capac who had drafted in some 3,500 *mitimaes* to construct terraces (*wachus*) and irrigation canals, while *yanaconas* were resettled there to cultivate (Gabai and Jacobs, 1987: 660-1). Francisco Pizarro was murdered in 1541, just four years before the discovery of Cerro Rico in Potosí and its transformation into the 'Babylon of the Indies' a.k.a. 'the mouth of hell'. Had he lived a bit longer, Pizarro would have witnessed a 'green gold rush' due to the frenetic rate at which coca cultivation expanded around Cuzco and elsewhere to supply the miners, and separate them from whatever silver remained in their hands. Such was the interdependency that emerged between Cuzco and Potosí, that in the oft quoted (and misquoted) statement of the Spanish Jurist Juan Matienzo in 1558, without coca: 'they would not go to Potosí, nor would they work, nor mine silver and that which they mine they would bury in their *guacas*, and there would be nothing to gain their labour ... to wish that there is no coca, is to wish that there is no Peru' (Matienzo, 1910: 89).^{33 34 35 36 37}

Matienzo was also a lobbyist for the *Señores de coca* and wrote these words in an effort to combat arguments made by members of the Catholic Church not located in the diocese of Cuzco that the practice of consuming coca was idolatrous (Gagliano, 1960: 45, fn. 8). As early as 1551, at the First Ecclesiastical Council in Lima, it was asked that a Royal Cédula be issued prohibiting the production, commercialisation and consumption of coca. At the Second Ecclesiastical Council in 1567, coca was denounced as the 'talisman of the devil' (Vargas Ugarte, 1951: 154). For some, coca was the principal hindrance to the indoctrination of the 'miserable Indians'. In a letter to Phillip II in 1579, Friar Antonio de

³³ *Guacas* were any areas that had been chosen for prayer, sacrifices or other religiously significant purposes.

³⁴ The last part of this quote is often used today to bolster arguments against the continuance of the failed 1961 UN Single Convention policy of eradicating coca chewing within 25 years. Some of the numerous examples include, <<http://diarioamazonico.galeon.com/productos1717543.html>>; <<http://www.nodo50.org/mariategui/hojadecoca-mandino..htm>>; <<http://www.comunidadtawantinsuyu.org/articulos/cronologia.html>> [all accessed 15 November 2010].

³⁵ Practically the same claim, that if the Indians did not spend their silver on coca, they would bury it with their *guacas*, although highlighting that also 'Your Majesty would lose the greater part of the quintos', was contained in a letter written by the Royal Audiencia of Charcas (Sucre) in 1556, on which, unsurprisingly, Matienzo sat (ACC, vol. 1: 201; See also *Colección de documentos inéditos para la historia de España* [CDIHE], 94: 215). Nearly a century later, Juan de Solorzano, the jurist and member judge (Oidor) of the Royal Audiencia of Lima from 1609 to 1627, caustically remarked that if he could, he 'would not permit them to sell gold, silver, chilli, or corn, because they would spend what received, and offer in their sacrifices and idolatries' (1930, Bk. II, Ch. X: 217).

³⁶ All translations are the author's unless otherwise stated.

³⁷ Glave disputes the view that miners would have refused to work had it not been for coca (1989: 85).

Zúñiga, who had spent eighteen years in Peru as a missionary, warned the ‘Royal conscience’ from Quito that:

... the naturals of this land, despite being preached the Evangelical for much time, are not more Christian now than when they were conquered ... I have discovered through the experience I have, that the cause of this lies in six reasons. The first is the use of a herb they call coca which because it gives them strength to work they adore, and is the principal material used by witchdoctors, and without it witchdoctors would be unable to make any superstitions; and to say that it gets rid of hunger is false, because some Spaniards have had the experience, among whom was Marquis de Cañete, who upon removing it, after carrying it in his mouth for a day, was very hungry, and the Indians after eating fill their mouths with it ... which implies that they do not take it to ward off hunger but because they adore it ... And I do not doubt Your Majesty that it was the devil who invented this herb (Zúñiga, 1840: 90).^{38 39}

The obvious remedy was for the King to order ‘that all coca be uprooted and burnt, and that the Indian who henceforth plants it be made a slave for all their lives to some hospital or church, and he that has it in his mouth or house be made a slave for two or three months’ (Zúñiga, 1840: 92). This could be done easily in Quito, because unlike Cuzco, it was not grown on large farms by Spaniards due to the absence of mines. What Zúñiga failed to mention was that the Diocese of Cuzco had become the wealthiest of all the Indies by levying tithes (*diezmos*) and *primicias* upon the coca trade (Numhauser, 2006: 15, 179).⁴⁰ Following the ‘discovery’ of Potosí in 1545, the income of the Diocese of Cuzco rocketed, despite continuous and concerted attempts by the *Señores de la coca* to hand over as little as possible. In 1538, the Diocese of Cuzco received ‘only’ around 2000 pesos, whereas ten years later the figure stood at 34, 000 pesos and was predicted to reach 55,000 pesos the following year. Fiercely jealous of his subordinate, the Bishop of los Reyes (Lima) wrote to the king in 1549 to ask if he could be removed from his position for the 8000 pesos collected in his diocese the previous year were only expected to rise to 11,000 pesos in 1549, and both figures were considered insufficient to live in a dignified manner (Numhauser, 2005: 187).

During the initial period of conquest, the primary objective of *conquistadores* was to loot and pillage as many valuable silver and gold artefacts as possible. Naturally, under such

³⁸ Like tea, coffee and cigarettes, coca does help keep hunger at bay but in no way serves – or is considered to be users – as a substitute for food.

³⁹ Other clerics were convinced it was offered to the Devil rather than by ‘Him’ (Capoche, 1959: 175)

⁴⁰ *Diezmos* constituted a tenth ‘of the goods that God gives *freely* to all men’, and therefore cannot be confused with profits accumulated as a result of commerce (Numhauser, 2005: 177). *Diezmos* were paid directly to the Church and until the Toledo reforms (1568-80) the *diezmos* were split four ways with a quarter each being received by the Bishop and the Episcopal Council, while the King received two ninths of the other half, churches and hospitals took three ninths and local priests kept four ninths. Following the reforms the *diezmos* were split in a tripartite manner. A third was divided between the Bishop and the Episcopal Council, and the other two thirds were split between local priests and finance required to build churches and hospitals. The king took two ninths of the latter two thirds. *Primicias* differed in that they were payments directly to God, although through a clerical intermediary, and were an unfixed percentage of the best agricultural goods determined by ‘custom’. Both were of course, deeply resented, and compared by clerics from non-coca producing regions to being similar to taking a percentage from prostitution (Numhauser, 2005: 175-97).

circumstances, the sources of the gold and silver used to make such items were eagerly sought and wherever miners were located coca markets boomed, and therefore ‘even before the discovery of Potosí, coca became a prized commercial crop’ (Stern, 1982: 37). Pedro Cieza de León, who arrived with Pizarro and returned to Spain in 1551, wrote in his *Crónicas del Perú* that:

This coca or herb was so valued in Peru in the years 1548, 1549, 1550 and 1551 that there has never been in the whole world a plant or root or anything growing from a tree that bears and yields every year as this does, aside from spices, which are a different thing, that is so highly valued, because in those years the repartimientos were worth, that is to say, those of Cuzco, the city of La Paz, and la villa de la Plata brought in a rent of eighty thousand pesos, and sixty thousand, and forty thousand, and twenty thousand, and more, and less, all from this coca. Anyone holding an encomienda of Indians considered his main crop the number of baskets of coca he gathered (2005: 248).⁴¹

It was considered amazing that the indigenous would value coca more highly than silver and use it as currency.⁴² As a result, ‘all, or the greater part of the silver accumulated has derived from what the Indians have paid for it’ (Matienzo, 1910: 89). It was - and is - widely believed that the reason coca was - and is - so valued lies in the manner it was limited under the Inca to the nobility, and at best a few favoured others.⁴³ Consequently, the increase in its use upon the arrival of the Spaniards is often painted today as a further stain upon the history of Spanish colonialism. This view was perhaps most famously expressed by Eduardo Galeano:

Tourists love to photograph *altiplano* natives in their native costumes, unaware that these were imposed by Charles III at the end of the eighteenth century. The dresses that the Spaniards made Indian females wear were copied from the regional costumes of Estremaduran, Andalusian, and Basque peasant women, and the centre-part hair style was imposed by Viceroy Toledo. The same was not true of the consumption of coca, which already existed in Inca times. But coca was then distributed in moderation; the Inca government had a monopoly on it and only permitted its use for ritual purposes or for those who worked in the mines. The Spaniards energetically stimulated its consumption. It was good for business. In Potosí in the sixteenth century as much was spent on European clothes for the oppressors as on coca for the oppressed. In Cuzco four hundred Spanish merchants lived off the coca traffic; every year one hundred baskets with a million kilos of coca-leaf entered the Potosí silver mines. The Church took a tax from the drug. The Inca historian

⁴¹ For ‘el Inca’ Garcilaso de la Vega, writing in 1609, ‘coca was and still is the chief source of wealth of Peru for those who are engaged in the trade’ (1965, vol.2, bk. 8:509); In Cusco, ‘that from which most wealth derives is coca’ (Lizárraga, 1999: 144). All chroniclers were in agreement that tremendous wealth had been garnered from the production of coca. Sarmiento tells the story of a poor soldier who had been given a harpsichord by a *vecino*, who upon making his fortune in the coca trade returned the compliment with 2000 baskets of coca, worth a fortune in those days (1907: 233).

⁴² Garcilaso, quotes Father Blas de Valera as writing: It is so agreeable to the Indians that they prefer it above gold, silver and precious stones (1965, vol. 2, bk. 8: 351); See also Acosta (1792, vol. I: 243); López de Velasco (1894: 483);

⁴³ Garcilaso writes: ‘It was not then as common as it is now, for only the Inca and his kinsmen and some curacas, to whom the king sent a few baskets every year as a special mark of favour used it’ (1965, vol. 1, bk.4: 198). A very small list of other sixteenth and seventeenth chroniclers who also stated that under the Incas coca was prohibited beyond the nobility, or at best allowed under special circumstances, include: Acosta (1792, vol. I: 242); López de Velasco (1894: 483); Ministerio de Fomento (1881: 97); the list could easily go on.

Garcilaso de la Vega tells us in his *Comentarios Reales Que Tratan del Origen de los Incas* that the bishop, canons, and other Cuzco church dignitaries got most of their income from tithes on coca, and that the transport and sale of the product enriched many Spaniards. For the few coins they received for their work the Indian bought coca-leaf instead of food: chewing it, they could – at the price of shortening their lives – better endure the deadly tasks imposed on them. In addition to coca the Indians drank potent *aguardiente*, and their owners complained of the propagation of “maleficient vices.” In twentieth-century Potosí the Indians still chew coca to kill their hunger and themselves, and still burn their guts with pure alcohol – sterile forms of revenge for the condemned (1997: 47).⁴⁴

More succinctly, Wightman enunciates the generally accepted view when she states that: ‘The Spaniards were quick to recognize the profits in coca production and to generalize its use’ (1990: 115).

A Very Brief History of Coca

Although all the chroniclers who remarked upon the topic seem to have been in agreement about coca’s previous prohibition, none seem to have questioned why, or how, the prohibition of such an obviously highly valued and widely cultivable item was enforced. Perhaps the seventeenth century Jesuit priest Bernabe Cobo came closest to at least making an attempt to provide an explanation for the supposed sudden rise in demand by stating that because of ‘the desire that commoners had to eat the forbidden fruit, they did so with excess’ (1890: 473).

This *noble savage* in the Garden of Eden perspective in no way attempts to provide an explanation for why or how it was forbidden in the first place. A more interesting explanation is put forth by Peña, who argues, as if it is almost not worth the effort, that ‘numerous documents, and incontestable proofs’ show that the consumption of coca was restricted during the Inca Empire (1972: 278). Unfortunately for the curious, he makes no mention of just what these proofs were, and instead quotes from the matter-of-fact chroniclers, who were, it must be admitted, ‘all in agreements that the monarchs prohibited the use of coca, reserving it for religious purposes and for use as presents for those who distinguished themselves in serving the state’ (1972: 280). Peña did not believe that it was restricted because of enlightened monarchs with an awareness of coca’s ‘toxicity’, but more simply, that, ‘its limitation was for religious reasons, given that the Peruvian people attribute

⁴⁴ Similarly, Wachtal informs us that: ‘All sources agree that in those days it was cultivated in small quantities and that the Inca limited its use: only priests and curacas were entitled to it; it was forbidden to everyone else’ (1977: 145). Baudin goes further and writes that not only were alcoholic drinks and coca forbidden to commoners, but that because of the archaeological excavations at sacrificial sites where coca was located, this implies that those about to be sacrificed ‘were given *chicha* to intoxicate them, or drugged with huge doses of *coca*’ (1961: 144, 197). Obviously, Baudin had never tried coca. Max Uhle, the archaeologist who led these excavations at Pachacamac to which Baudin refers at no point links the discovery of coca at the site as necessarily implying that those sacrificed were in any way drugged (1991: 85).

divine origin to all the produce of the earth' (1972: 281). Furthermore, he writes, from something of a pseudo-humanistic perspective, that 'given the abundance of food in that period, and the intimate relationship between hyponutrition and *cocaísmo*, it is logical to suppose that the people did not need the plant to compensate their alimentary diet' (1972: 278). However, there is nothing logical about making a supposition upon the basis of an assumption. There is no 'intimate relationship' between hyponutrition and *chachando*.⁴⁵

The first and most obvious reason for doubting the degree to which the consumption of coca was limited to the elite is that the practice had been widespread among Native Americans for many thousands of years. Even coca's botanical identity is a subject of debate and has been since the nineteenth century. Cultivated coca plants belong to two of around 200 species of the genus *Erythroxylum* in the tropical plant family *Erythroxylaceae*, although there was great taxonomic disagreement in deciding that this was the case. Thankfully, 'two cultivated species of commercial coca are now recognised: *Erythroxylum coca* Lam. and *Erythroxylum novogranatense* (Morris) Hieron, each of which has one distinct variety in cultivation: *E. coca* var. *ipadu* Plowman and *E. novogranatense* var. *truxillense* (Rusby) Plowman, respectively' (Plowman, 1982: 329). All four were domesticated far into pre-Columbian times and continue to be consumed in Andean or Amazonian areas (Plowman, 1984a: 130).⁴⁶

Erythroxylum coca Lam., colloquially referred to as 'Bolivian' or 'Huánuco' coca is by far the most cultivated of the four, both for legal and illegal purposes, and is believed to be to the species from which the other three ultimately derive (Plowman, 1984a: 135; Rury, 1981: 260). Alone it can grow of its own accord along the tropical montaña region of the eastern Andes though with difficulty elsewhere, whereas the other three must be cultivated, implying that they were created by human selection (Plowman, 1982: 348). Huánuco can be grown as high as 2000 meters above sea level (m.a.s.l.), though it thrives at altitudes lying between 500 and 1500 m.a.s.l., where the mineral rich soil is well drained for high rates of rainfall and medium range temperatures (Plowman, 1981: 196). Originally, Huánuco coca is believed to have been located in the central Andes by hunter gatherers, appreciated for its stimulating properties and brought into cultivation before being diffused northward into Ecuador and southward into Bolivia and eventually north-westernmost Argentina. Thus it

⁴⁵ The Spanish and English verbs 'masticar'/'to chew' (never mind the nonsensical term 'cocaism', which is akin to describing everyone that drinks wine or beer as suffering from alcoholism), do not accurately reflect the process of coca juice consumption. To ingest coca juice people slowly place leaves in their mouths with which they form a quid that is lodged with the tongue between one's teeth and cheek so that saliva mixes with the quid to produce the juice. Hence the Quechua terms *chaccar* or *halpar* are preferable.

⁴⁶ When coca was grown in Java and India as well as Ceylon (now Sri Lanka) two new species arose, which were named *E. Spruceum* Burk in the first two of the three, and *E. Bolivianum* Bach in the last. (Machado 1980: 239; Plowman 1979:47-50)

must have been among the earliest plants to have been domesticated in the *montaña*, thousands of years before any archaeological or vegetal evidence of its presence can be dated (Plowman, 1984a:127- 135). There is disagreement over how many alkaloids are contained within the coca leaf, but the most significant is without doubt cocaine. According to the most complete analysis to date, the cocaine content of *Erythroxylum coca* var. *coca* is 0.63% (Plowman 1984: 91).⁴⁷

Similarly, *Erythroxylum coca* var. *ipadu* Plowman, more generally known under its native Brazilian Tupí name of ‘*ipadú*’ or as ‘Amazonian coca’, is rarely found out with its preferred low lying habitat of the Amazon jungle where indigenous tribes from Peru, Colombia and Brazil domesticated and consumed it long before the arrival of Columbus (Plowman, 1984a: 130). Should it be a cultivar of Huánuco coca, then, given how deeply embedded it is in the magico-religious performances of numerous Amazonian tribes, even appearing in the creation myths of some such as the Tukanoans of the Colombian Vaupes, then it must have been cultivated far into Pre-Columbian times, though given the absence of any archaeological evidence it is impossible to state exactly how far (Schultes, 1981: 173). *E. coca* var. *ipadu* has the lowest cocaine content of the known varieties averaging 0.25% (Plowman 1984: 93).

Erythroxylum novogranatense var. *novogranatense*, more often known as ‘Colombian coca’, is the most ecologically adaptable of the four and has been successfully grown in Java. However, it is perhaps the least cultivated and is grown in moist mountainous high areas above 1500 m.a.s.l., as well as in arid inter-Andean valleys in Colombia by isolated tribes. In the past it was also grown along the Caribbean coast of Venezuela (Plowman 1984a: 148-150). *Erythroxylum novogranatense* var. *truxillense* (Rusby) Plowman, or ‘Trujillo coca’, grows at between 200 and 1800 m.a.s.l. along river valleys of the arid western Andes, principally in the Upper Marañon valley of northern Peru, and again is limited to this area, although archaeological data, mentioned below, shows that it was long cultivated extensively throughout Peru’s desert coast. This variant is highly valued by chewers for its supposedly ‘sweeter’ taste, and has long been the variant used for Coca Cola (although with the leaves ‘de-cocainised’) (Plowman, 1982: 348-351). In pre-Conquest Peru Trujillo coca was termed ‘*tupa*’ meaning ‘royal’ or ‘noble’ as opposed to Huánuco coca which was termed ‘*mamox*’ or ‘*large leaved*’ (Plowman 1979: 52). Given the greater genetic similarities and geographical proximity that Trujillo coca has over Colombian coca with Huánuco coca, it seems likely that the Colombian variety of *E. novogranatense* derived from

⁴⁷ Morales appears to have forgotten to place the decimal point before his estimates, based upon Plowman’s, of the cocaine content of different varieties of coca leaves. Consequently, he writes that the cocaine content of Huánuco coca leaves have ‘an average of 63 percent’ (1989: 51).

Trujillo coca. (Plowman 1984a: 140).⁴⁸ Leaves of both variants of *E. novogranatense* have the highest concentrations of cocaine among the four with Colombian coca yielding an average of 0.77%, and Trujillo coca averaging 0.72% (Plowman 1984:93).

Because Trujillo coca was selectively bred to be a drought-resistant cultivar, and then later diffused to Peru's desert coast, it is from this variety of cultivated coca that nearly all of the vegetal archaeological evidence of coca's place within pre-Historic societies derives, due to the much more arid depositional environments of the coast. Unsurprisingly, it was Trujillo coca that Dillehay *et. al* write of, dating from around 6000 B.C. (2010: 239-240, 251). However, many authors believe that the coastal vegetal archaeological evidence of coca implies the existence of extensive inter-Andean trade routes through to the eastern slopes, seemingly not taking Trujillo coca's much more arid nearby habitat into account, and unfortunately, until the recent discovery by Dillehay *et. al*, none of these specimens were preserved for identification (Hastorff, 1987: 295).⁴⁹ Furthermore, much of the archaeological evidence of coca is very ambiguous and is not treated as such. A fitting example was provided recently regarding leaves found in caves in Ayacucho said to date from 4400-3100 B.C., making them, until Dillehay *et. al*, the oldest ever found. However, the name of the site itself was not mentioned, no references were made, nor, any information given on the manner in which they were dated (Pearsall, 2008: 110).⁵⁰ This is why the work of Dillehay *et. al* should be so warmly welcomed.

There is archaeological evidence from very many areas of the consumption of coca in the form of leaves, seeds, lime containers, dippers, spoons, gold, ceramic and stone coca chewing figurines, and other ceramic pottery, though some are more definite than others.⁵¹

⁴⁸ In the words of Plowman,

Eventually genetic barriers to such hybridization developed resulting in the genetically stable species *Erythroxylum novogranatense* (as var. *truxillense*). Although certain crucial areas in northern Peru remain to be explored for possible intermediaries, no natural hybrids between *E. coca* var. *coca* and *E. novogranatense* var. *truxillense* have been located. Although the dating of the first appearance of Trujillo coca as a distinct variety is extremely speculative, it could have arisen as early as 4000 B.C. (1984a: 145).

⁴⁹ For some examples of assumptions that the location of coca at archaeological sites on the western coast implied extensive inter-Andean trade see Dobkin de Rios 1980: 238; Lathrap 1975: 48; Klepinger 1977: 507; Myers 1976: 359.

⁵⁰ Pearsall's assumption is quite possibly based upon the archaeological study in Ayacucho (1969-1972) by MacNeish, Patterson & Browman in the Ayacucho-Huanta region, when they excavated a living floor of the early Cachi Complex (3100-2500 B.C.) in a, 'dry thorn scrub environment zone (which) shows different subsistence patterns (to another site in the higher level puna). Here, there is evidence of potato-growing, domesticated corn, squash, gourd, common beans, lucuma, quinoa and perhaps coca' (1975: 30). That said, the period is later than that mentioned above and there is no mention of caves.

⁵¹ Generally, coca leaves are dried, carried in a bag, and consumed by being placed in one's mouth to mix with saliva until a quid is formed that is kept against the cheek, to which lime or the ash of certain plants is often added so that their alkaline properties increase the extraction of coca's most significant alkaloid, cocaine. The ash is often carried in a small container (*poporo*), which is removed with a

There are even X-ray diffractions of skulls dating from the Late Chorrera period (500-300 BC), showing levels of supragingival dental calculus (tartar) higher than had been found in skulls dating from the earlier Valdivia (3000-1500 B.C.) site. This is due to lime and thus is taken to imply a much more widespread and habitual use of coca (Klepfinger, 1977: 506). In south-western coastal Ecuador alone, between 3000-300 BC, the 'tradition of elaborate lime containers stretching through the whole range of Valdivia, Machalilla, and Chorrera continuum is a very persuasive argument that coca chewing was a highly significant part of the life of these early Ecuadorians' (Lathrap, 1975: 48). Even in the normally archaeologically barren humid interior, on the rapid descent of southern Ecuador's Amazonian border with Peru, a human-shaman ceramic figure was discovered at a burial ground of the recently identified Mayo-Chinchipeculture at the Santa Ana-La Florida site. It was found in a stone-lined shaft tomb among numerous funerary goods such as shells, bowls, a globular pot; an anthropomorphic four-legged lime container; and four stirrup-spout bottles, each with different body forms, fine-grained polished bowls, plates, and a small mortar. The tomb contained a large amount of personal adornments made of various greenstones such as pendants and beads of different types and shapes. In the words of Valdez:

The antiquity and the length of the occupation of the site greatly increase the significance of these finds. The construction of the complex apparently took place between 4960 and 3685 BP (mean date 4323 BP/2373 BC), representing an Early Formative cultural phase that evolves and extends over a thousand years. The C14 assays that have been obtained from several contexts seem consistent and conclusive....(one) ceramic effigy has the form of a four-legged, spherical, closed bowl with an anthropomorphic head protruding from one end. The body does not have anatomical relevance. The short stubby legs are partly decorated, but the simple conic form is merely functional. The head is the most outstanding feature; it depicts an individual chewing something shown as a protrusion in the right cheek. Thus this is the representation of a cocquero or coca chewer (2008: 879-82).

The abundance of predominantly coastal archaeological evidence of coca demonstrates the social, political and economic importance of coca has held for at least the last 8000 years.⁵²

small spoon or stick. In the Amazon, the coca leaves have a much lower level of the alkaloid, and so perhaps for this reason it is consumed instead as a powder so as to increase its effect, though still with the *poporo*. In the Andes the leaves are withdrawn from the mouth once they stop 'giving juice', however in the Amazon the powder is consumed entirely.

⁵² For ceramic evidence in northern Peru see Jones for the Late Chavin period (500 B.C.), and the later Virú culture (100-300 A.D.)(1974: 4, 7). Regarding the Moche and Chimu cultures see (Towle, 1961: 113; Benson, 1972: figs. 3-16, 3-17, 3-18, pp.59-61; Donan, 1978, fig 182: 117; 2004: 72, 98). For vegetal evidence 'to be treated with great care' from the transition period towards sedentary agriculture between the Early Ceramic and Late Ceramic epochs (3350 -2350 B.C.) see Bonavia *et al.* (1993: 225, 429). For central coastal Peru see the 'tentative' dating of Patterson from 1900 B.C. (1971: 320) and elsewhere around 1750 B.C. (Cohen, 1978: 37), as well for 'leaves looking like coca (*Erythroxylon coca* or *novogranatense*?)' dating from 1800-1400 B.C. see Engel (1963: 77). From storage rooms dating from the Early Horizon (800-500 B.C.) the 'three most common economic products recovered from the excavated units were corn cobs, marine shells, and coca leaf fragments' (Dillehay 1979: 26). At the Ancon Necropolis dating from the Late Intermediate Period (100-1476 A.D.) see Jones (1974: 10) and Engel (1978: 37). From communal burial sites in Ancon from the Late

Many of the figurines are identified as *coqueros* by the tell-tale bulge in the cheeks, indicating the presence of a quid of coca. These bulges immediately grabbed the attention of the conquistadores. After docking on the northern Venezuelan coast in 1504, Américo Vesputio wrote frankly of the inhabitants in a letter to his friend Soderini:

In their faces and bodily expressions they are very brutal. All had their mouths full of a certain green herb that they ruminated, almost in the same way as animals, and because of this they could hardly articulate a word. All wore as well, carried around their necks, two cured gourds, with one full of the herb they had in their mouths and the other with a certain white flour similar to gypsum, and with a certain stick that they dampened and chewed in their mouths, they put it into the gourd of flour to take out enough to sprinkle the herb, an operation they repeated very frequently and slowly. Impressed by this we attempted to investigate the cause or mystery of this custom; but we could never understand it. In these people we felt such familiarity and sincerity, as if they had done business many times and had an old friendship with us. Walking with them along the same beach in good conversation and we wanting to drink fresh water, they insinuated with signs that they were absolutely without such waters, and graciously offered us the herb and flour, which was when we understood that they used them to calm the thirst because there were no waters in that country (1829: 252-4).

Indeed, it soon came to the attention of many that the practice was widespread. By 1558 Matienzo could sincerely argue against prohibition, that coca was consumed in where are now Nicaragua, Panama, the Caribbean, Venezuela, Colombia, Ecuador, Peru, Brazil, Bolivia, Argentina, and Chile (1910: 89). Such a wide range of sources linking the practice of consuming coca throughout the continent and so far back in time render absurd the idea that before the Spaniards arrived coca had been far more restricted and less consumed. On the contrary, it is difficult not to agree with the belief of Anthony Henman that among the

Horizon (1476-1534 A.D.) see Ravines (1976: 157) and Castro de la Mata & Ravines (1981: 168). For the Inca period at Pachacamac see Uhle (1991: 85) and Jones (1974: 4-12).

From habitation structures and burial sites in the central highlands from the Wanka culture during the Late Intermediate Period (1000–1460 AD), indicating trade with the eastern slopes, see Hastorf (1987: 292-3). For vegetal evidence from southern coastal Peru see Towle for the Late Paracas and Early Nazca cultures during the Formative Epoch (900 BC – 200 AD) and the Classical Epoch (200-600 A.D.) (1961: 130, 141-142). For gourds, shells and bags indicating the consumption of coca among these cultures see (Engel, 1957: 67-68; Jones 1974: 11). In northern and middle Chile, and northern Argentina archaeological evidence of coca has also been uncovered although only within areas that were under Inca influence by whom it appears to have been brought (Bird, 1946: 592; Bennet, 1946: 43). However, in landlocked Bolivia, although the evidence is limited (as it is in the interior of Peru as well), we are told that among the pre-Inca Diaguita culture that was contemporaneous with Highland Tiahuanaco, and which ‘occupied the States of Tucumán, Catamarca, La Rioja, Santiago del Estero, Salta, and San Juan in Northwest Argentina, and the States of Atacama and Coquimbo in Chile....coca was chewed’ (Bennett, 1946: 39). Colombia does not seem to have any vegetal, cloth or ceramic evidence showing the importance of coca throughout the ages, and yet coca, ‘is known under the names of Hayo (Santander and Boyacá), Javo (Boyacá), Patú, Kuveo or Jayuelo (Huila), Coca, Siona, Kaji (Macuna), Hipatú (Yacuna) or Pató (Tatuyo)’ (L. Estupiñán and H. Tamayo, 1980: 175). The Chibchas and the Quimbaya civilizations are famous for their intricate craftsmanship of anthropomorphic items from gold, most of which date from between 400 and 700 A.D., and to the delight of anyone seeking evidence of the presence of coca in pre-Hispanic Colombia, made various exquisite golden lime containers and corresponding spatulas (Henman, 1992: 71; Jones 1974: 9-10). For pre-Hispanic lime containers at burial sites and nearby stone statues depicting the typical bulge in a cheek in the Departments of Cauca and Huila see (Henman, 1992: 71; Reichel-Dolmatoff, 1972: figs. 4, 16, 61-63).

autochthonous population ‘the custom of chewing coca would have survived, and even flourished and expanded, were it not for the regrettable fact of European colonization’ (1992: 74). Nevertheless, perhaps it is possible that the Inca had somehow managed to obtain direct control over the systems of production in the areas subjected to their dominion.

Deconstructing the Inca Monopoly Myth

Peña does acknowledge, upon the basis of privately farmed *cocales*, that the Inca state never held an absolute monopolistic control over the agrarian economy in all areas, having more in some than others, and mentions a study by Rostworowski as an example of the state’s continuous, and often successful, attempts to establish this monopoly. Peña writes that, ‘the fields of Quivi are a clear example of a *mitmaq*, placed with an economic aim and the objective that the State establishes a direct control over this specialised crop’ (1972: 286).

Rostworowski’s study was based upon a document found in the *Archivo General de Indias* in Seville which she kindly reprints. *Justicia 417* dates from before the Toledo reforms between 1558 and 1570, when the populations remained in their original areas. The document focuses upon an interethnic judicial conflict that arose on the central coast in the Chillón valley (department of Lima) between two highland tribes (the Chaclla and the Canta) and one lowland group (the Colli) over ‘some poor, rocky and relatively reduced extensions’ in the middle valley zone (*chaupi yungas*), much to the dismay of the Spanish (Rostworowski, 1988: 69). That all sides were willing to endure exorbitant legal costs for twelve years that left them all ruined was because the *chaupi yungas* was where the coca fields were located, near Quivi.

The valley’s zones had been affected in different ways by Inca expansion in the late prehistoric period (1476-1534). The lower and middle valleys, that formed the major centres of occupation, had been far less subject than the upper valley and *sierra* zones to direct Inca influence, for which they would ultimately pay heavily. From the highlands, the Inca sought to exercise indirect control over the lowlands, and yet the architecture of the coastal sites in the late period reveals little evidence of Inca occupation (Dillehay, 1977; see Menzel 1959 for the south coast). Before the arrival of the Incas, the lord of Quivi had been ruled from the coast by the Colli Capac to whom he paid tribute of ‘coca, corn, ají and other things’ (Rostworowski, 1988: 61).⁵³ When the Inca armies arrived during the reign of Tupac

⁵³ Whether the Colli had also established *mitimaes* near Quivi remains speculative. On the basis of ceramic findings however, it can be stated that both highland and lowland groups had been in contact with the inhabitants of the Quivi area since at least the Early Intermediate to Late Horizon periods (Marcus and Silva, 1988: 24).

Yupanqui (1471-93), the highland Chaclla tribe (*curacazgo*) had been in conflict with both their neighbours, the Canta and the lowland Colli *curacazgo*, over access to *cocales* near Quivi, which was under the dominion of the Colli. The Colli ruler (*Capac*) had forced the Chaclla to surrender their claims and had granted administrative control to the Canta.

The Inca reversed this ruling and ceded control to the Chaclla in exchange for sending 100 *mitimaes* to Quivi to cultivate coca and provide the Inca with between 150-70 sacks per year as tribute (fol. 284r: 154-5).⁵⁴ By serving as *mitmaq* for the Inca, ‘the Chaclla and Inca could thereby mutually benefit from the coca lands of the Quivi, with the Chaclla receiving additional territory in return for their labour on the Quivi lands’ (Marcus and Silva, 1988: 27). Rostworowski believes that lands were also granted to the Canta so that they could present with the Quivi ‘a unified front against intruders’ (1988: 62).⁵⁵ The Chaclla *curacazgo* was composed of 4 *ayllus*, with the *mitmaq* in Quivi composed of 100 *mitmaes*, simply being an example of the vertical archipelago system, although with tribute now reoriented towards Cuzco and the remainder shared among the *mitimaes* and the communities of origin. As such, although the Inca had reorganised the productive system within the valley, this ‘monopoly control’ does not appear to have altered overall levels of coca consumption.

Coca was now more securely accessible for the Chalca, while the Canta and the Quivi no longer had to pay tribute to the Colli. Only the Colli population that remained after decimation found their access to coca limited, though it seems unlikely that they would not have at least been bartered coca by the Canta, the Quivi, or the Chalca because, ‘in spite of the enmity between coastal and highland peoples, in times of drought both groups forgot their grudges and hatreds, and together addressed themselves to the “sierra de la nieva,” work jointly carried out that brought water to the Quivi river’ (Rostworowski, 1988: 61). Therefore, while Peña may be correct to argue that in some regions the *production* of coca was restricted this does not entail the same for *consumption*, which remained widespread. If it had not been, then control of coca production would not have been such an object of

⁵⁴The Inca had unsuccessfully attempted to win over the Colli Capac by offering to establish ‘a reciprocal relationship that would tie the lords of the macroethnic groups to the *Sapa Inca* of Cusco’ (Rostworowski, 1988: 61). Upon refusal, war commenced and the Colli population were decimated.

⁵⁵ This front dissolved upon the arrival of the Spanish as each *curacazgo* attempted to gain control of the *cocales*. The Canta sided with the Inca which resulted in the Chaclla supporting the Spaniards instead and both *curacazos* returned to fighting over the *cocales*. Unable to appeal to Cuzco any longer, the Chaclla initiated legal proceedings at the Royal Audiencia of Los Reyes in 1558. Eventually they won the trial due to the policy of the Spanish Crown ‘that the *mitmaq* should stay on the lands to which they had been assigned before the arrival of the Spaniards. Had the Spanish Crown established the precedent of permitting the *mitmaq* to move from their assigned lands, an unending number of trials and lawsuits would have resulted which would have put the entire country in chaos’ (Rostworowski, 1988: 63). Obviously, though, the Chaclla support for the Spaniards during the initial period of conquest did not hinder their case.

pressing concern. Controlling supply conferred wealth and power; *cocales* were the agricultural equivalent of the Royal Mint. Of course, coca is a primary good that can be cultivated anywhere that is suitable. The reason it was the cause of so much contention in the Chillón valley is because on the incredibly arid western Andes coca can only be cultivated on the irrigated strips of land between 300 and 1200 m.a.s.l. The only other option for obtaining coca was from the distant eastern *ceja de selva* ('eyebrow of the jungle') (Rosworowski, 1988: 64).

Peña, however, uses the Inca tribute system to support his perspective that the use of coca was restricted to the elite and a favoured few, citing various examples of *curacazgos*, and even entire *pachacas*,⁵⁶ where 'coca was the principal element among the considerable number of tributes received by the Inca from his vassals' (1972, 287). The same generally applied to the tributes paid to the *caciques*. In all likelihood, as Peña notes, the levels given to the colonial enquiries were probably less than those that had existed so as to minimise those likely to be claimed by the State. Coca was required above all other tributes because in a non-monetary economy it was the most highly valued artefact to be bartered (*trueque*), and although silver and gold were considered valuable, they were also thought to be far more superfluous than coca. As such, those who ventured to the eastern slopes to obtain coca had a specific title (*Quiru*).⁵⁷ While it would make no sense that a fragile, expanding empire, seeking to cement alliances, would suddenly forbid the consumption of an item that had been central to the social, economic and political systems of such a wide geographical and historical range of cultures; that they could if they had wanted; or that they would be obeyed if they attempted, it cannot be categorically denied that the consequence of colonisation by the Inca was the immediate redirection of all objects of value to the royal coffers of Cuzco. After all, silver only seemed to go one way when the Spanish arrived. The lynchpin for the contention that this was not the case is located in the observations by the chroniclers that there were practically no natural objects which were not invested with spirituality and reverence, for which sacrifices or offerings would be made, and that 'generally used were animals ... [and] that herb they value so highly (Murúa, 1922: 107; Garcilaso, 1970: 35).

To pay reverence to fertile land (*Pachamama*) before ploughing, planting, clearing, harvesting, building a house, and to combat too much rain or lack of it, help was sought from the *guacas*, the sun or the moon and each were made offerings of coca (Murúa, 1922: 227-9; Polo de Ondegardo, 1916: 192-3). Meanwhile, if when out for a walk one passed through a valley between two mountains, coca had to be taken out of a person's mouth and

⁵⁶ *Pachacas* were administrative units within Tahuantinsuyu consisting of 1000 tributaries, or heads of households. A single *pachaca* was composed of 100 such tributaries.

⁵⁷ This position became especially significant for the introduction of the monetary economy in the Peruvian countryside due to coca being the first, and in some places as late as the twentieth century the only, produce not exchanged in barter alone, but often for cash (Peña, 1972: 290).

given as an offering, and if visiting a *guaca coca* had to be brought (Cobo, 1890: 44). When sick, people place wet coca leaves on the affected area (making rural hospital waiting rooms an interesting sight). People also attempted to predict the future by *chaccando* the coca and then dribbling the green juice upon two extended fingers and as long as it fell upon each equally the future would be good. Another method was to burn a goat and coca together and ‘read’ the way in which the smoke issued (Cobo, 1890: 135). If witchcraft could not be avoided, the best option was to visit the person one thought to be casting the spell, offer them coca, ‘and ask them to kill and hurt one’s enemies and not them’ (Ondegaro, 1916: 299).

The point of relating these examples is to demonstrate that even if somehow a monopoly on coca was established on all *ayllus* and *curacazgos* conquered by the Inca, one would have to struggle to explain how coca attained such a wide variety of significant social and economic roles. Given the depth to which it was embedded, and Peña’s awareness of this depth, it is quite perplexing to read Peña conclude that: ‘for being considered a sacred herb there was a taboo which restricted its consumption among the people, but one should not forget the abundance of food during the Inca period and consequently people did not need it to compensate their nutritional deficiencies’ (190: 300).

Peña is not alone among people with more than a passing interest in the social history surrounding the coca leaf, in holding this perplexing perspective; though obviously they do vary in their extremities. Even Gagliano (1963, 1994), who provides excellent analyses of the Spanish Crown’s attempts to manage the conflicting interests of colonists and the Church surrounding production of coca in the early colonial period (and is suspiciously unmentioned by Peña), writes of how ‘the disruption of stable food production and the end of Inca political authority, which had prohibited the indiscriminate chewing of coca, led to the extensive use of the leaf among the Indians as a stimulant, a nutritive substitute, and a fetish’ (1960: 43).

Only two authors attempt to explain the incongruities in the assumption that the consumption that coca was restricted to the elite under the Inca. For Sánchez:

The theory of the Inca monopoly over the production of coca was instrumentalized by the Spanish administration to legitimise the appropriation of a valuable resource. Bearing in mind that through the mining boom the *encomiendas* that generated tribute in coca were the most coveted, to the extent that their proprietors could bring to the market a product for which the demand was augmenting. The Crown was obliged to justify that the control of the green gold had been in the hands of the Incas to be able to appropriate it and dispose of the loot captured from the tyrants.

The convoluted discourse elaborated by the functionaries of the King, were reinterpreted by the republicans with the intention of blaming upon the Spanish domination a disordered rise in consumption. Different studies attempted to demonstrate that during the Inca epoch the cultivation of the coca was a state monopoly and the consumption was subject to strict regulations that limited its enjoyment to the class of leaders.

Without having a precise knowledge of the pre-Hispanic modalities of consumption

it is impossible to discern if this rose due to the Spanish occupation. Probably the social impact that resulted from the colonial domination precipitated the indigenous population towards a disordered consumption, nevertheless, there are sufficient indications to consider that the habit of *chacchar* was not a problem exclusive to those people subject to strenuous labour. In fact, the inquisitorial archives expose a parade of coqueros whose personal circumstances were very far from the gloom provoked by slavery.

The paradise of the Incas assumed a refuge for nineteenth century utopias, but it would be much more exact to insinuate that upon the arrival of the Spaniards the habit of *chacchar* was already socially adopted, conforming to norms of etiquette governed by opportunity and moderation (1997: 140-141).

This refreshing perspective is only tarnished by the assumption that the habit of *chacchar* necessarily constitutes a problem. Sánchez, like others such as Baudin mentioned above, views the coca leaf as a hallucinogen. Elsewhere, she writes of how the practice was ‘a necessary evil tolerated by the Crown for economic enlargement, but it did not go unnoticed that the habit of *chacchar* created addiction’, and that coca was ‘being satanized for its psychoactive character’ (1997: 143, 145). More disconcertingly still, in terms of appertaining to any semblance of objective scientific rationality, she writes that:

The decisive factor for the extraordinary diffusion of the habit of *chacchar* was that coca acted like any other narcotic: raising a slight euphoria and feeling of wellbeing. Coca, through the alteration of perception can produce hallucinations, overcomes preoccupations of those who take it and concedes an imaginary satisfaction to their aspirations and necessities. In the context of a precarious or oppressive existence the consumers feel driven to seek an increasing intoxication that provides them with a reality that fits with their desires (1997, 151).

This pitiful attempt at a pop psychology generalisation of the principal reason behind a social practice stemming innumerable peoples over the course of millennia does a terrible disservice to the degree with which her views can be taken seriously. It is obviously based on no personal experience with coca, or even of speaking with people who enjoy *chacchando*. Such a view is redolent of patronising humanism towards ‘those poor miserable Indians’ often encountered in colonial writings, especially by members of the Church. Nevertheless, and thankfully, just because a person’s perspective on one subject is utter hogwash does not necessarily imply that it is on all matters.

Sánchez’s main concern is to discredit the assumption that the practice of *chacchar* is intimately associated with hyponutrition, such as put forward by Peña (who she does not cite). This objective she admirably succeeds in meeting by using archival records of numerous instances of Crown concern surrounding the spread of the practice to members of the middle and upper classes in Lima in the seventeenth century, especially among women.

Tired of modern prohibitionist ‘Marxists, whose objections spring from a Calvinistic-like puritanism, based on the unfounded supposition that coca is a stupefying narcotic, which is manipulated by the ruling classes to repress and exploit the Indian

masses', and wary of the potential argument by contemporary advocates of UN's prohibition policy⁵⁸ 'that coca is not necessary to the Indians because they did not have access to it during the Inca period', Phillip Parkerson set out to address the matter (1983: 107, 108). After considering the difficulties that would have been encountered in trying to enforce a state monopoly within an agrarian economy constructed around vertical archipelagos and coca producing *mitimaes*, as well as over rebellious populations such as the Aymara in southern Peru and Bolivia, and the Wanka in Huancayo, Parkerson turns to a consideration of the systems of land tenure and tribute.

Parkerson finds it difficult to conceive that all *cocales* within Tahuantinsuyu were the exclusive property of the state and, upon reviewing the Crown *visitas* to Zongo in 1568 and to Huancayo in 1571, finds that in each it was reported that during the Inca period the land tenure system had consisted of private, communal and state-owned *cocales*, and concludes that the documents 'clearly demonstrate the existence of peasant-owned *cocales* in widely separated regions of the Inca Empire' (1983: 114). Parkerson acknowledges that the reason for chroniclers failing to appreciate the forms of land tenure may have been the result of a conspiracy by the Spanish administration to legitimise the appropriation of a valuable resource, but also points out that the misunderstandings may have derived from confusing the real with the ideal forms during a period when the Inca were attempting to consolidate their holdings over their predominantly recently conquered empire. In regards to tribute, he finds considerable evidence that shows that in no way was all the harvested coca sent to Cuzco or other administrative centres of the state. In fact, only small amounts of tribute ever reached Cuzco. The vast majority was stored in *colcas* and functioned 'as a kind of capital upon which the state could draw to finance national and local public works projects ... (and where) it seems that the common people had fairly regular access to coca and other goods deposited' (1983: 116). When paying tribute to the *curaca* it was also expected that food and coca would be supplied to the workers. Parkerson concludes that at best, the Inca *may* have controlled coca production around Cuzco but:

... no empire-wide monopoly ever existed ... Indeed, the Incas promoted access to coca for many highland communities by encouraging the establishment of *mitmaquna* in Yungas areas for the cultivation of this important plant. It seems doubtful that people would have

⁵⁸ The UN Single Convention on Narcotic Drugs, 1961, states in section 2(e) of Article 49 that: 'Coca leaf chewing must be abolished within twenty-five years from the coming into force of this convention'. Nevertheless, to appease any worries on the board of Coca Cola, section 1 of Article 27 states that: 'The Parties may permit the use of coca leaves for the preparation of a flavouring agent, which shall not contain any alkaloids, and, to the extent necessary for such use, may permit the production, import, export, trade in and possession of such leaves'. Due to hysteria in Atlanta, and in many Jim Crow US states at the turn of the twentieth century, surrounding 'crazed Negroes' using cocaine, Asa Candler had been forced to contract Schaefer Alkaloid Works of Maywood, New Jersey, in 1901 to decocainize the coca leaves. By 1902 Coca Cola no longer contained cocaine, which was shrewd business timing, for by December the Georgia legislature had made all sales of cocaine illegal (Pendergast, 2000: 87-9).

gone to so much trouble to produce great quantities of a commodity which the state forbade them to use. It is unlikely that Inca power ever exerted such absolute control over remote areas sufficient to enforce the prohibition of coca (1983: 120)

Coca production in the Colonial Economy: the interdependency of mining and coca “booms”

In assessing the claim that levels of consumption of coca rose stratospherically upon the arrival of Spaniards and the sudden availability of ‘forbidden fruit’, Parkerson recognizes that production did expand rapidly following the Spanish invasion during the early colonial coca ‘boom’ between 1560 and 1567. However, this was not necessarily due to the collapse of the Inca political structure or malnutrition as thought by Gagliano and Peña. On the contrary Parkerson points out a study by Herbert Klein that found the ‘intimate relationship’ between malnutrition and *chacchando* to actually be an inverse one, which of course makes perfect sense.⁵⁹ Parkerson believes it to be much more likely that consumption and production rose as a consequence of the mining boom, with the natives refusing to work unless they were supplied with coca. The physical reason for why this is the case is that in the mines it is hot and dusty and not only is coca an appetite suppressant but also keeps thirst at bay, with the leaves and saliva combining to produce a continuous supply of stimulant juice, which feels almost like caffeine but without the dehydration. Cut off from the *cocales* of their villages, supply travelled to the Cerro Rico to meet demand for coca, as it continues to do today. As Parkerson writes, ‘if one follows the curves of silver production and coca use into the seventeenth century, the evidence for the direct relationship between the two appears even stronger’(1983: 118). The question to be considered now is to what degree were independent indigenous peasant farmers involved in the ‘boom’?

We are told the following by René Ascue Muñiz, an agronomist at UNSAAC,⁶⁰ in his *Coca: History, production and tradition in the provinces of Calca and La Convención*:⁶¹

During the Colony only the Spanish could dominate the valleys of the high jungle, where they appropriated the cocales cultivated by the Incas ... These *cocalero* valleys and/or basins, were rapidly converted by the conquistadores into one of the principal centres of production for the leaf of this plant, given that there was a high concentration of the indigenous population, a large part of which became a resource for the mining mita ... At the commence

⁵⁹ The idea of coca being some sort of food substitute is ridiculous. Like alcohol, caffeine or nicotine, coca leaves stave off the pangs of hunger but not indefinitely. If anyone was suffering from malnutrition coca would never be the first thing sought to combat the pain. Coca would only be considered if there was absolutely nothing solid to consume, and in such circumstances, like floods or drought, it is hardly likely to be available anyway.

⁶⁰ Universidad Nacional de San Antonio Abad del Cusco.

⁶¹ Endorsed in the prologue as ‘such an important book about coca’ by the Dean of the Faculty of Agronomy and Husbandry, Juan Wilbert Mendoza Abarca (Muñez, 2006: 17).

of the colony, the lands of the zone of Paucartambo (Antisuyu) like the rest of the lands of the Inca empire, were handed over as *encomiendas* to the conquistadores. It was the prize given by the Spanish crown for their conquistador efforts. The very Francisco Pizarro was the holder of one of the most coca producing *encomiendas* of this zone; it is worth pointing out that most of this zone or perhaps all of the cultivated area was dedicated to coca.

Once the *encomiendas* began to disappear over time, there arose the *repartimientos* that consisted of lands, like the later Republican haciendas. In this way, the zone of Paucartambo, like the rest of the *cocaleros* valleys of Qosqo, became distributed in *repartimientos* to different Spaniards, who used them as haciendas for the cultivation of coca and other products ... Later, when the production in Paucartambo began to fall for diverse reasons such as: deaths of the indigenous, the presence of tropical illnesses, the pathology of the cocal, the infertility of the grounds, amongst others, leading to the growth of new centres of production in the valleys of Santa Ana (La Convención) and Lares (Calca) (Muñiz, 2006: 68-9).

This quote is interesting because it reflects what appears to be considered an acceptable interpretation of the relations of production surrounding the cultivation of coca in the early colonial period, in the region where it occurred and by a descendant of those involved. We see the Inca coca monopoly theory simply being transferred to the hands of the Spanish conquistadores, with no space given to the possibility of independent smallholder participation. The indigenous are portrayed as having only supplied the labour force on the appropriated lands of the colonists. The Dominican priest Alfredo Encinas Martín, who also dismisses the Inca coca monopoly theory in his, *Historia de la Provincia de La Convención: Vol. I, Siglos XVI-XIX* (a celebration of the 150th anniversary of the province in 2007), adds that while the ‘commerce of coca enriched and was controlled by the “Señores de la coca”... the transport and commercialization, especially retail, of the coca leaf was in the hands of female Indians’ (2007: 150).^{62 63}

Although the trade may have been controlled by the *Señores* in the department of Cuzco, the same cannot be said for everywhere else. For example, in the *Relaciones Geograficas de Indias* (RGI) an account is given from Pimampiro (Ecuador) dated 1578, where it was observed that:

These Indians work very little, on account of coca, because they instruct the foreign Indians that come to buy coca how to labour the fields of coca so as to have them pleasant, because they do not sell coca to other Indians, and these are like parishioners, they say.

The Indians of this valley are rich in comparison with the other naturals of this district, on account of the coca, because for it others bring silver, gold, quilts, pigs, and cattle and all that is necessary; for this reason these Indians are very bad labourers, and those among them who do not have coca, hire themselves for days and weeks to labour the fields with which they rent; and for having these fields, they are rich and the shops trust them with twenty and thirty pesos and they pay it (RGI, 1881: 129).

⁶² This view is based upon the excellent study by Paulina Numhauser detailing how many women, ‘through independent commercial activity or as “servants” of factors or “Señores de la coca”, had obtained profits that can be considered as small and even medium fortunes’ (2005: 14).

⁶³ Similarly, Glave writes of how the production of coca, ‘from early on, was controlled by the Spaniards’ (1989: 86).

Not only were these indigenous people independent producers, but they had attained wealth from being so and did not even have to work. Notably, however, their coca can hardly be considered to have been produced for a specific market, rather, they held control of a rare and coveted item, and seem to have devised an ingenious means for reaping the rewards of being in such a position. Elsewhere in *Relaciones Geograficas* we read that in the province of Huamanga in 1557 there were 26 *encomiendas* and 21,771 indigenous over the age of 15 living in 252 villages. Within the province, on the left hand side, facing the Andes, of the Royal road of the Inca (*Gainacaba*) that led from Quito to Cusco and on to Charcas (Sucre):

They have fields of coca, of cotton and of *aji*, from which they pay tribute ... the coca fields which the Indians now have, were all of the Inca and no individual cacique or Indian held them; and from which they now derive 300 and 400 baskets, in that time they did not gather ten, for which it is clear that in the period of the Spanish they have multiplied and made common to the Indians... They harvest three times a year; to harvest they take, each mita, thirty to thirty five days, and if it is winter, fifty, a little more or less. In each valley there are Indians who cultivate since the time of the Incas. When it is time to harvest, from the villages leave people in need, according to the quantity of coca, and, in general, more male Indians than female widows or singles, because there are many men. They bring with them food, according to the time they spend there. Each male Indian brings two baskets and their food, and the women, some bring two and others one and their food. Each basket weighs twenty pounds, more or less (RGI, 1881: 97-8).

This observation is very interesting. Firstly, unlike other chroniclers seeking to justify the appropriation of coca fields upon the basis that they had all previously belonged to the Inca, and hence they were now rightfully the property of the King, and of course were best administered by his 'loyal subjects', the above attempts to demonstrate how conquest by the Spanish Crown has liberated the population from the tyranny of the Incas by enabling them to have access to their own communal coca fields. Secondly, it was written just before the true coca 'boom' between 1560 and 1567 and covers a whole province, and so implies that the considerable expansion occurred as a consequence of the rise in demand. This supposition is furthered by the fact that Huamanga lies adjacent to Cusco, and shares the same Royal road to Charcas and Potosí. Finally, given that it was mostly men, and as we have seen above women controlled transportation and commercialization, then in many cases the coca bought in Potosí (as well as at Huamanga's own mines, such as Mayamarca, opened in 1541) had been planted, tended, harvested, transported and sold by the indigenous and, with the exception of coca given in tribute, the profits remained in the hands of the indigenous. Indeed, elsewhere the *Relaciones Geograficas* informs us that, 'throughout the land there is a great commerce in it (coca), especially in the sierra, and many Spaniards and Indians sustain themselves through this business' (1881: 121). The difficulty in ascertaining the veracity of this supposition lies in determining the amount that was appropriated in tribute.⁶⁴

⁶⁴ See also (CDIHE, XCIV: 215) where the chronicler writes of the indigenous and coca that:

Thankfully, we are provided with some clues by Steve Stern's, *Peru's Indian peoples and the challenge of Spanish conquest: Huamanga to 1640* (1982). Stern informs us that by the 1550s 'the "state" in Huamanga remained the personal responsibility of some twenty-five encomenderos and a handful of cooperating officials ... (and that) under such conditions it was difficult to reorder the colonial economy' (1982: 40). As such, it appears that the expansion of coca production to such levels by 1558 had been an indigenous initiative. Moreover:

Households continued to retain exclusive rights to crops produced on ayllu lands for local use; to pay tribute, households and ayllus contributed labor time on other lands specifically designated to satisfy outside claimants ... Such practices - by no means exceptional in early colonial Peru - respected the rule that peasants supplied to claimants labor-time rather than raw materials or local subsistence products. Ethnic groups and communities distributed tribute obligations - including money tributes - among themselves by ayllu, in accordance with traditional practices (Stern, 1982: 40-1).

Most of this money must have come from the sale of coca, and indeed we are informed by Stern of examples found in the chronicles when the indigenous used the money they had made from coca to pay tribute, and to purchase sheep and pigs. As far as Stern is concerned:

As usual, the Indians, rather than isolate themselves from these economic developments, sought to take advantage of new trends and opportunities. Individually and collectively, Indians incorporated the search for money and commercial advantage into their daily existence, and for their own benefit. To be sure, native societies had to find ways to earn money if they were to pay the money tributes owed to encomenderos. The early documentation, however, offers evidence which belies the conclusion that native societies participated reluctantly in the commercial economy just to gather monies needed for tribute (1982: 37-8).

The initial chroniclers in Peru mostly wrote military histories of the conquest period, but from the 1550s it becomes 'exceptional that anyone writing of Perú and its history makes no reference to coca either giving notice of it, or mentioning it in passing as something already known about' (Castro de la Mata, 2003: 49). Whether written by prohibitionists or lobbyists, most accounts are very similar in many ways, such as in describing the previous Inca monopoly; its use in religious ceremonies; its 'supposed' effects in combating fatigue, hunger and thirst; the spread following conquest; the warm lands where it grew; the enormous economic value of trade in coca; and the very high mortality and gruesome disfiguration rates among workers on the Spanish coca plantations by contracting leishmaniasis, also known as, 'mal de los Andes', which became a powerful basis for the

... they estimate and have it more than silver or gold, or anything else. The Spaniards understanding this, have been taken to increasing coca fields, and even the caciques and principales in particular, in such a way, that they have multiplied in great quantity, and now the commerce and gain from coca is universal throughout the kingdom, and there is not in it commerce or incomes from which more inhabitants live, both Indians and Spaniards.

argument of the prohibitionists. As the lobbyist Matienzo conceded in 1558, in regards to indigenous who left their communities in the *sierra* to travel to Spanish coca farms in the *ceja de selva* to harvest the Spanish coca *haciendas*, 'of ten who leave to cultivate, six do not return, or return so sick that they must rest for a long time in their lands' (1910: 94).

However, Matienzo does not think that this means that the production of coca should be stopped, given that 'God put it there' and to do so would return the indigenous to the 'tyranny of the Incas' and, even though they do offer it to the devil, they also offer Him everything else they eat (1910: 89, 90). Instead - and very conveniently for his own financial interests - Matienzo advises the king that leishmaniasis principally derives from clearing land to plant coca and so the best course of action would be to forbid further clearances as there were already enough coca fields (1910: 90). Others, such as Zuñiga, argued that the chief reason for the deaths was the effect of the climate change on indigenous from the *sierra* entering the warm humidity of the *ceja de selva* (CDIHE, XXVI: 93). Matienzo dismisses this argument - also against his financial interests - claiming that under the Inca the *mit'a* labourers for the coca fields (*mitayos*) were often Indians from very cold lands.⁶⁵

Matienzo informs us that the *encomiendas* had been issued for two generations before they would be reincorporated into Royal patrimony. Upon those which contained coca fields, tribute could be levied. Coca fields are ready to harvest every three months and it was expected that the indigenous should hand over half of what they harvested each *mit'a*, returning to the *sierra* with the other half. The number of *mitayos* necessary for a harvest would be sent by the *cacique*, with others arriving and hiring themselves out of their own free will (*corpas*). In 24 working days, it was said that 40 indigenous could gather 200 baskets. The baskets were made by the resident labour force (*yanaconas/camayos*), who had previously been servants of the Inca, and also attended to drying the leaves in the sun and packing the coca into the baskets. Harvests lasted around forty days in the summer and fifty in the winter (Matienzo, 1910: 93). Were it not for the risk of leishmaniasis this would appear to be quite a good deal and means of accumulating income, with each labourer returning to the *sierra* with two and a half baskets. The health disincentives were insufficient to stop the *corpas* arriving of their own free will, although obviously they were insufficient to furnish all productive requirements, no doubt in large part because of the seasonal nature of labour demand and the need to coordinate supply. On the 18th of March, 1563, the Conde de Nieva issued Ordinances to attempt to govern the relations of production on the Spanish *haciendas* producing coca. Though it cannot be asserted that they were adhered to, they do at least highlight the difficulties that had arisen, and an outline of the relations of production.

⁶⁵ Gagliano argues that Matienzo was in agreement with Zuñiga (1960: 46, fn. 9). Gagliano also states that Matienzo believed that only 40 per cent of the *camayos* died from illnesses (1960: 45, fn. 8).

The coca Ordinances of Conde de Nieva (1563) and Viceroy Toledo (1572)

1. It was ordered that those wishing to hire themselves out to farm coca had to do so voluntarily.
2. Those hiring the 'Indians' could do so through the *caciques*, though they had to pay the 'Indians' directly, either when the agreement was made or when they were handed over by the *cacique*.
3. The agreement had to be witnessed by a public scribe who would take note of the name of the 'Indian' to be hired.
4. Those who hired the 'Indians' had to send their servants to bring them from their villages to the Andes. If this was not done, or the *cacique* did not fulfil his part of the agreement, a sheriff would be sent by the Justice to the *cacique*.
5. The *cacique* was obliged to provide each 'Indian' with the food they were accustomed to, and assure that the 'Indians' did not bring children and only the women that were not exempted, such as the elderly and pregnant.
6. The 'Indian' could not be kept for more than 24 working days.
7. Labourers were to work from sunrise to sunset, and not on Sundays or Saints Days or on days when the weather was poor. They could only be employed in harvesting the fields, and in carrying the baskets to the highlands, and in nothing else.
8. Having completed their work the Justice was to make them leave the province.
9. The hired were to receive for the 24 days a *tomin*⁶⁶ and four *almudes*⁶⁷ of corn, two in the highlands and two in the Andes where they were to work, to be given over in the manner whereby they were assured of having food for leaving the province. Apart from this, each 'Indian' had to receive for their maintenance each Sunday, and Saint's Day, and days of bad weather, the same amount of corn they were given on working days.
10. The 'Indians' paying their tributes also had to be provided by their *encomenderos* with the same amount of food as that received by the hired.
11. The *encomenderos* had to give a basket of coca to every eight 'Indians', not less because they were tributaries.
12. For those who sold their corn so as to buy coca, no Spaniard or *mestizo*⁶⁸ was allowed to buy their food.
13. 'Indians' farming coca were generally given a sack (*acollico*), this was not be subtracted from anything.

⁶⁶ An eighth of a peso, also termed a 'real' (O. Marquez and L. Ramos Navarro, 1998).

⁶⁷ One and a quarter bushels (O. Marquez and L. Ramos Navarro, 1998).

⁶⁸ Someone of mixed Spanish and Indigenous descent.

14. *Corpas* were to be given three quarters of a pound of coca and a half pint of corn for every day worked, from sunrise to sunset, and if they worked less were to be discounted according to the amount of time they did not work.
15. The Justices were to ensure that the *corpas* left the Andes when the 24 days of work had ended.
16. Those hiring 'Indians' were obliged to put them to work by the second day after their arrival, without detaining them. The 'Indian' was not to be obliged to wait more and would be paid entirely that which had been agreed upon. They were paid for the work involved in picking two baskets of coca, and in addition each 'Indian' would be provided with a half pint of corn every day.
17. 'Indians' were not to carry more than two baskets of coca further than the warehouses in Pilco and Paucartambo.
18. Any pregnant women, or who had recently given birth, could not be hired; and a woman hired who did not suffer these 'inconveniences' was to be expected to gather less weight than that expected from every man after 24 days, and no woman could be hired to carry loads of coca from the Andes; but it was allowed that each female, if the coca was hers, could take up to one basket away with her.
19. The person who had to pay a coca tax could not harvest more than said tax entailed. The tribute 'Indians' were not to do any other service, because basket weaving was to be done by the *camayos*.
20. The highland 'Indians', both tributary and hired, were not to be occupied in anything else other than gathering and packing the coca, and if they had to do other things, they could not be kept for more than 24 days of work.
21. The baskets had to be made up of good coca, green, and well seasoned, and all of one type of coca, not mixed.⁶⁹ A basket had to weigh 20lb of pure coca, and with two for the basket and coverings, would weigh 22lb in total.
22. Each hacienda was to have two weighing scales, and baskets were to be stamped or sealed by a loyal functionary of Cusco as weighing 22lbs.
23. The loyal functionary was also to take note of how much coca was being grown.
24. No person, either Spaniard or 'Indian', could slash and burn so as to grow more coca. But the coca that they were losing through age could be replaced in other lands that were prepared, though not through the labour of 'Indians'.

⁶⁹ Today in Peru coca is graded into three categories and paid accordingly by state purchasers, depending upon the degree to which it has become stained (*manchada*). In Bolivia at the Villa Fatima wholesale market there are five categories. Coca becomes *manchado* if it rains during the drying process (*secando*), or if it is stored for too long before being dried.

25. If he who wished to replant coca did not have land that was prepared he was to be given a license to do so with black people.
26. The *camayos* lived in need and could not be sustained by the fields which they had; for their sustenance and for their wife, children and family, land already cleared to plant new coca could be used also for their sustenance, asking for a license from the Justice of Cuzco or of the Province; any coca which in this way is planted, the owner could not start selling it within ten years, for the *camayo* who did would lose it, and he who bought it would lose the money paid for it.
27. It was allowed that in the Province of the Andes, both Spaniards and 'Indians' could make clearings for corn and potatoes and other foodstuffs that were not coca, by asking the Justice of Cusco for a license and stating what he intended to plant. There they may not plant, nor replant coca for ten years.
28. On the roads of the Andes up until the villages of the highlands, there were to be huts with sleeping facilities (*buhios*), where the 'Indians' could rest, and with water; the owners of the *haciendas* were obliged to construct and maintain them, as well as the roads and the bridges; if they did not then the judge of the province could send someone at the cost of the *hacienda* owners to ensure that this occurred, and the *hacendados* would also be obliged to provide 'Indians' to do so.
29. Each adobe dwelling on the road, and nearby, would be measured according to the baskets of coca that would be carried, and the judges had to compel the owners of the dwellings to build them with their own *camayos*.
30. No person could deprive the 'Indian' of their blanket to cover the coca baskets with, nor other garment, nor anything else.
31. No person, whether Spanish or 'Indian' could take *camayos* from one farm to another.
32. To stop lawsuits, if the *hacendado* had given a *camayo* a planted field, it would always be the property of the *hacendado*, and if the *camayo* left, or if the *hacendado* did, the *camayo* could not ask for anything for this field; but if the *camayo* had planted it at their own cost, although it be in the lands the *hacienda*, and with some just cause the *camayo* left, or was forced to leave, in such a case, because the field will then belong to another *camayo* who will serve in their place in the *hacienda*, the owner of the *hacienda* was obliged to pay the *camayo* the value of their *chácara*; and should he not, then the *camayo* could sell it to another *camayo*.
33. For the *camayo* who died, if his heir wanted to use the *chácara* that the deceased had as a *camayo*, was obliged to serve the *hacienda* or find another *camayo* to do so; and the same was understood if the *camayo* died without leaving an heir and his wife wished to use the *chácara* that had been her husband's, or she would be obliged to provide a *camayo* or leave the *chácara*.

34. The *camayo* had to labour and cultivate the *chácara* that he was given and not allow it to go to waste, in which case the owner of the *hacienda* could take it from him and give to another *camayo*.
35. So that it did not occur that on the *chácaras* of the *camayos* more coca was grown, those fields that were for *camayos* were always to remain for *camayos* and joined with the principal *hacienda*.
36. Neither Spanish nor 'Indian' merchants could sell or buy produce with the 'Indians' of the province anywhere but in the village plaza, not door to door.
37. Nobody with their own coca could sell or buy it with the 'Indians'.
38. No *mestizo*, *mulato*,⁷⁰ or black person who did not have coca *chácaras*, or were not serving a master in the province, or some contract that sustained them, could reside in the province.
39. The coca *chácaras* received much harm from having cattle and horses in them. Thus the owner could arrest the owner of the beasts, who after having paid for the damage, had to pay a fine of three *tomines* per head per day, and a *ducado* per night. If there were horses or another large animal then the fee was six pesos per day and double for the nights.
40. The judge of the province could not be involved in the coca trade.
41. The hospital was always to remain in Tono, which was in the middle of the Andes, and a cleric had to reside there. Along with the judge of the province, he was to be responsible for administering the income and alms of the hospital, visiting the poor, making sure the hospital was maintained, and attending to the health of the sick.
42. As the hospital did not have a sufficient income to pay the doctor, nor for the medicines, nor other expenses entailed in curing the ill of their sickness, and the *señores de coca* were accustomed to giving one basket out of every hundred to the hospital, this was be maintained.
43. The *señores de coca* usually resided in Cuzco, and the stewards and the people in charge of the *chácaras* did not adhere to the ordinances, and so from then onwards, should such people not comply with the ordinances, the *señor de coca* was to be penalised.
44. The fines were to be shared in three parts between the accuser, the Council of His Majesty (*Cabildo*) and the hospital, and lastly the judge.
45. The visits to the province would not be done at the cost of the *señores de coca*.
46. No Spaniard or other person who was not an 'Indian' could be in the houses of the *camayos* or 'Indians' against their will (reprinted in Zavala 1978: 36-39).

We gain from the ordinances a valuable insight into the system of labour relations that was at least intended by the Crown. At the top sits the *hacendado*, who normally lived

⁷⁰ Someone of mixed European and African descent.

in Cusco. Interestingly, we see that the *hacendado* was not necessarily a Spaniard and that coca fields were also owned in the province by *meztizos*, *mulattos* and black people (38). To manage the *hacienda* a hired steward (*majordomo*) was employed and we are informed elsewhere that the *majordomo* was usually a well educated Spaniard with a high social standing within the Spanish community, although inferior to the *hacendado*. We see as well that previously the *hacendado* had used the excuse of not being resident to blame his *majordomo* for any laws that had not been adhered to, and that the crown had decided to counter this (43). Beneath the *majordomo* were tribute collectors, labour overseers, and stock-watchers usually derived from the lowest social strata of Spanish society, or were mestizos or black people (Lockhart, 1969: 420-1).

The labour force can be divided into four groups collectively known as ‘Indians’: *camayos*, *mitayos*, hired groups and *corpas*. Resident *camayos* were not to be employed in harvesting coca but instead to make the baskets, as well as assisting in any infrastructural projects the *hacendado* was obliged to carry out such as the construction and maintenance of *buhios*, roads and bridges. In return they were provided with plots farmed to provide their means of subsistence. That they were not allowed to plant coca seems to derive from the supposition that if they were allowed to plant coca on their plots, the *hacendados* would attempt to gain tax exemption for their own coca by saying it belonged to the *camayos* (19, 23-7, 35). It seems that the coca they consumed was to derive from the 22lb basket that *encomenderos* had to distribute to every eight ‘Indians’ during harvest (11). It is hard to know how to classify the *camayos*. They cannot be considered sharecroppers as they were to be engaged only in making baskets, none of which would there be any point in them keeping as they were not allowed to grow coca. They cannot be considered as serfs for there was no legislation prohibiting them from leaving (32-3). Tenant farmers paying a corvée labour-rent comes closest to describing them, but given that they were not allowed to farm coca this label should be used with caution, for they cannot be grouped together with all other peasant farmers paying a labour rent, who at least had the option of producing for the market. Consequently, *camayos* were unique within pre-capitalist agrarian relations of production.

Mitayos appear as a strange mixture of landless share-croppers obliged by tribute obligations to pay corvée labour rent for their lands in the *sierra*. In return they were paid in coca and it was expected that even women - who were considered less productive than men - could expect to return to the *sierra* with a 22lb basket of coca after 24 days work (18).⁷¹ Although such amounts do not approximate the generous figures put forward by Matienzo

⁷¹ Women, especially young women, are today considered the most productive workers. It is believed they are also more careful to pick each leaf individually rather than sliding one’s hand along the branch and pulling many off at the same time (*raspear*), which is frowned upon as it damages the bush and is considered lazy.

above, they were still to be the same as those who hired themselves out on a more voluntary basis (11) and therefore were enough to allow for a substantial degree of accumulation, and thereby social differentiation within the *ayllu*. Surprisingly, they were not allowed to sell directly to the *hacendado* but had to return with the coca to their *ayllus*, where it could only be sold in the main square (*plaza*), or market (36, 37). Indeed, we also see that the merchants purchasing the coca were not necessarily Spaniards but could just as easily have been 'Indians' (36).

It is also interesting to take note of the substantial degree of what would now be termed 'social policies', such as the provision of food and shelter, minimal working days, compulsory days of rest, and hospitals. As enlightened as such policies appear, it should not be forgotten that they were they were probably only issued because these were actions that few *encomenderos* or *hacendados* had been fulfilling.

Hired groups and *corpas* can both be considered as a rural proletariat, although both were often paid in kind (yet bearing in mind that coca was valued more highly by the indigenous than any other artefacts). Again, however, the ordinances give us an insight into contrary practices that were occurring. It appears that *hacendados* were making deals with *caciques* that a certain number of labourers be contracted, and presumably told that they were paying tribute while the *cacique* pocketed the wages. Hence the first ordinances explicitly state that the labourers must be hired voluntarily, paid directly and a scribe or notary was to be present (1, 2, 3). All the social policies were also to apply to these groups, who were all to receive minimum wages, in cash for the former and coca for the latter, who could over the course of 24 days obtain almost enough to fill a basket (9, 14).

We see then that, at least in theory, the agrarian economy surrounding the production of coca had something of a dual nature. In addition to independent peasant production on communally held lands and individual (*tupus*), the *hacienda* system also accounted for a large proportion of overall production though it is impossible to say what percentage. Within the *hacienda* system there were four types of labour relations ranging from the tenant farmers paying labour rent with no coca to sell (*camayos*), through tribute paying *mitayos* who earned coca for sale, to a wage earning or sharecropping proletariat contracted in groups or individually.

On the 3rd of October, 1572, these ordinances were amended by viceroy Toledo. Generally, most of the ordinances of Conde de Nieva were kept and severe punishments for non-compliance were added, although some new ones were also included. This implies that ten years later, the Ordinances of Conde de Nieva were not all being adhered to. Of the fifty or so ordinances, those listed below are the ones to which Toledo made changes, or added especially severe punishments to:

1. Tribute could no longer be paid in coca, but only in silver or gold, or in 'Indians' to cultivate it.
2. No male or female 'Indian' could be obliged to cultivate coca against their will, and to do so would result in the loss of all profits from the *encomienda* for a year on the first occasion, on the second occasion for two years, and all the coca that they owned in the whole country would be uprooted, which they could not replant. He who was not an *encomendero* would be fined 1000 pesos the first time, and 2000 the second, and also have the coca uprooted, which likewise could not be replanted.
3. No *cacique* could hire any male or female 'Indians' from their village, or any other, even if saying that they were doing so to pay their tribute. Anyone involved in doing so, whether Spaniard or *cacique*, would be banished from the kingdom for ten years. The 'Indians' could only rent themselves out individually or in groups.
4. No money could be paid in advance to 'Indians', nor could they be contracted for more than one *mit'a*. If after making the contract and arriving of their own free will the 'Indian' is paid, and changes their mind, and if the money was returned to the owner within ten days, the 'Indians' could not be obliged to go to the Andes. But if not, then they will be obliged to work.
5. No person could plant a new coca field, nor replant an existing one, or they would be uprooted and burned, and a fine of 2000 pesos would be administered as well as four years exile from the kingdoms. Half of the fine would go to His Majesty, the other to be divided equally between the judge and the accuser. And in this way the greater part of danger arising from these *chácaras* was expected to be remedied.
6. As it was known that often when the 'Indians' enter into the Andes, they were forced to drop their own loads so as to carry other loads, much care would now be taken to punish those who did so.
7. No 'Indian' could be asked to carry loads of coca, nor of anything else, though it was permitted that they could load their llamas or mules, which if on the journey became tired, could be relieved temporarily by the Indian carrying the load instead; equally if the 'Indian' has their own coca that he had picked at the *chácara*, that they could carry.
8. No Spaniard, or other person who was not an 'Indian', could hold an 'Indian' against their will, or they would be banished from the province for six months on the first occasion, and perpetually thereafter.
9. Regarding the *camayos*, none could be obliged to make more than fifty baskets per *mit'a* and would be provided with that which they needed to do so. Lack of compliance with this law would entail the confiscation of the extra coca to be held by these additional baskets, as well as a fine of one hundred pesos.

10. Those *camayos* who of their own will wanted to remain in the *chácaras*, could not be asked to fetch birds, eggs, herbs, wood, nor other things, or a fine of 50 pesos would be issued for every time they were asked to do so; though it was permitted that the *camayos* could sell the birds and fruit and other things for a fair price.
11. As some of the *camayos* had some small *chácaras* alongside those of their masters, some of which were planted, by themselves, or given to them that way, which had to be given up if the *camayo* no longer wished to remain, or is taken from his wife if he dies, this had to change. From then on the *chácara* was not to be taken from him, or from his heirs, but would remain with them to sell or do whatever they like with. If the field had been planted and cultivated in the land of his master, then he was to be recompensed for the improvements he had made to it, at a price upon which both parties agreed, or a third party would be chosen by the Corregidor to adjudicate. If the *chácara* given to the *camayo* was already planted, then it was to be returned to the *hacendado*, unless the heirs of the *camayo* wished to use it.
12. It had been found that the *camayos* were being excessively worked in building baskets, and gathering the materials to do so, as well as for mats and huts, and all for no salary. From then on, every *camayo* was to be paid thirty pesos each for the *mit'as*, which could be paid with a strip of land.
13. As some of the 'Indians' who entered into the Andes⁷² to rent themselves out chose to remain as *camayos*, often persuaded by the owners in exchange for a strip of land, and often leaving behind their wives and children, and marrying with others, from then on the Corregidor of this province had to be careful on their visits to ascertain if there are new *camayos*, if they were married, and if so send them to their wives and castigate those who had been their concubines.
14. As the lands where the 'Indians' go to work the coca fields are so hot, when they need to be weeded they could only be so before 9.00 am, with picking occurring only between then and 3.00 pm with an hour for lunch, after which they could return to weeding until sunset. Failure to comply would result in the 'Indians' being able to leave even if already paid, as well as a hundred peso fine for each time this occurred.
15. Those who hired 'Indians' for coca could not give them any extra chores, and to do so would result in a hundred peso fine on each occasion.
16. Often the wife of the hired 'Indian' travelled with them to provide food for their husbands where they worked, but often the owners or the supervisors made them work as well, against their will. This could now only occur if they hired themselves, out of

⁷² The coca farming lands in the department of Cusco were referred to as the province of the Andes.

- their own free will and for a fair price. Failure to comply would result in a fine of 50 pesos. Never were they to be hired if they were pregnant or had recently given birth.
17. Those who went to work the coca fields and could not work on some days if the coca was not in season or because it was raining, though not more than ten days, had to be provided with half a pint of corn on each day. Those ten or less days upon which they could not work were not to be deducted from the twenty-four, and counted as if they had been worked, and if they could only work half a day then it should be counted as a whole day, and if less than half counted as a half. The Corregidor had to check on this during his visits.
 18. As some Spaniards rehired 'Indians' to other people for more money than had been agreed with the 'Indians' after they had worked their fields, it was ordered that no person could do this, and if they had too many 'Indians' they could only give them to other people for the same price as they had hired them for. A fine of 100 pesos was to be issued for every time this law was transgressed.
 19. As the 'Indians' who received the most harm from entering the Andes to cultivate coca were children and women, it was ordered that 'Indians' who hired themselves could only bring their wives with them and only if not pregnant or had recently given birth. No other women were allowed. Furthermore, 'Indians' below the age of twelve could not hire themselves out. Should any 'Indian' breach the aforesaid they would be publicly flogged and brought to a monastery or hospital to serve for two years, while the Spaniard who hired them would be fined 200 pesos.
 20. As the 'Indians' hired for many days often became sick and died, it was ordered that no person who hired an 'Indian' could detain them on the coca fields, nor in any other work in the province, for more than twenty four working days during which they could never be occupied before sunrise or after sunset, nor on Sundays, Saints days, when the weather was bad, and during these twenty four days they could only be employed to pick coca, weed the *chácaras* and make huts. Upon completing the twenty four days they could not be rehired. Doing so would result in a fifty peso fine each time.
 21. As the 'Indians' often wished to hire themselves out after completing their contract, something which was considered very dangerous to them, it was ordered that the judge living in the province made them leave after the twenty four days.
 22. That people who hire 'Indians' to cultivate the coca had to give each 'Indian' four *almudes* of corn, three of which at the *chácacra* where they worked, and one for the return journey, as well as half a pound of cow or pig meat every day, that has been dead for a day at most, as it was putrid meat that was one of the most prominent causes of disease in the Andes. Failure to do so would result in a fine of fifty pesos.

23. If any 'Indians' sold their food for coca they would be given 100 lashes. If the buyer was a Spaniard he would be fined twenty pesos and banished from the province for six months, and if a black person, *mulato* or 'Indian' would be given 100 lashes.
24. 'Indians' from the highlands who went to farm coca could be employed for nothing else, other than pick and weed the coca fields, as well as maintain the huts, and that they could not be kept for more than twenty four days or else face a fine of fifty pesos each time.
25. *Corpas* were only to work for twenty four days, and were to be issued with four *almudes* of corn and half a pound of meat, or else the same penalties would be applied as in the case of failure to do so with other labourers.
26. Any *hacendados* failing to ensure that Sundays and saints days were allocated for indoctrination would be fined twenty pesos for each day not allocated for such purposes.
27. The consumption of *chicha* made from fermented corn was to be outlawed as it was thought to provoke illnesses, and any 'Indian', *mulato*, or *mestizos* found selling it would receive 100 lashes and be permanently exiled from the province, while any Spaniard found doing so would be fined 200 pesos and banished from the province for one year.
28. In the principal hospital a cleric must always reside to administer the sacraments to both 'Indians' and Spaniards, as well as give Mass on Sundays and Saints days. These clerics were also to cure the sick, charge and administer the rent paid by the *hacendados* to the hospital, which would be reported to the Corregidor every six months.
29. In the valleys and villages where the 'Indians' had their own hospitals that were administered by clerics, and for which coca was brought by the 'Indians' to sustain the hospital, it was ordered that the clerics already received a sufficient salary and so could not levy tribute to sustain themselves in the villages, and that the tribute given by the 'Indians' was to be redirected to the main provincial hospital.
30. This principal hospital was also issued a *merced* with which it could generate an income with which to cure more 'Indians'.
31. For any 'Indian' that became sick gathering coca on a *hacienda*, the *hacendado* or his *majordomo* was to bring the individual to the hospital within two days, or else be fined 100 pesos. In addition, each *hacienda* was obliged to have lancets, oil and other basic medicinal supplies to treat 'Indians' who were ill. If a Corregidor found on his *visitas* that no medical existed, a fine of fifty pesos would be issued.
32. As many *hacendados* were failing to pay the salaries of the clerics, many were coming to Cuzco to obtain their salaries and so were often absent from the *haciendas* for long periods. Therefore the clerics were to begin collecting their salaries at the *haciendas*, and could be paid in coca. The Corregidor would ensure that this occurred.

33. Baskets were to be filled with green and flavoursome coca, weighing 18lbs of pure coca, and four added on for the basket, if not they would be confiscated and split between the judge and the hospital.
34. Fines were to be divided in four parts. The Crown, the hospital, the informant and the sentencing judge would each receive a quarter.
35. Any judge or mayor found to be ignoring these ordinances was to be fined by the Crown 500 pesos on the first occasion, on the second would be relieved from their duties for one year, and on the third occasion, forever (Toledo, GPCP VIII: 14-35).

In general, the Toledo ordinances attempted to make no fundamental changes to the structure of the labour relations for the production of coca. Instead they seek to reinforce them by adding heavier and unambiguous penalties for infractions of the ordinances of Conde de Nieva. Nevertheless, the prohibition of *caciques* contracting directly with *hacendados* to provide a group of workers who believed they were paying tribute was a significant redirection of surplus produce into the hands of individual labourers (3). *Mitayos* were called upon to pay tribute in the coca fields of the *hacendados*, but could not be forced to do so, and so, their only incentive for descending from the *sierra* was being able to retain a portion of the produce of their labour, which was the only coca they were allowed to carry by hand, the rest having to be transported by llama or mule (1, 2, 7). The segment of the rural labour force that was most affected by the Toledo coca ordinances were the *camayos*, who were set a limit upon the number of baskets they could be asked to make during a harvest, could not be requested to gather goods to be sold by the *hacendado* but had to be sold by themselves attained some level of proprietary rights over their plots if they had made improvements, and were to be paid a minimum wage of 30 pesos per *mit'a*, or a plot of land (9-12). Women were negatively affected by the Toledo reforms because they could now only harvest coca if they were married.

For the *Señores de coca*, the restrictions on expansion were good news if they were successful in stopping the market from being flooded and thereby keeping prices high. However, this benefit had been tapered in 1569 by a royal decree whereupon nobody was allowed to harvest more than 500 baskets of coca in a given *mit'a*, and while anyone who farmed less could not of their own accord expand production to meet this limit, a license could be sought from the Viceroy to do so (RLRI, Vol. 2, Bk. VI, Ch. XIV: 253).

While efforts by prohibitionists such as Falcón, Zuñiga, Capoche and Lizárraga continued, their cries increasingly fell upon deaf ears.⁷³ Nevertheless, levels of consumption

⁷³ The licentiate Francisco Falcón claimed that since the arrival of the Spaniards there was a thousand times more coca than there had been under the Inca, and during the Inca period the only people who harvested the coca were those who had been spared the death sentence to do so (1918: 164-5, 13).

of coca declined throughout the seventeenth century. Coca's retail price peaked in 1587 at 11.43 pesos per basket and thereafter continued to fall, reaching 4.77 pesos per basket in 1635, and although the price recovered to 5.51 pesos per basket in 1649, this was still very low compared with 1587 (Bakewell, 1984: 194). The three fundamental reasons were the demographic collapse, compounded by oversupply, and the decline in the mining industry. In 1653 the Spanish Jesuit Bernabé Cobo wrote of how:

In this kingdom of Perú there is nothing better known than the Coca, the commerce in which is widespread and most profitable that there is in the Indies, and from which many Spaniards have become rich ... after the kingdom of the Inca kings had finished, and with it the prohibition, with the desire that the common people had to eat the forbidden fruit, they began to do so to such excess that the Spaniards upon seeing the great demand there was for this merchandise planted many more *chácaras* than there had been before, especially in the surroundings of the city of Cuzco, whose *vecinos* for a time derived great wealth from these lands; because usually from a good *chácara* of coca more than 20,000 pesos were earned each year. But now they have fallen greatly, and their worth lessens every day; on the one side, because the Indians have greatly decreased, and on the other, because with intercourse and communication with the Spanish, they have become disillusioned and have realised that bread, wine and meat are more advantageous than the juice from this herb; and therefore spend more of their money on these sources of sustenance, and not on the Coca, so appreciated by their ancestors (1890, vol. III: 473).

While overproduction and depopulation were certainly consequential factors, the depreciating retail prices of coca also demonstrate the quite ruinous effects of the Toledo ordinances for the *señores de coca* and the reasons behind why many *mitayos*, *corpas* and hired groups desired to become *camayos* despite the risk of leishmaniasis. By setting the minimum wage at 30 soles per *mit'a* for a *camayo*, even in the peak year of 1587 this was still just under the retail value of three baskets and by the seventeenth century hovered around the equivalent of six baskets of coca per *mit'a*. By contrast, as we see from the Ordinances of Conde de Nieva the *corpas* and the *mitayos* were to be paid between 18lb and a basket for each *mit'a* (14). Such increases in the cost of labour do not take into consideration the additional costs of transportation, accommodation, sustenance and medical care.

Conclusion

While the stereotypical manorial estate in non-coastal Peruvian areas may have been of the *Grundherrschaft* variety during the colonial period, this cannot be said to have been the case when engaged in the production of coca. The *Gutsherrschaft* 'type' (and by as early as the Toledo reforms the *Gustwirtschaft* 'type') was far more likely to be encountered. Nevertheless, during the early colonial period, and into the late seventeenth century, enterprises engaged in the production of coca also included small independent peasant farms

and *ayllu* communities. Furthermore, the range of labour relations found on the *encomiendas* alone including resident *camayos* paid with land, and later with money as well, tribute labour (*mitayos*) paid in kind, contractually hired labour in groups paid in cash and kind (*jornaleros*), and individual wandering labourers (*corpas*) also paid in cash or kind. Given that upon the onset of the Toledo reforms the city of Cusco contained more than twice the amount of *encomenderos* than any other major southern city for which data is available - such as Arequipa, La Paz or La Plata -, and that two-thirds of Cusco's 'vecinos' lived off the production and commerce in coca, these surplus extracting relations can in no way be considered insignificant to Peru's initial steps towards agrarian capitalism (Glave, 1989: 33, 37).

As such, we see that upon the arrival of a monetary system, and the principal domestic agrarian economy surrounding it, the initial steps taken towards agrarian capitalism in Peru during the early colonial period traversed variants of the Prussian/ Junker, the French peasant, and the Russian communal *mir* paths. The first coca boom gave rise to differentiation among landlords, Episcopalties, peasants and *ayllus*. By assuming the Incas enjoyed a monopoly control over the production of coca - which was simply transferred to the Spanish upon conquest - eyes are blinded to the degree to which the *Gutswirtschaft* manorial system did not exist in isolation from communal and independent peasant farming.

Likewise, greater attention to the system of labour relations employed upon these *haciendas* demonstrates the degree to which aspects of the *Gutsherrschaft* manorial system interact with elements of the *Grundherrschaft* system. This was especially so following the Toledo reforms when *camayos* were to be awarded monetary or proprietorial remuneration for their labours, as well as proprietorial rights lands that they had made improvements to. Greater attention to labour relations also highlights the degree to which being a serf on the *haciendas* actually came to be rather enviable, much like the *Instleute* on *Junker* estates during the first half of the nineteenth century following the 1807 Prussian Edict. Consequently, coca appears to provide excellent examples both of the complexity of forms adopted during Peru's initial engagement with a monetary economy (and, in turn, incipient commercial capitalism), but also of the non-unilinearity of transitions towards agrarian capitalism. This latter point is much further substantiated in chapter VII. However, for now, let us turn to the role of coca in bringing Peru into modernity and how it was not that which had been originally envisaged by the coastal elite.

V

Coca and Modernity

Introduction

This chapter seeks to outline the political and economic roles of coca following independence from Spain in 1821. It is contended that many believed that the dire situation in which Peruvians found themselves in the 1880s following the War of the Pacific with Chile was a consequence of the country not having modernised the economy away from being dependent upon the export of primary produce. However, hopes were pinned upon the possibility of coca being able to serve as the basis for a widely sought value-added export following the discovery in Vienna in 1884 that cocaine hydrochloride constituted an excellent anaesthetic. In an age of unregulated pharmaceuticals, demand for cocaine was quickly sought for all manner of ‘ailments’. To many it appeared that the coca leaf was about to serve as the basis for Peru to enter into modernity. As such, the rise and fall of the legitimate cocaine industry is documented, paying particular attention to the different commercial circuits that arose and the labour relation of which they were composed.

However, it is also argued that coca did eventually play a very significant role in bringing Peru into modernity by serving as the principal economic basis of the socioeconomic differentiation among the peasantry farming coca for the traditional market in the province of La Convención. When this socioeconomic differentiation could no longer be contained by the feudalistic *hacienda* system, La Convención became the first Peruvian example of mass mobilization by the peasantry that was successful in expropriating the *haciendas*. The example of La Convención was soon mimicked throughout the country and brought the agrarian reforms of that decade that finally ended these feudalistic labour relations and in doing so brought Peru into modernity.

Lastly, it is also posited that the labour relations on the *haciendas* of La Convención were not of a *Grundherrschaft*-type as is maintained but actually represented a unique mixture of *Grundherrschaft* and *Gutswirtschaft* manorial systems. Furthermore, nor can it be maintained that La Convención was in the process of transition from the former to the latter as is thought to have often been the case in such circumstance. Instead, if anything, La Convención was in the process of the reverse.

Peruvian agriculture in the early independence period

During the seventeenth and eighteenth centuries the coastal agricultural economy became increasingly oriented around sugar - and by the nineteenth century cotton - production for international markets, as well as food crops for regional urban markets where most of the *hacendados* lived, close to vice-regal authority. As a result of trade with Spain's other colonies, many African slaves arrived in the seventeenth century, and following the abolition of slavery in the nineteenth century they were replaced by Asian immigrants. Together this created a coastal society composed of a diverse array of ethnicities and caste specific taxes. The class structure was ethnically based with black slaves at the bottom of the pile, followed by indigenous sharecroppers and serfs (*yanaconas*, *colonos*) paying 50-80 percent of their crops in rent, and *mestizo* smallholders or sharecroppers paying 30-50 percent of their harvest to landowners of predominantly European descent (Piel, 1970: 115).

In the Altiplano of Upper Peru the *mit'a* was predominantly used to obtain labour for the silver and mercury mines, respectively in Potosí and Huancavelica, where peasants were forced to spend four months per year and for which they received a below subsistence salary. To feed themselves, miners brought produce on llamas from their communities. As a result, agriculture in the highlands was isolated from national, or even regional, markets and remained only locally significant with levels of surplus production and technological development far lower than on the coast. This enabled communities to retain communal landholdings and inhibited the establishment of large private *haciendas*, which by 1847 came to control only a quarter of arable land and one third of the rural labour force as servile tenants (Pearse, 1972: 256-7). In addition, the communities also had to pay tribute in cash or kind to the *corregidor* appointed district governor. Furthermore, after the Bourbons came to power in Spain in 1700 the *reparto* was introduced in 1750 until 1784, which forced communities to buy Spanish merchandise at monopoly prices set by the *corregidor* and led to numerous peasant uprisings in the second half of the eighteenth century, most famously that led by Tupac Amaru II in 1780. Within a *hacienda*, *colonos*, *yanaconas*, *gente propia*, and *peones* all had unpaid obligations in exchange for their pieces of land.

Things changed markedly following official independence in 1821 (although in reality not until 1824), after 15 years of warfare that had left the country heavily indebted to mostly English merchants. With the mines long past their most productive periods, land became the predominant basis of capital formation. San Martín abolished entailment, secularised the land of all convents of less than seven people but, most significantly, ended the collective ownership of inalienable lands. In the eyes of the Creole writers of the constitution, these often under-utilised lands had to become available for private investment to spur the economic recovery of the Republic. Bolívar decreed that community land be

distributed in plots as private property, with the surplus entering the public domain. Much of the erstwhile collective lands were distributed as concessions, or even gifts. In this way, the liberal-agrarian reforms created both the Creole *latifundio* and indigenous smallholdings.

However:

In their credulity, passivity and ignorance, the peasants of the communities were in a weak defensive position when it came to the redistribution of land. Those in charge of the operation, the surveyors, the lawmakers, the *caciques*, the village notables, the mestizos and the tax officers, made sure they secured the best plots and in this way they built up for themselves overnight estates of thousands of hectares at the expense of the communal lands. This process reached such a point of excess that in 1828 and again in 1830, several decrees and circulars were sent out to local authorities, instructing them to limit the disastrous effects of these redistributions by making sure that the contracting Indians at least knew how to read and write. A decree was finally issued ordering the suspension of all redistribution of communal lands until 1850, revealing thereby the contradictions in the legislation. This decree was not properly applied of course, but it bears eloquent testimony to the difficulty that the independent republic was having in defining its relations with the peasantry (Piel, 1970: 118-9).

Peru's only profitable agricultural export in the early independence period was wool from sheep, llamas, alpacas and vicuñas farmed on *haciendas*, or by independent indigenous people in central and southern regions, sold to travelling commercial agents. Many of the new *latifundia* combined this trade with arable and cattle farming for local or regional markets. Meanwhile, coastal agriculture entered a crisis period between 1830 and 1854 largely through an absence of labour via the gradual emancipation of slaves by San Martín, which had been bitterly opposed by coastal *hacendados*.⁷⁴ Rather than invest capital, the *hacendados* generally preferred to retreat to traditional surplus extraction methods of rent in kind and cash. The guano industry that took off in the 1840s remained mostly in the hands of a limited number of Creole agents, who sold directly to British commercial houses, and so little of the accumulated capital was invested in agriculture. In 1854, however, the Creole elite found themselves in possession of large amounts of capital paid to them by the state as indemnity for their emancipated slaves. This was used to purchase Chinese coolies to replace the slaves, many of whom remained on the margins of the state as sharecropper *yanaconas*.

The US civil war gave rise to a cotton boom in Peru between 1864 and 1872, aided by the investment of capital obtained from Liverpool, and this came to be complemented by large-scale sugar cane production using French and British capital aided by the construction of railways. Between 1868 and 1876 exports of sugar and cotton soared and announced the beginning of tremendous wealth accumulation by the *latifundia*. However, this boom occurred at the expense of the *yanaconas* and *colonos* who were expelled from the estates,

⁷⁴ Slaves were not officially emancipated until 1854 under Ramon Castilla. However, San Martín introduced legislation in 1823 whereupon the children of slaves were considered free.

helping to create a landless proletariat.

The global economic crisis of 1876 brought a complete financial collapse in Peru. The economy had been commercially and financially dependent upon other countries. The global crisis brought such rapid inflation that in the course of only a few months all the banks had to close (Piel, 1970: 127). Additionally, disputes arose with Chile over the exploitation of the border area for guano and saltpetre, which both parties claimed as theirs. In 1879 the Lima aristocracy disastrously embroiled Peru in the War of the Pacific, which she was in no sense prepared for and so lost accordingly. For four years Chilean troops occupied and devastated the most economically advanced coastal areas. Landlords were forced to pay taxes to the occupying forces as they watched them dismantle the equipment of their *haciendas* and have it sent back to Chile. If the *hacendados* attempted to resist, their homes were dynamited. The same occurred in the less capital intensive *haciendas* of the interior, where punitive levies were placed on the *hacendados*, communities, towns and villages.

By the time the peace treaty was finally signed in 1883, the Peruvian economy was ruined through debt and destruction, and so had to begin again, practically from scratch. The country had entered a general political and agrarian crisis with violent conflicts occurring throughout the country, which brought to regional prominence *caudillos* such as Benel in Cajamarca and Augusto Durand in Huánuco. The conflicts on the coast, especially in Lambayaque, tended to revolve around bands armed by the contending *hacendados* for irrigation canals. Further north in Piura agrarian banditry surfaced, which soon spread to the Andes and other coastal areas. Exports of sugar and cotton dropped but *latifundia* remained, while exports of woollen materials stagnated (Piel, 1970: 128-133).

Due to inexorable debts resulting from borrowing on predicted revenues to be derived from guano whose price had collapsed, inefficient tax collection, corruption, war with Spain in 1866, the Depression of 1873 and finally the Pacific War with Chile, Peru in 1886 had a staggering debt of £51,423,190 (Bureau of American Republics [BAR], 1892: 34). On May 30th 1886, Caceres was unanimously elected President of the Republic but the task he faced was daunting:

The country was utterly ruined; the pall of death covered every household; the repeated massacre of Indians and the loss of the flower of the country's manhood on the battlefield had greatly reduced the population. The treasury was empty. The country had been robbed of all visible means of recuperation. Only poverty seemed to thrive and it stalked abroad in silent pride (BAR, 1892: 29).

Cocaine: The wonder drug *par excellence* and a value-added passport to modernity?

In such a situation, the Peruvian scientific community (located primarily in San Marcos University's Faculty of Medical Sciences) became engaged in a period of collective soul searching, with the root cause of the nation's problems being regarded as its failure to modernise. As luck would have it, just a year later, on September 15th 1884 a discovery was made in Vienna that would forever after affect Peru's agrarian economy. Dr. Karl Koller had found that 'the *complete anaesthesia of the cornea and conjunctiva*' was obtainable through the use of cocaine hydrochloride (Koller, 1884: 3). Previously, the only anaesthetics that could be used in eye surgery were brandy or ether, the latter being very dangerous. Now the patient could be awake, comfortable and to the doctor's delight, quiet (Gay, Sheppard, Inaba, Newmeyer, 1973: 1030). Consequently, in December of that year Dr. H. Knapp, Professor of Ophthalmology at the University of the City of New York, who himself had looked into the effects of cocaine upon mucous membranes, expressed his gratitude by writing that: 'No modern remedy has been received by the profession with such general enthusiasm, none has become so rapidly popular, and scarcely any one has shown so extensive a field of application as cocaine, the local anaesthetic recently introduced by Dr. C. Koller, of Vienna' (1884: 1).

Dr. Knapp proceeded to list many of the other experiments with cocaine that had occurred in just the three months since Koller's, and only two months from when he had given his paper. These were mostly due to a letter written by the New York Dr. H.D. Noyes about Koller's findings published in the *Journal of the American Medical Record Association* on October 11th. Within the week, the *Journal* had received positive reports from three doctors of its use in eye operations (Knapp, 1884: 11). By December, Dr. Knapp could list about sixty papers that he knew of in the US alone that had been submitted to various medical journals giving positive accounts of the use of cocaine as a local anaesthetic for operations ranging from tumours, cataracts, gynaecology, dentistry, bullet wounds, earaches, toe nail removal, venereal warts and gonorrhoea. According to Dr. O.F. Wadsworth in Boston, its use also functioned to lessen headaches, while Dr. A. Alt of St. Louis found with one patient that not only did cocaine relieve pain, but anxiety as well (Knapp, 1884: 33). Knapp then listed numerous experiments in Europe that he had heard of. Extra-local anaesthetic qualities were also 'discovered', such as in 1884 when William Halstead found it applicable to nerve-block anaesthesia; in 1885 J. Leonard Corning wrote positively of his experiments using it for regional anaesthesia; in 1892 Carl Ludwig Schlein discovered its applicability for infiltration anaesthesia; while in 1898 he suggested the use of

cocaine for spinal anaesthesia. Thankfully, none of these practices are used today (Streatfield, 2007: 120).

The medical profession came to believe that cocaine could be used for the treatment of a very wide range of ‘ailments’. To name a few, cocaine was promoted ‘as the remedy of choice’ by the Hay Fever Association; William A. Hammond, a former Surgeon General of the United States Army, suggested coca wine for stomach irritability, ‘cerebral hyperaemia due to excessive mental exertion’, ‘the mental depression that accompanies hysteria in the female’, and other morbid central nervous system conditions. He thought pure cocaine even better than coca for most purposes, recommending it for inflammations of the mucous membranes and to prevent masturbation in women by anaesthetizing the clitoris (Grinspoon & Bakalar, 1985: 24). Similarly, in the March 20th 1886 edition of the *British Medical Journal* (BMJ), it was reported from the US correspondent that as an example of how things had changed from:

... when Philadelphia had a very bad reputation from a medical standpoint, there being many worthless colleges, issuing bogus diplomas ... Professor Parvin has recently been exhibiting to his class, at the Jefferson Medical College, a case of pronounced nymphomania and masturbation, where the most satisfactory results have followed the application of a solution of cocaine to the clitoris and vagina; this is the first case, Dr. Parvin thinks, where this drug has been so used (British Medical Journal [BMJ], 20/1886: 564).

Quite suddenly the demand for cocaine rocketed. In 1862, two years after cocaine hydrochloride’s isolation by Albert Niemann at Göttingham University in Germany, Emmanuel Merck of Darmstadt began to manufacture it, although until the late 1870s purchasing only 25kg of Peruvian coca to refine 50 grams per year (Friman, 1999: 84).⁷⁵

⁷⁵ Previous to the isolation of the alkaloid cocaine hydrochloride, the coca leaf had been only of botanical interest to the non-Peruvian scientific community, although it had been so for some time. For example, in 1662 the British physician, botanist, devout Royalist, member of the founding generation of the Royal Society and celebrated poet Abraham Cowley, eulogised the coca leaf in one of his poems (1707: 429). The first non-Hispanic scientists to explore South America left France in 1734. The two Spanish naval captains that accompanied them, Antonio de Ulloa and Jorge Juan y Santacila, wrote glowingly of coca (1807: 345). However, it was the French botanist Joseph de Jussieu who was the first to send specimens of coca back to Europe in 1750 (Chazdon and the Earle of Cranbrook, 2002: 7). In 1786 the principles of modern botanical nomenclature were applied to the leaves by Jean-Baptiste Lamarck in the *Encyclopédie Méthodique* and they were classified as *Erythroxylon coca* (Bulletin of Miscellaneous Information [BMI] [Royal Gardens Kew], 1889: 2). In the same year Spain’s Charles III received two coca shrubs from the Spanish botanist Hipólito Ruíz, who had been appointed in 1777 to lead a commercially orientated expedition to the Viceroyalty of Peru, similar to that of the French. Upon his return in 1788 Ruíz also wrote a report, wherein the extensive use of coca for medicinal purposes (such as to treat gout, headaches, constipation, and as a diuretic) were documented and yet he did not go so far as recommending it for anyone other than inhabitants of the Andes. Accompanying Ruíz was the French physician Joseph Dombey who wrote of the commerce in coca to a colleague in Paris, a large quantity of which he had shipped to both France and Spain. He also wrote of his plan to write a treatise about coca to present to the French Academy of Sciences upon his return, though for some reason this never occurred (Gagliano, 1994:101-102).

However, for scientists of Andean origin it was perfectly obvious that coca could be of great medicinal use to Europeans. In 1787 the Jesuit Priest Don Antonio Julian wrote of how strongly he

felt that the custom of chewing this 'celebrated plant' should be introduced and popularised in Europe just as tea and coffee had already been, even though lacking coca's ability to mollify hunger and thirst, which would be of immeasurable benefit to labourers. Furthermore, if coca were substituted for coffee and tea this would halt the drainage made by their import upon Spain's bullion reserves. He attributed four main reasons for it not already having done so: a general ignorance of its 'excellent virtues' and thereby a lack of sufficient admiration to transport to the public good; a lack of ambition by the Spanish nation to introduce new fashions into other nations; the greater ease with which other countries were able to promote the use of tea and coffee; and prophetically, that the time in which coca would be fashionable was far off, 'though it could well be that for coca, like the other objects, its time will arrive,' (1787:30).

Dr. José Hipólito Unánue, one of the most respected Peruvian physicians of the epoch, who would go on to play a vital role in mediating Peru's independence, helped found in 1790 the *Sociedad de Amantes del País*. In 1794 he published an article in the Society's journal *El Mercurio Peruano* titled "Dissertation about the Appearance, Cultivation, Commerce and Virtues of the famous plant of Peru named Coca". He reviews the social uses of coca, changes affected through the arrival of the Spaniards, levels of regional production and trade, manner of use, strengthening effects, European prejudice, medical benefits and its use with *llipta*. He concludes by arguing that due to the poisonous atmosphere to which miners are exposed which leads to the suffering of asthma, haemoptysis, cholera etc., and the lack of meat and oily substances 'without the use of coca one could not sustain the labour of mining, and their health would suffer greatly.' (1794:44). In addition, Unánue quotes and agrees with the writings of the vice regal official in La Paz, Dr. Don Pedro Nolasco Crespo, who had written of how coca is used to ward off the cold and so could be put to good use by sailors. Crespo wrote of how he did, "not despair that the times will arrive when the most opulent commerce will be made with the coca, for the English, Danish, Swiss, Russians and Lapland: the world will become aware that God has grown such a vegetal here for the patrimony of Peru.....it will be expected that these nations after experiencing the virtues of coca, will be those that most value it" (1794: 38-39).

The writings of the eighteenth century South American scientists failed to gather much interest beyond the Andes for some time to follow. For example, no mention is made of coca in the lecture delivered to the New York Historical Society in 1813 by Dr. Samuel L Mitchill titled, 'A Concise and Comprehensive Account of the Writings which illustrate the Botanical History of North and South America'. This is surprising because he discusses the botanical writings of many Spanish chroniclers, such as Gonzales Hernandez de Oviedo, Francis Lopez de Gomara and Joseph Acosta, who each wrote extensively about coca (1813: 161-166). Consequently on February 1st 1821 Hipólito Unánue wrote a letter to Mitchill, an abstract from which was read before the New York Lyceum on April 30th. Amongst other virtues of the leaf, Unánue wrote that, 'it's extraordinary restorative and prophylactic qualities recommend it to be used by sailors who are exposed to the hardships of all climates, and by soldiers who are obliged to hazard themselves in all sorts of expeditions.' (1821:399). Gradually, and especially following the Wars of Independence (1809-1824), the writings on coca by other scientists and travellers emerged, such as the Swiss naturalist J.J. von Tschudi (1849: 319), US Navy Lieutenants W. Herndon and L. Gibbon (1854: 126, 183), the British physician and botanist H. Weddell (1855: 214-215), the British travel writer S.S. Hill (1860: 263), and the British botanist R. Spruce (1908: 446-447).

The foremost promoter of the coca leaf was the Italian neurologist, physiologist, anthropologist and ardent Darwinist, Paolo Mantegazza who in 1858 wrote the in/famous prize monograph, 'On the Hygiene and Medicinal Virtues of Coca and on Nervine Nourishment in General'. After listing numerous physiological benefits of coca, he wrote of how 'its most precious properties' were hallucinations that 'were full of poetry, and I mocked those poor mortals doomed to live in a vale of tears while I, carried aloft on the wings of two coca leaves, was flying through the space of 77, 438 worlds, each more radiant than the last' (2007: 342). It seems unlikely that Mantegazza was writing of coca alone but instead equating the coca leaf and cocaine for nobody has hallucinations from just the coca leaf. Even though cocaine is not supposed to have been isolated until 1860, such a description lends further credence to the view expressed by J.M. Pizarro that it was in fact isolated sometime in the 1850s by the Italian pharmacist residing in La Paz, Enrique Pizzi. Furthermore, though not mentioning him by name, Mantegazza wrote that: 'I do not know of any study yet made in Europe about the chemical composition of the coca and can only mention an Italian chemist who has analysed it in America' (cited in Pizarro, 2007: 33). Given that there appear to have been no other Italians residing in La Paz investigating the chemical properties of the coca leaf, nor anywhere else Mantegazza stayed, it seems very probable that this person he met was Enrique Pizzi. Pizarro seriously disputes the generally accepted view that the cocaine alkaloid was first isolated by

Even Sir Robert Christison, the President of the British Medical Association, in the 1870s had only been able to acquire coca ‘through the kind services of my colleague Professor Wyville Thomson, of the Challenger expedition’ (1876: 526). Thus, it was at this time hardly a valuable export commodity.⁷⁶ The largest importer of coca was Angelo Mariani for his highly popular *Vin Mariani*, for which around 20,000 kg per year was imported mostly from Bolivia (Gootenberg, 2008: 57).⁷⁷ However, following Koller’s discovery in 1884, the

Albert Niemann, the PhD student of Dr. Friedrich Wöhler at Göttingem University, and appears to have very good reasons for doing so. The usual explanation of Wöhler and Niemann’s ‘discovery’ is that some ‘obscure Italian pharmacist working in La Paz’ sent cocaine hydrochloride via J.J. von Tschudi to Wöhler in 1857, but it turned out to be little other than gypsum. Nevertheless:

Wöhler’s curiosity was piqued, especially after Mantengazza’s florid field reports of the 1850s, and he decided the problem was finding good coca. So in 1858 Wöhler contracted Dr. Karl Scherzer, the trade specialist of the Austrian frigate Novara, to fetch the freshest coca available explicitly for chemical analysis prior to the Novara’s scientific mission to the Pacific sponsored by Maximilian. Scherzer returned with a thirty-pound cesto of well-cured Bolivian coca, the largest sample yet seen in Europe (Gootenberg, 2008: 22-23).

A further reason for doubting this version of events, which Pizarro fails to mention, is that the Novara set sail from Trieste on April 30th 1857 (Veit-Brause, 2010: 58). Therefore it seems quite possible that in the midst of the race to isolate the active substance of this seemingly exceptional plant, Wöhler knew he had coca leaves on the way when he received the package from von Tschudi. Either way, while cocaine has been a subject of contention since its birth, it definitely began to be produced in 1862 by Emmanuel Merck of Darmstadt (Gootenberg, 2008: 56).

⁷⁶ Of course this is not to say that great efforts were not made in many countries to find applications for this new wonder-drug. By 1883 there were over 50 scientific articles in the Index-Catalogue of the Library of the US Surgeon-General’s Office concerned with the potential therapeutic uses of coca (Peterson, 1977: 22). Meanwhile in the British Medical Journal alone there were 38. The principal interest in coca of Christison, and others, such as Dr. J.R. Leebody (1876: 751) had been as a hunger suppressant. As a food substitute was that of others (Frazer, 1868: 420). Consequently, ‘the services it could render to the armies and large industrial enterprises’ were also investigated (Bordier, 1876: 169). For others, cocaine could possibly function as a cure for morphine or alcohol addiction (Searle, 1881: 130-134; see other examples in Grinspoon and Bakalar, 1985: 21; Karch, 2003: 48-49). Meanwhile a new disease had ‘arrived’ in the US of the Gilded Age that occurred as a consequence of over-exertions by ‘modern civilization’. The ‘discoverer’, George Beard, named it ‘neurasthenia’. Neurasthenia could cover all sorts of nervous complaints from vertigo to epilepsy and coca leaves, not cocaine, were recommended (Searle, 1881: 89).

⁷⁷ Angelo Mariani was a Corsican chemist who in 1863, at the age of 25, began to produce his medicinal ‘*Vin Tonique Mariani à la Coca de Perou*’, even though the leaves he was buying were mostly from Bolivia (Gootenberg, 2008: 112). Mariani proved to be something of a marketing genius, who by simply mixing coca leaves with cheap Bordeaux wine had created ‘one of the most popular prescription medicines of the age’ (Grinspoon & Balakar, 1985: 20). Consequently, he quickly branched out into ‘*Elixir Mariani*’ (a stronger version of the tonic wine with more alcohol and coca), ‘*Pâte Mariani*’ (a throat lozenge) ‘*Pastilles Mariani*’ (similar to the Pâte but with cocaine added), and ‘*Thé Mariani*’ (coca tea). Mariani would send out a batch to ‘persons of note and distinction in the world, ... who have, as if by mutual collaboration, extended to Monsieur Mariani appropriate words of praise for the services rendered by him to each individually - for the beneficial results obtained by them from the use of that world-famed “tonic par excellence,” “*Vin Mariani*.”’ (Mariani, 1893: 7). Generally they responded with a thank you letter, which Mariani then used as an endorsement.

Mariani soon attained so many ‘endorsements’ that he was able to add them to biographical sketches and portraits of the people who had written them to compile many volumes that were released at intervals. When he reached out to the US market he brought some of these volumes together under the general title *Portraits from Album Mariani*, which was but ‘an echo of the many thousands of Europeans and Americans who sing our praise’ (Mariani, 1893: 7). His coca products

commercial value of coca and cocaine changed rapidly. In 1885 alone, the value of cocaine multiplied fourfold, leading E. Merck to increase their production to 30kg over the year. Immediately, other pharmaceutical companies joined the affray, mostly based in Germany near Frankfurt. Merck's main rivals were Gehe and Company, Knoll and Company, I.D. Riedel, as well as the two branches of C.F. Boehringer and Sohn. Taken together, there were twelve pharmaceutical companies engaged in the production of cocaine in Germany, while in the UK Burroughs-Wellcome initiated production, as did Houdé and Midy in France. Even so, a shortage of coca leaves that were chemically active forced Merck and Gehe, the two largest producers, to have to suspend production in that year (Gootenberg, 2008: 58).

Since its isolation in 1860 numerous experiments had been conducted into the potential application of cocaine, for example as a fatigue and hunger suppressant with potential military and industrial benefits, as a cure for morphine addiction (otherwise known as 'soldiers disease') and alcoholism, for aiding digestive difficulties, combating obesity, treating nervous conditions from vertigo to epilepsy, and even to reinvigorate sexual organs. Once the use of cocaine as an anaesthetic had been discovered, in an age of patent medicines a multitude of 'cures' were almost bound to appear on the shelves. The difficulty now would

were 'endorsed' by countless singers for its curative properties upon their throats, writers such as Jules Verne, Emile Zola, Henrik Ibsen, H.G. Wells and inventors as esteemed as Thomas Edison. Royalty across the continent also spoke highly of *Vin Mariani*, including the Prince of Wales and the Czar of Russia. Even the Catholic Church under Pope Pius X endorsed *Vin Mariani*, while Pope Leo XIII went further by awarding a gold medal as he supposedly always carried a flask of *Vin Mariani*. (Grinspoon & Bakalar, 1985:26; Spillane, 2000:2; Mortimer, 1901:180). According to Mortimer, when the Princess of Battenberg was visiting Nice she was presented with the album and responded that her mother would probably like one as well, which was happily accepted and forwarded on to Queen Victoria, who wrote back to say 'that she considered them among the finest specimens in her collection' (1901: 180). For his part, Cardinal Lavigerie joyously described to Mariani how 'Your "Coca" from America, gives to my "White Fathers," sons of Europe, the courage and strength to civilise Asia and Africa' (Mariani 1893: 16). Frédéric Bartholdi wrote that it was 'very probable that had I known of it twenty years ago, the Statue of Liberty would have attained the height of several hundred metres' (Mariani, 1893: 32). According to the doctors of President Ulysses E. Grant, he would have been unable to complete his memoirs in his dying days 'without the strengthening effect of "Thé Mariani"' (Mariani, 1893:80). *Vin Mariani* was awarded both gold and silver medals by the *Académie Nationale de France* and features in so many US medical journals that to quote all 'would fill several large-sized books' (Mariani, 1893: 116).

While the formula for *Vin Mariani* remained a closely guarded secret (about which there were rumours according to Mortimer that 'after everything else is done he goes around and drops something else in' the French government did make public the guidelines for brewing coca-wine (1901: 178). In any wine, red or white, with an alcohol content of between 10-15 per cent, around 60g of ground coca leaves were to be soaked for ten hours. Given that the coca leaves being used were of Bolivian origin with an estimated 0.25-0.5 cocaine content, a litre of *Vin Mariani* would have contained between 150-300mg of cocaine, with 50mg of cocaine being considered the equivalent of 'a line' (Karch 2006: 36). This level of cocaine content in 'Bolivian' coca is debatable. Plowman estimated it to average 0.63 per cent, (1984: 91) while coca leaves from other destinations such as Trujillo in northern Peru and 'Colombian' coca averaged 0.72 per cent and 0.79 per cent respectively (1984: 91-3). Presuming Karch's other equivalencies to be correct, but using Plowman's estimate of the average cocaine content for just Bolivian coca, one litre of wine in which 60g had soaked would be the equivalent of just over 7.5 'lines' of cocaine. As mentioned above, '*Elixir Mariani*' was even stronger both in terms of alcohol and coca.

be in accessing enough of the raw material. Efforts to do so would have radical implications in the Andes, rapidly leading to the emergence of crude cocaine and coca as important exports. The manufacture of cocaine from coca leaves was felt to be an activity in Peru which could bring the country into modernity (through it being a value-added product unique to the Andes) and thereby rekindle exports to fuel recovery. The production of cocaine practically came to be seen as a patriotic duty.

By 1886 Carlos Lissón, Peru's most renowned sociologist of the day, would write in his *Breves apuntes sobre la sociología del Perú*:

Today they demand it from Europe in grand quantities, which will only increase when it is adopted by their workers and soldiers. It will and must become a rich and strong natural article of exportation, which will profitably replace even sugar, which has never had rivals in its market ... We find here in the midst of our poverty, that Science has opened up a fountain of public wealth, giving value to one of our natural articles. To coca, as with our mines, we need to commit ourselves in order to overcome our misery, yet never forget our experience, now that we will provide all of humanity with this good ... Science has come to reveal we have a treasure in our coca (cited in Gootenberg, 2008: 48-49).

Breaking the bottleneck in supply

In early 1885, the Peruvian Commission of Cocaine was established and in 1888 the Commission of Coca. A close friend of D.L. Villar (the president of the former) was a chemist named Alfredo Bignón, who between 1885 and 1887 would submit over a dozen papers to Villar's Commission about cocaine and coca (Gootenberg, 2008: 37). Against the backdrop of an insufficient supply to meet a massive rise in demand, and a series of improvements of refining techniques that required increasingly advanced laboratories, Bignón set himself the task of finding a less costly means of processing directly at the source. His most significant discovery was that by macerating the coca leaves in lime before precipitating the residue using soda ash and kerosene it was possible to arrive at a 60 per cent cocaine sulphate, today referred to as *pasta básica*. This could then be sent to the larger laboratories and further refined into cocaine hydrochloride suitable for medicinal purposes. Given northern Peru's recently discovered fields of petroleum and the production of bicarbonate soda in Lima, Bignón was able to write a report in the same year the Cocaine Commission had been established that would enable the body to submit an *informe* detailing how 'one could establish a large-scale national industry, which could produce an invaluable article of export' (cited in Gootenberg 2008: 39).

The first advert to appear in Peru for domestically manufactured 'Cocaine and its Salts etc.' was unsurprisingly that of Bignón's Droguería y Botica Francesa in a January 1885 edition of *El Monitor Médico*. However, by September the *Monitor* featured a full page

display of 'COCAINA PURA Y SUS SALES – Preparados en su laboratorio químico por Meyer & Hafemann'. Aside from marginal Lima medical retail sales, the principal destination for domestically produced crude cocaine was the Hamburg market (Gootenberg, 2008: 66). Unfortunately for Bignón, by December 1885 the Lima Cocaine Commission issued another *Informe* which declared that upon witnessing 37 surgical operations employing 'cocaine y sus sales preparados por Meyer & Hafemann', it had, 'with little doubt' doubled the anaesthetic effect. Against such prestigious sponsorship and Meyer & Hafemann's established export business in an era of North Atlantic industrial revolution, by late 1885 the maverick lone artisanal scientist Bignón had little other option than give up wasting his money advertising (Gootenberg, 2008: 67).

Though the global cocaine trade had been facilitated by Bignón, by 1885-86 it lay in the hands of a small group of mostly German pharmacists and traders. Reflecting these developments, in May 1886 an article appeared in the London journal *Chemist and Druggist* wherein it was written:

Ten days ago a Hamburg firm received from Peru a consignment of cocaine prepared there from the fresh leaf, and which is, we understand, the first commercial supply which has been received in Europe. It is now a common knowledge to pharmacists that in drying, and frequently in packing, the alkaloid level of the coca leaf is diminished. For this reason it was suggested, shortly after cocaine came into prominence, that the alkaloid should be prepared in Peru from the fresh leaves and exported in a crude state (cited in Gootenberg, 2008: 53-54).

It seems very likely that the cocaine derived from the factory of Meyer and Hafeman. Within a few years they had almost doubled Bignón's levels to obtain 90 to 96 per cent purity in artisanal workshops and by 1889 Lima were exporting over 1700kg of cocaine sulphates, completely overcoming the bottleneck (Gootenberg, 2008: 68; Walger 1908: 152). By 1901 this figure would rise to a peak of 10,688 kg (Garland 1908: 205; Walger 1908: 152). Bignón had answered the supply problem. By importing crude cocaine, Merck were able in 1888 to produce 300kg, which would continue to rise as Merck became a pharmaceutical giant and the world's main source of its then most profitable drug, cocaine hydrochloride. By 1887 the company had opened US branches and by 1899 were producing cocaine in New Jersey, by 1910 it was producing 5300 kg per year, 76 per cent of which was re-exported (Gootenberg 2008: 58; Friman 1996:18).

The US emerged as the world's largest national cocaine market. Consequently, US firms did not wish to be left out and by 1900 were producing a third of the world's supply, even though still importing. Between 1900 and 1920, imports of coca leaf never fell below five hundred tons per year, peaking in the 1900s at over 1300 tons, while imports of cocaine continued (Spillane, 2000: 63-4). The largest firms were Parke, Davis and Co., McKesson and Robbins, and E.R. Squibb and Co. Other significant producers included Powers-

Weightman-Rosengarten, New York Quinine and Chemical Works and Mallinckrodt Chemical. As mentioned, Merck quickly opened a US branch, followed by Boehringer. However, unlike German firms (with the exception of Powers-Weightman-Rosengarten), US firms mostly produced cocaine from Peruvian coca leaves. Gootenberg believes this to have been due to biased drug tariffs of the 1890s, relative proximity to Peru's northern coastline, but also 'the vibrant parallel American coca market' (2008: 59).

Meanwhile, the Coca Commission, which was composed of the dean of San Marcos University, Miguel Colunga, the vice-dean of the Faculty of Medicine, José Antonio de Ríos, and the eminent physician J.C. Ulloa, submitted their official *Informe sobre la coca* in October 1888. It was composed of numerous recommendations that had been issued since July, the official *Informe* lists coca's beneficial properties and multiple medical applications for 'the human digestive, circulatory, muscular, and nervous systems', as well as dental, which eclipsed other stimulants such as tea, coffee and chocolate (Gootenberg 2008: 51). It promoted coca's industrial applications in revitalising exhausted factory workers and farmers, noting that while coca's strange taste may put some off, this could be corrected via alternative imbibing methods (something that Coca-Cola today reminds the world of on a daily basis). The *Informe* concludes by listing the measures that should be taken to promote coca's export and consumption: product diversification; intense promotion abroad by mandated Peruvian legations; assess delivery capacities of farmers; encourage cocaine paste factories on the farms using the Bignón method; establish leaf competitions to improve quality; improve transportation and shipping; and lower taxes on tools and chemicals needed from abroad to do the above (Gootenberg, 2008: 52-53).

Though the official *Informe* was released in October 1888, it appears that the government was too desperate to read its conclusions to wait. By July, the Minister of Finance had sent a report to the rector of San Marcos University seconding the recommendations of the Coca Commission, writing that: 'The Ministry can now organize active propaganda to convert coca into a valuable article of export' (Gootenberg, 2008: 51). While there was really little need to actively promote either coca or cocaine given the erstwhile bottleneck in supply, these declarations highlight the degree to which both had come to figure prominently in the plans of the country's government and intelligentsia to regain the national prestige that was felt to have been lost in the War of the Pacific. Perhaps also there was a hint of commercial rivalry with the Bolivians. The discovery by Bignón was crucial in this respect, for suddenly Peru could export a refined value-added commodity rather than simply a primary good.

However, just as occurred with cinchona and rubber, overcoming the bottleneck prompted 'botanic imperialism'. Experiments with coca cultivation were conducted in German East Africa, Cameroon, Togo, the Gold Coast, Nigeria, the Seychelles and Sao

Tome. Although the alkaloid content was even higher than Andean varieties (such as in Togo where it measured 1.3 per cent), ‘initial efforts were not continued because the demand for coca has been amply satisfied by other countries’ (Wager 1908: 147). In British Asia, it was grown in Ceylon, Darjeeling, Assam, Alipore, Nagpore and Bogracote and Chota, while in the West Indies in Jamaica, British Guiana and St. Lucia. However, because a:

... distinct loss in the alkaloids generally, as well as, in Cocaine has been noticed during the transit of leaves to this country, and latterly, in consequence, it has become the practice to extract the alkaloids from the leaves in South America and export to the United States and Europe a crude preparation which is largely taken up by manufacturers of Cocaine. The demand for Coca leaves has therefore fallen off, and it is probable that the cultivation of the Coca plant in our tropical Colonies may never assume large proportions (BMI, 1889: 12).

The emergence of the regional coca commodity chains

The Peruvian crude cocaine industry passed through three regional phases as it arrived at its apex in 1900-1905. The first phase (1885-1889), using the Bignón method, was located in Lima and geared towards Germany. The second (1890-1895) was led by the Merck emissary Arnaldo Kitz and involved a migration and dispersal of the industry to the northern and southern parts of the eastern Andean slopes. The third stage revolved around the establishment of two distinct commercial circuits in Trujillo and Huánuco. Leaf from the former was mostly coveted for the manufacture of cocaine and coca beverages in the US. Leaf from the latter was refined into coca paste to be exported generally to Germany for further refinement. From the 1860s onwards Bolivian coca production remained tied to the export boom for Vin Mariani, as well as supplying the relatively small markets of Chile and Argentina and of course towards satisfying the domestic market for *coqueros*. Southern Peru, which had been the principal Peruvian region of cultivation for the domestic market, largely continued to be so.

Huánuco-Lima-Hamburg

Although relatively close, Lima was distant enough from the main source of coca in the eastern Andean department of Cusco for there to arise an economic motive for increasing coca cultivation, and thereby manufacturing crude cocaine, closer to Lima’s ports.

Accordingly, in 1888 Arnaldo Kitz, a probable representative of Merck, trekked to a remote village named Pozuzo, with a population of 565 immigrant Austrian Tyrolean peasants (an abandoned legacy of an earlier ‘whitening’ colonization project) (Wager, 1917:134; Gootenberg, 2008: 77). Since their arrival in 1857, the settlers had tried cultivating almost

all tropical fruits, including coca, though by 1907 it could be written of Pozuzo that the 'principal industry of the German colony is the fabrication of cocaine and its cultivation, as this is the only product that supports the enormous surcharge on freights to Lima' (Correa, 1907: 60).

Pozuzo had emerged as the world's largest source of crude cocaine by the early 1890s. It was transported by mule through Huánuco for refining at Kitz and Company's Lima offices, before being exported for Merck. However, due to transport difficulties along very poor roads in 1893 Kitz relocated the firm's primary operations to Huánuco, which would remain the centre of the global crude cocaine industry until 1949 (Gootenberg 2008: 78).⁷⁸ Huánuco's cocaine industry passed through four distinctive stages: industrialisation led by Croatian immigrants (1900-1905); consolidation of the industry under a regional *caudillo* named Augusto Durand (1905-1920); the decline determinedly resisted by Andrés Soberón (1920s-1950s); and its illicit re-emergence from the 1960s until today.

The industry emerged in Huánuco primarily due to its geographical location as the gateway to the Amazon via the river Huallaga, relatively advanced communications with coastal Lima, and an absence of belligerent native indigenous, such as the Chunchu in Jauja and Chanchamayo. Consequently, it was something of a staging post for many a settler's dreams, as well as a commercial opportunity for the well-to-do nestled between land below in the *ceja de selva* and interests in the Cerro de Pasco silver mines and markets in the *sierra* above. Huánuco crude cocaine had two principal centres of coca production. The closest lay some 50 to 60 kilometres north and east of the city. The other was situated in the middle region of the Huallaga River and later branching off onto the River Monzón tributary, as well as the tributaries of Uchiza, Tocache, Mixiollo and Apisoncho in the department of San Martín. In both areas, commercial cultivation for ends other than consumption and barter with *serranos* (highlanders) began on Franciscan missionary plantations established towards the end of the seventeenth century. However, cultivation only took on an 'industrial' scale with the arrival of wealthy settlers. The most intensive cultivation occurred in the Quebrada de Chinchao from where US Naval Officer William Herndon reported in 1854 that 'the cultivation of coca commences here' and that 'nothing is sold from this valley but coca' (1854: 122, 126). Production remained stable for many years following Herndon's visit, at around 275,000 kg, 220,000kg of which was mainly for the miners and sold at the markets of Tarma, Cerro de Pasco and Jauja (Walger, 1917: 135-138).

A description of life for the labourers on these *haciendas* is given by von Tschudi from his visit to the plantation of Pacchapata on the Maraynioc *hacienda*, to the north of

⁷⁸ Through a very impressive study of regional archives, Gootenberg demonstrates how the example of Pozuzo was emulated in other areas of the Southern Andes (Ayacucho and Cuzco) until the post-1910 crisis when the leaf was redirected towards the domestic *coquero* market (2008: 81).

Chinchao sometime between 1838 and 1842. He describes the *hacienda* system of labour that he encountered as follows:

The labourer who is set down in the plantation-book as a debtor for ten or twelve dollars has a good chance of remaining during the rest of his life as a tributary slave; for if he tries by prolonged labour to relieve himself from the debt, the owner of the plantation causes brandy to be made, and this is too great a temptation to be resisted by an Indian. The butcher's meat given to the labouring Indians in general consists of *Chalonas*, that is, the dried flesh of sheep which have died in the haciendas of the hilly districts. For a meagre, tough, unwholesome *chalonga* the Indian has to add a dollar and a half or two dollars to his debt, while a living sheep in the Sierra would not cost half the price. It is the same with other articles furnished by the haciendas. European importations, such as can be purchased at very low prices in the Sierra, are sold at high profits by the owners of the plantations to the poor Indians, who have to repay them by long and severe labour (1847: 446).

Such practices would later become a target of *indigenista* reform policies, many of which would link coca with servitude. It is very difficult to estimate how many or what proportion of people involved in the cultivation of coca for Peru's fledgling crude cocaine industry were doing so under such conditions of servitude, otherwise known as *enganchados*. On coastal plantations it certainly applied to the vast majority at first, who were mostly migrants from the *sierra*, until a sufficient resident local labour force was established. In addition to numerous other abuses that the *peon* of the interior received, 'save for rare exceptions', the unhygienic conditions in which they were housed led to highly injurious effects upon their health (Pesce, 1906: 31). These factors were considered by Pesca 'the principal obstacles opposing the establishment of a flow of workers from the Sierra towards the Coast', which he then goes on to state apply equally 'to the haciendas of sugar cane, coffee, coca etc.' (1906: 33). Nevertheless, there also existed a parallel economy of independent coca farmers. The 1876 National Census listed 838 independent *agricultores* in the district Chinchao, as opposed to 613 *jornaleros* (Gootenberg, 2008: 87).

In the early 1890s, Arnaldo Kitz emerged from Pozuzo and appears to have willingly demonstrated his refining technique, mostly to immigrant Croat skilled-miners. Many of 'Los Austriacos' would become the protagonists of Huánuco's crude cocaine industry by establishing installations on *haciendas*, followed by workshops in the city, borrowing from the banks in Lima. Many others were also quick to join in and by 1896 Huánuco had more than doubled its population of two decades previous, the majority of the increase being heavily concentrated in coca producing regions or along its trade routes. A vibrant land market consequently emerged, but the largest fortunes were made by those close to Huánuco's coca-toll. The collection of the toll was auctioned for cash advances and yet still the toll furnished over 60 per cent of the city's revenues by 1900, contributing immensely to badly needed municipal projects, such as electricity and telephones. The centres of activity were Chinchao and Derrepente, which in 1900 produced 110,000 arrobas out of a provincial total of 121,934, as well as refining 918kg of crude cocaine (Gootenberg

2008: 89).

Peruvian exports of cocaine rose from 4,200kg in 1897 to peak at 10,688 kg by 1901 (International Bureau of the American Republics [IBAR], 1904a: 1527). Of the twenty or so factories in Peru manufacturing cocaine, over a dozen were in Huánuco (IBAR, 1904b: 196). In 1905 the minister of Public Works, Alejandro Garland, published his comprehensive *Industrial Outline of Peru*. Upon surveying factories and workshops producing cocaine he counted one rural workshop on the Marcamachay *hacienda* in Cajamarca, two in the Department of La Libertad, two in Huanta in Ayacucho and twelve in Huánuco, including that of Pozuzo. Of Peru's five other factories two were located in Lima, one in Callao and two in Cuzco. Of the 7,528 kg produced in 1904, from about 1000 metric tons of leaf, it was practically all exported. Local consumption was 'insignificant' and 'almost all set sail destined for Hamburg, which is the great market for this article, and where they eliminate all the impurities, from where it is later distributed throughout the world' (Garland, 1905:144). Priced at £15 per kilo, cocaine exports were valued at £112,920 for that year.

The principal exporting houses in 1905 comprised A. Kitz & Co. and Pehovaz Hermanos & Co, who had to pay the government a tax of 0.5 per unit (Cisneros, 1908: 19, 70). However, the principal cost factor in cocaine's production was the cultivation of coca. Beset by a labour shortage, *hacendados* were forced to rely on *enganchados* and peasant sharecroppers and as we have seen, they did so in competition with independent peasant farmers. Even as late as the 1930s when the industry was in decline and therefore less labour was required (when only 43 per cent of Huánuco's coca was manufactured into cocaine), coca leaves still accounted for 84 per cent of cocaine's production costs (Gootenberg, 2008: 155, 184, 186). In such circumstances, even to be a sharecropper must have been economically enticing, never mind an independent peasant farmer, hence the doubling of the population between 1876 and 1896. Once again a 'green gold' rush was on, although the fabrication of cocaine appears to have remained predominantly in the hands of those of European descent.

Otuzco-Trujillo-New York

In 1904 Peru was also exporting 911,236 kg of coca. However, at 30 centavos per kilo the export earnings were £27,337, less than a quarter of that derived from value added crude cocaine made from roughly the same amount of leaves (Garland, 1905: 144). As Garland wrote:

These they employ in the United States, not only to extract the alkaloid, and obtain the cocaine, given that the charge imposed upon this article is prohibitive, but also to make

medicinal wines, elixirs, and syrups also, which mixed with kola and gaseous water, produce refreshing and invigorating drinks, the consumption of which in the summer is very great. The leaves exported to Europe have the same application. Who has not heard of the famous coca wine of Mariani? (1904: 145).

Consequently, Mariani had earlier in the passage been forced to admit that: 'It is not yet possible to say what degree of importance this beautiful bush will acquire, but one can affirm that it has a big future'(1904: 45).

Unlike coca destined for Europe - which left from Callao - coca for the US shipped from the northern port of Salaverry, near Trujillo. Despite there being a wide range of areas producing cocaine, for the US 'the most important growing section (was) the District of Otuzco in La Libertad, where there (were) several coca estates' (IBAR, 1910: 318). Following the post-1884 global surge in demand, US interest in coca and cocaine soared, becoming the world's largest market for both substances, with major US firms such as Mallinckrodt, New Jersey-Merck, Parke-Davis and Schlieffelin competing to replace German firms as the principal suppliers (Spillane, 2000: 68-73). The US government duly obliged in helping them by setting the tariff on cocaine imports prohibitively high, yet letting coca enter practically for free. They were further encouraged through the introduction of soda fountains at local chemists, causing a boom in coca-drinks industry, as well as for coca-wine tonics. By 1900 between five and six metric tons of cocaine were being refined in the US and by 1903, including imports, the US consumed about nine metric tons, or two-thirds of global consumption (Gootenberg, 2008: 121).

In order to repay the debts incurred in the years leading up to the Pacific War with Chile the Peruvian government had been forced to sign the Grace Contract, in which they ceded to 'the corporation of bondholders' (mostly British and some US bankers) all railroads - even those not yet built - for 66 years, mining concessions, land and all money derived from the sale of guano, as well as granted the free use of the ports of Mollendo, Pisco, Chimbote, Ancon, Pacasmayo, Paita and Salaverry (BAR, 1892: 35).

Salaverry was the most northern port located near a coca growing region (the only region on the Western slopes), to which the US had free access, and where plans were being made for a 32 mile railroad to Trujillo (BAR, 1892: 34). It is probable that the northern leaf from the province of Otuzco was cheaper than that emanating from Huánuco, where there was the option of converting it into value added crude cocaine. Nevertheless, Huánuco leaf must have inflated the price of 'Trujillo' leaf. Conversion to crude cocaine was unlikely to occur through the imposition of a US tariff on crude-cocaine that was over fifty times that levied upon coca, so prices would remain lower than in Lima (IBAR, 1904b: 380). Indeed, as noted in 1892, although coca was mostly grown on the eastern slopes, 'it grows luxuriantly wherever it is planted on the Pacific Coast, the truth being that, like cocoa, the

superior returns of other crops has left little encouragement for its cultivation in that region' (BAR, 1892: 56). As early as August 1896 it could be written that:

Twenty years ago the culture of coca was most limited to the localities most favoured by the climate and the low price of labour. In the province of Otuzco it was cultivated on a large scale, only on the farms of Choquisongo and Saniumas, which supplied the local consumption and that of the mining districts of Salpo and Sayapullo. But an important change has taken place in that province which is, to-day (sic.), the greatest producer in the north of Peru, exceeding Huamachuco and Cajabamba combined, in quantity and quality, notwithstanding the fact that most of the trees are young and do not yield a full crop (BAR 1896/1897: 1121).

Within the province, the most productive localities were Huayobamba, Las Pampas and Callancas, Compin and Annexes all with approximately 600,000 plants, respectively yielding 800, 1000, and 1,400 *quintales*. In addition to the other localities, the province yielded 4,700 *quintales*, the equivalent of about 216,200kg, though expected to reach between ten to twelve thousand *quintales*, or 460,000-552,000 kg 'in a few years hence' (BAR 1896/1897: 1121-1122). The leaf was transported by peasant farmers or intermediaries to Trujillo where it was sold at auction. However, there were only:

... two firms in Trujillo (Acharán Goicochea & Co., and Ludowig and Co.), who purchase coca for the manufactories of Lima; but, as they have the monopoly, being the only wholesale purchasers at auction, they put up or lower the price as they please; and as the firms in Lima pay 30 soles per quintal, delivered on board at Salaverry, they make a very profitable transaction (BAR 1896/1897: 1122).

This, then, was a final link in the coca export chain for US importers. Here was a market where local commercial houses had monopoly control over independent peasant farmers, the use of the port was free and it was northern. Nevertheless, the possibility of making larger profits by investing in facilities to make cocaine which could be sold in Lima was not long in being ignored. By the early 1900s the Acharán Goicochea commercial houses had aligned themselves closely with the oligarchs Teofilo Vergel and Alfredo Pinillos Hoyle on the coast, the latter being an active member in the Peruvian Chamber of Deputies, landowner and merchant. Eventually, the two groups merged to form the Pinillos, Goicochea y Cia. Alfredo's son would become the exclusive supplier of Coca-Cola's highly secretive Merchandise No. 5 for much of the century through its main trading partner Maywood Chemical of New Jersey. Furthermore, Pinillos entered into business with the highland oligarchical family of Martín Ayllon to establish the Pinillos-Ayllon cocaine factory which dominated production in Trujillo. The principal competition derived from the factory owned by Teofilo Vergel established in 1914. As coca and cocaine became subject to stricter legislation as the century progressed, largely at the behest of the US, the Trujillo clans were deprived of the option of producing for the latter and their only remaining export outlet became Coca-Cola, for whom criminalisation suited their financial interests.

Bolivia – Domestic, Regional & France

Bolivia failed to enter the crude cocaine trade, or even the export of coca beyond regional markets and France. The fact that it was landlocked from 1881 onwards must surely have been a factor, but if it was exporting to France, there would appear to be no reason why it could not supply other external markets. Indeed, it was written in the 1892 *Handbook to Bolivia* that:

...while the facilities for transportation have considerably improved..., the vast natural wealth of Bolivia, embracing as it does the choicest products of all latitudes, is still largely unavailable, because, under existing conditions, her products, other than high-grade mineral exports and coca, can not (sic) be profitably exported (BAR, 1892: 41).

Even by 1904 coca was considered 'by far the most important vegetable product of Bolivia on account of its medicinal properties' (IBAR, 1904: 29).

On April 4th 1884, Bolivia and Chile signed an Armistice re-establishing commercial relations between the two, enabling, with a few exceptions, numerous articles to enter either country free of import taxes. By May 1885, coca figured on the tax free import-list (IBAR, 1903: 21-2). Like the US, however, 'cocaine and its compounds' were taxed prohibitively (IBAR, 1903: 96). Chileans might well have had eyes on beginning their own crude-cocaine export industry were it not for US tariffs and the cornering of the market already in Peru by German firms. Thus, unlike Peru, which in the face of prohibitive US taxes could still sell to the Germans, landlocked Bolivia was squeezed out of the crude-cocaine production industry by the imposition of prohibitive Chilean import taxes. In addition, Bolivian coca sold for more than Peruvian, and therefore much more than 'Trujillo' coca, being considered far preferable to other types by miners and labourers (IBAR, 1904: 84-85). As would be reported in the 1892 Bureau of American Republics' *Handbook to Bolivia*:

The most expensive national thoroughfares, both in cost of construction and maintenance are those built by Indian labour in the Upper Andes for the exclusive use of pack animals. Numerous troops of mules, burros, and llamas daily toil up and down these narrow and tortuous trails or wend their way through the deep and narrow passes and around the sharp and precipitous angles of the cordilleras, bearing their burdens of tropical fruits, coca, cacao, coffee, etc. from the Yungas and other warm valleys along the eastern declivities of the Andes to the markets of La Paz and other cities in exchange for flour, dry goods, alcohol etc. (1892: 96).

Furthermore, the Bolivian Government had long enjoyed a monopoly on the purchase and sale of coca leaves in La Paz and Cochabamba, which it sold to the highest retail bidder. As late as 1948 the taxes on coca constituted 89 per cent of total tax receipts in La Paz, a figure similar to those of previous years. These taxes were thereafter distributed regionally for public projects (Markham, 1862: 236; UN Economic and Social Council [UNESCO], 1950: 84). With the exception of rubber exported to Europe by 1907, practically all of

Bolivia's agricultural produce was consumed domestically, apart from a 'small quantity of coca, coffee, quinine etc. exported to Chile and Argentina' (IBAR, 1907: 181). Of the coca it did export, approximately 'three-fourths' derived from the Yungas of La Paz, the rest from Larecaja, Inquisivi, Caupolicán and Yuracarez in Cochabamba.

At the turn of the century, from the total national production the Bolivian government derived 250,000 Bolivianos per annum through a tax rate of about 8.33%, or 0.50 Bolivianos per *cesto* (basket of 25lbs) in La Paz. Additionally, Bolivia's coca had easier access to the Argentine market to which it sold via the border town of Tupiza in Potosí (IBAR, 1904 op cit: 84-85). In 1948 only 17 per cent of Bolivian coca was cultivated on *haciendas*, under tenancy agreements similar to those in Cuzco, delineated below (UNESC, 1950: 82). By not engaging in the cocaine industry, the drug never became equated in the eyes of the middle classes as being the same as the leaf. Consequently, Bolivia's government was a far more reluctant signatory to international conventions seeking to limit the cultivation of coca than Peru's.

The road to Geneva

Exports of Peruvian coca and semi-refined cocaine were doing wonderfully. Despite US tariffs on imports of the latter, in 1904 the Peruvian consul general in New York, Eduardo Higginson, wrote assuredly of how the spectacular growth in coca based soda beverages offset the overall costs. Yet by 1912 the consul's reports 'read more like the post mortem of Peruvian coca' (Gootenberg, 2008: 124). This was due to rising levels of competition by 'botanic imperialists' and a growing disenchantment with cocaine that was blindly coupled with the innocuous coca leaf (primarily in the US). Exports of Peruvian coca - almost entirely from the Trujillo region and destined for the US - during 1904-8 averaged 934,000 kilos; in 1909-13 averaged 584,000 kilos; falling to 248,173 kilos for 1919-23 and 128,959 kilos for 1929-33. This represented an 82 per cent fall in revenue over the period. Exports of coca did rise to 140,000-180,000 kilos during World War II but this was only temporary.

Meanwhile, during 1904-8 exports of crude cocaine, predominantly from Huánuco and destined for Germany, averaged over 31 tons, halving by 1909-13 and falling to an average of 672 kilos per year over 1919-1923, and to 368 kilos by 1929-1933. Whereas the export earning of cocaine had been twice that of coca in 1904-08, when it had been Peru's fourth export earner, by 1929-33 the roles had been reversed at a much reduced level (Gootenberg, 2008: 132; 147). Despite numerous urgings, such as from Higginson, the Peruvian cocaine industry failed to upgrade their production methods so as to produce the much more valuable pure cocaine, and as revenue continued to fall any innovations became increasingly unlikely. As Germany become politically precarious and the US kept its doors

closed to imports of crude cocaine, the erstwhile hopes of modernising upon the back of the sacred leaf were accordingly dashed. Coca only remained significant at a regional level.

The expansion of coca production beyond the Andes

The Dutch began cultivating coca on the islands of Java by 1883 and were soon doing likewise on Sumatra and Madura. The *Erythroxylum Spruceum Burk* contained higher levels of cocaine and was less susceptible to disease than that of Huánuco or Trujillo coca. Unfortunately for the Dutch, however, it also took longer and was more difficult to extricate, and so had to be shipped in leaf form to Germany, thereby making it uncompetitive. Moreover, the patent of the necessary ecgonine method of extraction was monopolised in Germany by Farbwerke, who were consequently the sole customers. However, this patent did not apply to the Netherlands and so in 1900 the *Nederlansche Cocainefabriek* (Dutch Cocaine Factory, or NCF) was established through state subsidies. Furthermore, as we saw in chapter two, Dutch agriculture has long been among the most productive in Europe and so it was not long until plantation productivity and leaf quality (through for example high alkaloid seed selection), as well as packing and transportation, had also improved. Lastly, Farbwerke's patent expired in 1903. Almost immediately Amsterdam Koka auction house took over from Hamburg as the principal European entrepôt. Whereas Hamburg had imported 1,600 metric tons of coca and 5 tons of raw cocaine in 1905, by 1913 these figures had fallen to 35 and 2.5, respectively. World War I disrupted the trade (through the collapse of cooperative price-setting agreements between European cocaine manufacturers) but by the early 1920s Java's coca production was at its peak with the NCF becoming the world's largest producer, accounting for a fifth of the world market. Peruvians watched helplessly as the principal export destination for their erstwhile hopes of entry into modernity upon the back of a refined value-added product became dismantled and politically disenfranchised. Nevertheless, the Dutch boom was short-lived, as growing supranational pressures forced her to discontinue production for other than strictly medical purposes. By the end of World War II the production of Javanese coca and Dutch cocaine were trickles of what they had once been (de Kork, 1999: 129-142; Karch, 1999: 147-149; Gootenberg, 2008: 124-128).

Some of the coca from Dutch Java did not arrive in Amsterdam but went to Japan, where the ecgonine method of extraction had also been mastered at an early date. Over the course of the decline of Javanese production, Japan became an increasingly important export destination. Meanwhile, Tokyo drug companies were also establishing their own domestic coca plantations in Iwo Jima and Okinawa, as well as in Taiwan (then under Japanese rule) and by 1918 even the Huallaga Valley in Peru. By 1929 the Japanese no longer permitted

imports of Javanese coca unless the plantations were owned by Japanese companies. Japanese cocaine producers benefitted from lower shipping costs, import tariffs and a government quite complicit in masking the real levels of production that had to be filed in accordance with International Treaties. Smugglers did not even have to rebrand the Japanese cocaine and consequently Japanese brands were as well known in Calcutta - where there was virtually no medicinal market - as they were in Tokyo. Nevertheless, much of the black market Japanese cocaine, far beyond levels required for possible medicinal uses, actually went to the military, which helped to smuggle it. As the years went by, Japan's claims regarding levels of production became ever more preposterous. Documents found after World War II showed that what the government had been claiming in 1930 to have produced in Taiwan annually, had actually been produced on a daily basis (Karch, 1999: 150-158).

Domestic concerns in the US

During the late nineteenth century the US pharmaceutical industry was almost completely unregulated. Companies could claim that their products combated anything and no legal authority existed to determine the veracity, or even that of the ingredients officially held to be contained in the products. Commercial interests were quite free to pursue gain. Furthermore, the two decades following Köller's discovery coincided with those in which the pharmaceutical industry massively expanded its researching, productive and advertising capacities and thereby its ability to shape consumer demand rather than simply meet that of the physicians. Peddlars of snakeoil had turned commercial. In 1884, before reports of Köller had reached the US, a grain of cocaine was almost impossible to get a hold of and those that existed sold for a dollar each. By 1887, cocaine could be purchased throughout the country and at approximately two cents per grain. Between 1890 and 1902 the amount of cocaine available to consumers increased by around 700 per cent (Musto, 1999: 3; Spillane, 1999: 21-23).

Cocaine could be found in toothache drops, haemorrhoid remedies, corn cures, bandages, gauzes, "habit medicines" (such as to combat smoking, alcoholism, morphine), and lozenges for sore throats. Most of these products only contained minimal amounts of cocaine hovering around 3 milligrams. In the 1890s, however, asthma and catarrh cures (such as for a blocked nose, common cold or hay fever) became the most popular medicinal manifestations of cocaine and were generally sprayed or inhaled. Some of these 'medicines' contained far higher amounts of cocaine than previously encountered. Az-Ma-Syde, for example, contained approximately 290 milligrams per ounce while Birney's Catarrh Powder held between 500 and 1,200 milligrams per ounce. Of course it was also quite permissible to simply purchase over the counter pure cocaine hydrochloride, which gradually consumed a

growing share of the market (Spillane, 1999: 26-29).

Meanwhile, the legal cocaine market also boosted sales of products based primarily upon the coca leaf, and even pushed the two groups towards attempting to attain separate identities. Coca leaves were generally consumed via fluid extracts which could be prescribed by physicians, advertised by the pharmaceutical industry, or more commonly, consumed in therapeutic tonics. Most companies simply added a coca version of tonics that were already popular such as those of beef, malt, wine, quinine, or cod liver. However, by far the most popular way of consuming coca was in the form of soft drinks, often with sexually invigorating properties added as an incentive, and via the recently invented soda fountain which quickly became something of a cultural institution in most towns and villages. For example, Coca-Cola advertised itself as 'a most wonderful invigorator of the sexual organs'. Other coca soft drinks included: Velo Cola, Inca Cola, Dr Don's Coca, Kola Ade, Kos Kola, Celery Cola, Nicole's Compound Kola Cordial, Kumfort's Cola Extract, Pillsbury's Coke Extract, Vani Cola, Rococola, Cola-Coca, Cocs-Nola, Wiseola etc. Few of these drinks contained anything above 5-6 milligrams of cocaine per 6-ounce glass, the equivalent to about one-tenth of a 'line'. Nevertheless, there were others such as Kaw-Kola "Has the Kick", Dope and Loco-Kola which raise one's suspicions of having contained a bit more (Karch, 2006: 36; Pendergrast, 2000: 101; Spillane, 1999: 24-25; Streatfeild, 2007: 84, 121).

A coalition of groups aiming to control the supply of cocaine began to emerge during the 1890s and can be broadly divided into those whose primary concern was to minimise the problems generated by the easy availability of cocaine and those who sought to construct a basic system of drug regulation. The first group was composed of movements concerned with public health, child welfare, social work and temperance. The second group derived more from physicians and professional groups, such as the American Medical Association, who sought to distance themselves from the quack cures of the patent medicine industry and often worked closely with governmental agencies at all levels to achieve this aim.⁷⁹ In turn, this group were aided by the writings of sensationalist journalists. It was primarily physicians and other middle-aged, middle-class professionals who were the first to start abusing cocaine, just as they had done with morphine, given the ease of access and affordability. In 1901 it was estimated that within the medical profession existed about 30 per cent of all "cocainists" (Grinspoon and Bakalar, 1985: 31).

The problem became more public, however, as use and abuse expanded to other more marginalised sectors of the population, especially to Black people, women and youths,

⁷⁹ Around this period writings also began to emerge in various European medical journals about the potential dangers of cocaine, while at the same time less toxic alternatives were also being discovered (Friman, 1999: 78). Indeed, by July 1887 even Freud was forced to retract on some of his erstwhile fulsome praise of cocaine as a cure for morphine addiction (1975: 169-176). For Dutch criticism see de Kort (1999) and in London by World War One see Kohn (1999).

giving rise to the terms such as, “coke drunks” and “cocaine fiends”. A public response was therefore required (Spillane, 1999: 21-34). For example, in an article in the New York Times (NYT) in 1902, titled ‘Cocaine Evil Among Negroes’, the subject of concern was that the ‘alarming growth of the use of cocaine among the negroes of Mississippi has caused the suggestion to be made that medical laws should be enacted for the suppression of the evil, which is demoralizing the race in this State’ (NYT, 1902). By 1914, the issue had become of such concern to the white middle classes that articles would appear with the foreboding headline: ‘Negro Cocaine “Fiends” Are a New Southern Menace’ (NYT, 1914).

Regulatory efforts primarily focused upon retail sales rather than manufacture. Boards of health and pharmacy at the municipal and state levels were granted greater power to govern over pharmacists through their ability to revoke licenses. Yet, most retail pharmacists voluntarily complied even in the absence of regulation due to the acknowledgement that good publicity and a professional image were more important to their financial interests than their limited sales of cocaine. In addition, manufacturers became obliged to label their products in a manner which revealed the composition of the drugs used, with some states, such as New York, even adopting the requirement that that “POISON,” be written beside. Meanwhile at the federal level the Food and Drug Act of 1906 imposed the same obligation on inter-state commerce. As most manufacturers sold a wide range of products, it made financial sense for them not to have their image tarnished by only one product, and so those containing cocaine were often voluntarily withdrawn, or, as in the case of Coca-Cola and Vin Mariani in the US, were de-cocainized. Nevertheless, for other producers with a more limited consumer base, such as the high-potency catarrh cures, labelling might even have increased their sales. Meanwhile, although the Food and Drug Act limited the use of cocaine in packaged remedies, pure cocaine could still easily be purchased, even if from slightly more shadowy distributors (Grinspoon and Bakalar, 1985: 37-44; Spillane, 1999: 34-42).

Geopolitics

As is often the case, domestic concerns gain increased governmental attention when they dovetail nicely with imperial and commercial ambitions. In 1898, after helping the Philippines gain independence from the Spaniards, the US announced its presence as a Western Pacific power via its annexation after a three year war between her erstwhile allies. The Portuguese, Dutch and British had long attempted to rectify trade imbalances with Asia, especially China, by encouraging the practice of opium smoking, often at gunpoint, such as during the two Opium Wars (1839-1842 & 1856-1860) after successive edicts had been issued by Chinese Emperors forbidding the practice. By farming the poppies in other

colonies, such as India or Java, revenue was also garnered by otherwise financially precarious colonial administrations through acting as intermediaries via the auctioning of exclusive rights to retail sales.

When US missionaries arrived in the Philippines, often upon boats bringing opium, they were disgusted with the practice and in large part blamed it for their failures to proselytise more successfully. British missionaries had long felt the same in China, the answer they were given by sympathisers was that if it was not sold by the British it would be so by others such as the Dutch, the Portuguese and increasingly Persians or Turks. Washington would have cared little were it not for the fact that they arrived in the region too late to participate fully in the opium trade which was robbing the US economy of potential customers for its exports. To gain Imperial favour US ships were barred from transporting opium to China in 1887.

The key turning point appears to have been the Chinese Imperial decision that in the face of being helpless to prevent imports, it was in their own financial interests to stem the outflow of money by initiating domestic production. Suddenly the British government lent a more sympathetic ear to those wishing to export other products to the Chinese market as it lined up alongside France, Japan, Russia and Germany in something of a 'scramble for China'. In the aftermath of the Boxer rebellion and the indemnity imposed, plus other costly concessions, China appeared to be on the point of disintegration. British investments and savings were far more widespread than her colonial rivals and, thus, this possibility was financially disturbing. The Boxer rebellion had clearly been a nationalist reaction against the weakness of the Imperial government against external belligerence. Opium had played a fundamental role in this. Consequently, upon the election of the Liberal government in 1906, talks were initiated with the Imperial government that led to the 'Ten Year Agreement' of 1907, whereupon Britain agreed to reduce exports by ten per cent per annum so long as China did the same for domestic production.

Chinese efforts proceeded better than expected and in 1913 the last licit chest of opium from British India was shipped. However, just over a year before, as China seemed on the brink of finally overcoming its 'opium problem', the Manchu dynasty had been torn asunder by revolution after ruling since 1644, ending more than 2000 years of imperial rule. The country fragmented into competing warlords who often reinitiating poppy cultivation for personal gain. Even as Chang Kai-Shek united large parts of China under the nationalist banner during the 1920s and 1930s, China was still largely riddled with opium. Nevertheless, the 'Ten Year Agreement' would long remain a proffered example of what could be achieved by international coordination and supply restriction. Meanwhile, opium exports from India to other Asian colonies continued, while those of other countries remained unaffected.

1907 was also the year in which the US government first seriously considered the notion of calling an international meeting to contemplate the opium question, through the advice of Bishop Charles Henry Brent, the Anglican minister who had served as the Episcopal Bishop of the Philippines since 1901. The 1909 Shanghai Opium Commission was attended by delegates with non-plenipotentiary powers from Britain, the Netherlands, France, Japan, Germany, Russia, Portugal, Italy, Austria-Hungary, China, Siam and Persia. Only Turkey refused the invitation. The US wanted opium consumption to be restricted to medicinal uses as defined by Western medicine. Unsurprisingly, colonial powers defended traditional cultural uses. Some pointed out that restricting opium in China had brought increases in morphine and heroin consumption. Delegates returned to their government with a series of recommendations. As far as the British were concerned, the 'Ten Year Agreement' was a sufficient measure in regards to China, although they were prepared to limit exports to countries where it was prohibited i.e. the Philippines (although it was still possible to export to entrepôt treaty ports such as Hong Kong). The US quickly noticed that smuggling was being carried out from ports belonging to other Colonial powers, especially the Portuguese. As such, Brent urged his friends in the Whitehouse (President Taft had formerly been the Governor of the Philippines) to call for an international plenipotentiary conference on matters relating strictly to opium. Somewhat reluctantly, all, except Turkey, agreed to meet at The Hague on the 1st of December, 1911.

In an atmosphere of heated disagreements and finger-pointing, the British attempted to deflect attention from India's continuing role as an opium producer by insisting that manufactured drugs such as heroin, morphine and cocaine also be brought to the bargaining table. As envisaged, the Germans objected. Regardless, cocaine was now on the agenda of international prohibition. The Hague Opium Convention, riddled with loopholes, was handed out to representatives to bring to their governments for ratification. When the War began attentions were cast elsewhere and not until the Versailles peace treaties were reluctant governments, such as Germany and Turkey, forced to ratify the Hague Opium Convention via the insistence of the US and the British that it be included as a clause. Furthermore, through the formation of the League of Nations, drugs would thereafter be permanently on the international agenda and the name of the game was supply, rather than demand, control (McAllister, 2000: 9-39).

Peruvian domestic politics

Another side of Peruvian attempts to modernise revolved around the Indianist movement as articulated by intellectuals such as Manuel González Prada and Clorinda Matto de Turner, who renounced the institutions that had held the indigenous societies in a state of perpetual

serfdom. Other, more traditional reformers such as José Casimiro Ulloa emphasised the pernicious role of alcohol in hindering assimilation but few mentioned coca. As North American and European medical circles began to question the beneficial properties of cocaine, certain Peruvian physicians - such as Hermilio Valdizán in 1910 - began to do the same regarding the link between coca and the “undeniable degeneration of the Indian race” (cited in Gagliano, 1994: 122). Such appeals were unlikely to find much of a resonance as long as the official government policy was to increase the production of coca and exports of cocaine, with regional public works increasingly dependent upon the taxes levied on coca. This was after all still the peak of the cocaine and coca boom.

In the aftermath of the Versailles peace treaties, and the signing of The Hague Opium Convention, attention to Peru began to be paid by the international community. At the Second Opium Conference in 1924 it was proposed by the League of Nations Advisory Committee on the Traffic in Opium that Andean nations restrict their production levels to those required strictly for medical and scientific purposes. Peru refused to do any such thing, or even attend, supposedly for the sake of domestic consumers and producers. The most that could be wrought from the Peruvian government was an agreement to furnish annual statistics concerning production levels of coca and cocaine. Bolivia did likewise. As a result, the 1925 international convention geared towards the reduction of production levels of coca and cocaine was not signed by either.

The first government to pay any serious attention to prohibitionist proposals was the Leguía government, already far into the infamous Oncenio (1919-1930), which appointed a commission in 1927 to investigate the manner in which the insane and addicted were being treated. It included in its findings a synopsis of varying attitudes regarding the narcotic effects of coca. However, the prohibitionist movement began to gain real momentum with the election of the Arequipeño physician Dr. Carlos Ricketts to the Chamber of Deputies in 1929, who dedicated his time to the ‘cause’. In November he introduced a bill proposing the establishment of a national coca monopoly that would be pressed with the charge of gradually eliminating the practice, comparing it to the US Volstead Act that brought prohibition. Leguía supported the bill but by using all sorts of arguments, often dressed up in humane concerns for the indigenous, the coca lobby, both inside and outside of Congress, was successful in having the bill deferred to await further study by the Ministry of Public Health.

Upon the overthrow of Leguía in 1930, the prohibitionists lost their powerful ally and Ricketts withdrew from the Chamber to return to Arequipa. Nevertheless, the prohibitionists were successful in having the coca monopoly introduced as an issue in the free national election in 1931 and Haya de la Torre, who had previously shown no interest in the matter, or during his exile, happily picked it up as part of his American Popular

Revolutionary Alliance (APRA) Party's "Minimum Plan for Peru". However, in the still disputed election results, APRA did not win and the incumbent Sánchez Cerro correctly had little regard for coca as a social problem. This is perhaps best demonstrated by the contempt he demonstrated for an international convention that had been signed by the interim government committing Peru to attempt to impose a limitation on the production of coca and cocaine. Instead, he actively encouraged the expansion of production and gave no government support or attention to the prohibitionists.

Sánchez Cerro was assassinated by *Apristas* (members of APRA) in April 1933 and was succeeded by Marshal Oscar Benavides (1933-1939) who was elected by the National Congress. Benavides found himself faced with the task of having to try to unite a politically divided country. Prohibitionists saw an opportunity, but Benavides needed the taxes on coca to finance public works. Meanwhile, the pro-cocaine lobby had found a natural leader in the distinguished left-leaning Dr. Carlos Enrique Paz Soldán who argued in favour of a nationalised Estanco (revenue monopoly) de la Coca y Cocaína so as to offset imperialist international incursion upon Peru's sovereign right to manufacture cocaine, while deploring coca as influential behind the "degeneration" of the indigenous race. A commission appointed to investigate cocaine production advocated in 1934 that a monopoly be established to regulate production, with processing being confined to Lima for the same purpose. Upon the basis of 'scientific' evidence, the prohibitionists became increasingly vociferous and confident that their aims could be achieved. It was claimed that coca was intimately related to malnutrition, lack of intelligence, illiteracy and overall did little but hinder national development.

By 1944, under the presidency of Manuel Prado y Ugarteche the sale and consumption of coca leaves in Lima was prohibited. However, World War II gave rise to another boom for Peruvian coca due to the closure of coca markets for the US in Japanese occupied Indonesia as well as British Asian colonies. Whereas Peruvian production levels were estimated to have been around 156,357 kilograms in 1937, by 1942 they had risen to 465,500 kilograms and while the US purchased around 67,000 kilograms in 1939, by 1943 it imported 207,408 kilograms (Gagliano, 1994: 147-148). As such, prices for domestic consumers rose accordingly. However, the licit boom ended as quickly as it had begun. Nevertheless, just as in the First World War, the demand for cocaine for illicit uses rose and by 1947: 'Peru became known as the primary source for the illicit cocaine traffic in the western hemisphere, with the United States its principal outlet' (Gagliano, 1994: 148). Demand was especially strong in Harlem. Meanwhile Peru's last remaining licit markets in Germany and Japan were now forever closed as the US took control (Gagliano, 1994: 119-154; Gootenberg, 2008: 143-244).

Suddenly Peru was being called on by the recently established United Nations - in accordance with US wishes - to honour the commitment to provide annual statistics surrounding levels of production. On April 22nd 1947 the Peruvian delegate to the UN Economic and Social Council informed the Secretary General and the Commission on Narcotic Drugs that his government recommended the Council:

(1) To organize a committee or study group of experts in order to carry a field survey, in co-operation with the World Health Organisation, thus to determine:

(a) The harmful or harmless effects of the coca-leaf chewing upon the human body in general or upon some specific organ in particular;

(b) The factors or motives (i.e. climate, high altitude, diet, organic reserves, heredity, tradition, etc.) which prompt this chewing habit; and

(c) The social and economic implications of this habit; and

(d) The measures to be taken, should this habit prove to be harmful, in order to eradicate from the population concerned (UNESCO, 1950: 3).

In Peru this was seen as a means to settle the dispute that had long raged between prohibitionists and advocates. Meanwhile, in June the government issued a decree that attempted to strengthen its regulation of the production and export of cocaine, all of which would thereafter be under the charge of the Ministry of Public Health and Social Welfare. Yet, according to the UN, Peru in 1948 produced about three times the amount of cocaine required globally for scientific and medical purposes, while the US Bureau in Narcotics reported an increasing level of traffic of illicit cocaine between Peru and the US that year. As such, that year the licit world cocaine quotas were cut by the UN to four tons and two years later to fifteen hundred kilos (Gootenberg. 2008: 181).

The military junta that assumed power through a *coup* in October issued a decree in March 1949 prohibiting the cultivation of coca simply for sale to producers of cocaine, with jail terms for doing so ranging from two to fifteen years. The junta also began to coordinate police work with US authorities to catch traffickers, as well as increase efforts to close cocaine laboratories. However, the most significant change for prohibitionists came in June via Decree-Law 11046 whereupon a national coca monopoly was established to regulate the cultivation, sale and distribution of the leaf, even enunciating the intention to eventually limit cultivation strictly for scientific purposes. In practice, its activities were limited to taxing coca by inspecting producing areas and, in doing so, replaced previous regional taxes. Nevertheless, the Ministry of Finance assumed responsibility for designating the areas in which coca could be legally cultivated, creating production limits, deciding upon the prices to be paid and compiling annual production statistics. In August another Decree rendered exports of coca open to international inspection in accordance with UN conventions.

UN officials and prohibitionists were obviously very pleased with the military junta's actions. With a couple of reservations as to the ease with which the legislation would be enacted, given that tenants were generally illiterate and would struggle to fill out forms on production levels, the UN felt that: 'The new Peruvian legislation on the coca leaf clearly represents an improvement over previous laws. It constitutes a step towards the limitation of production and the gradual abolition of chewing' (UNESCO, 1950: 80). In response to them, and the 1947 request for a field investigation, which the government of Bolivia had added their names to in April 1949, the UN Economic and Social Council dispatched a commission to study production and consumption in Peru. Composed of two medical authorities and two experts in international narcotics control the Commission of Enquiry on the Coca-Leaf arrived in Lima on September 11th 1949. Thereafter the Commission travelled extensively throughout Peru and Bolivia before returning to New York on December 2nd. Meanwhile, the Peruvian government also established a Peruvian commission to consider the issue, collaborate with the UN team and write a separate report. The Peruvian team was headed by Carlos Monge, who had long spearheaded the defence against the prohibitionists (although unfortunately, often upon the basis that those indigenous to the *sierra* constituted a separate ethnic race that required coca).

The UN Commission conducted extensive interviews with a wide range of groups interested in the coca issue such as governmental authorities, military officials, physicians, pharmacists, academics, religious authorities, missionaries, large-scale producers, merchants, journalists, agronomists, engineers, mayors, jurists and apparently consumers. Indeed, as they wrote, 'the Commission sought its information from all possible sources' (UNESCO, 1950: 21). However, they do not seem to have at any point actually tried coca for themselves. This becomes obvious when one reads quotations taken as fact, such as that by Noriega-Gutierrez who 'informed' the Medical Faculty at the University of Wisconsin in 1949 that: Fifty to 70 per cent of the chewed leaves is (sic) swallowed, and the rest is thrown away. The coca addicts chew leaves two or three times daily (cited in UNESCO, 1950: 21). Anyone who has consumed coca will strongly deny such an assertion. As much coca as possible is discarded after all the juice has been extracted. To not do so would be the equivalent of consuming the tea leaves after drinking tea.

Meanwhile, the Commission quote from others who write of observations of chronic consumers who underwent 'intoxication as though with cocaine ... This chronic chewing leads to a "stupor"' (UNESCO, 1950: 23). Such observations served to 'strengthen the Commission's opinion that coca-leaf chewers are chronically under the influence of cocaine' (UNESCO, 1950: 27). Again this is a pure falsehood similar to stating that 'chronic tea drinkers go into stupors'. However, somewhat contradictorily, we are later informed by the Commission that the 'most important belief held at present is that coca leaf chewing dispels

or relieves hunger, thirst, fatigue, weariness and even desire for sleep. This belief is largely due to: (1) The Indian's poor living conditions (2) His lack of education' (UNESCO, 1950: 53). Cocaine obviously does each of the above, but then so does tea, as does coca.

Meanwhile, elsewhere it is written that 'coca-leaf chewing is a habit which is connected with the extremely low standard of living of the Indian. The toxic action of cocaine makes him partly forget his hard life. It diminishes his hunger, it deadens his feeling a fatigue and thus helps him to work more' (UNESCO, 1950: 40).

Interestingly, although quoting extensively from the writings of Gutierrez-Noriega and other prohibitionists, the Commission rejected two of their principal points. Firstly, the idea of race degeneration and especially, that if it existed, it was in no way linked to coca (UNESCO, 1950: 30). Secondly, the idea that consuming coca was an addiction was also rejected (UNESCO, 1950: 31, 37). However, this second view seems to have been taken to coincide with their interests, for after all: 'So long as it is a habit, it is easy to give up; no strong craving and no abstinence symptoms will be seen' (UNESCO, 1950: 32). Nevertheless, coca consumption was perceived to have very harmful social and economic effects. Firstly, it was believed by the Commission that: 'Coca-leaf chewing makes social intercourse between the Indians and other sections of the Peruvian and Bolivian people very difficult. Coca-leaf chewers tend to shun society, and generally lack the little initiative required to establish individual or collective contacts' (UNESCO, 1950: 56).

To label all consumers of coca leaf as social introverts is not even worth a comment. Economically, the practice was perceived as harmful because consumers require repeated rests lasting thirty to forty minutes to *chacchar*, which apparently makes the work of seven hours last ten. This is not true. One consumes coca before beginning work at around 7:00 a.m., again at about 9:00 a.m., after lunch at 11:00 a.m. and during another break taken at about 2:00 p.m. before work finishes around 4:00 p.m. Lunch lasts for about half an hour and the other breaks for roughly the time it takes to smoke a cigarette, or at most 15 minutes. As such, 30-45 minutes is an absurd figure. Consumers of coca were also said to be less able to specialize and more prone to accidents. Again utter nonsense.

The final reason given for why coca must be limited to 'the sole purposes for which the cultivation of coca leaf remains legitimate' (i.e. scientific and medical ends, as well as certain soft drinks) is that (UNESCO, 1950: 90):

Both Peru and Bolivia are countries in which there is under-production of food products and consequently undernourishment. The result of both these, as well as of other factors, is the practice of chewing the coca leaf, and in its turn the production of coca leaf is in certain areas one of the causes which, in conjunction with others, maintains the existing agricultural underproduction. Thus, a vicious circle is created in which the production of coca leaf, apparently an economic factor of some importance, is in reality an uneconomic factor of major importance (UNESCO, 1950: 89).

It was estimated that a period of no more than fifteen years would be required to introduce substitute crops and other infrastructural changes required to discontinue this pernicious vice that had lasted for so many thousands of years, and limit production to ends deemed acceptable to medical and scientific 'experts'. Annual statistics were asked for to show that this was occurring. The Peruvian Minister of Foreign Affairs duly thanked the Commission for 'their self sacrificing work in the interests of science and hence mankind' (UNESCO, 1950: 163). The report of the Commission of Enquiry on the Coca-Leaf would form the basis of the 1961 UN Single Convention Narcotic Substances still in place today.

Nevertheless, the Odría government - which had been officially elected for a six year term in 1950 - had not anticipated proposals to end the cultivation and consumption of coca. Taxes on coca were essential for the very public works that the UN was recommending. Some, such as Sergio Quijada Jara in his *Coca in Indigenous Customs* doubted if it was possible to extricate something that was so finely ingrained in the folklore of the indigenous. Furthermore, he also warns of the gangsterism that characterised the US during the prohibition period and was far more harmful to society than alcohol had been (1950: 59-62). Others doubted the feasibility of finding other more profitable crops to substitute for coca (Gagliano, 1994: 158). Meanwhile, in 1951 the Peruvian Coca Commission led by Dr. Monge released their report attempting to clear up certain misinterpretations of the UN Commission, criticised its methodology and conclusions and argued in favour of allowing the use of coca (Castro de la Mata, 2003: 193; Grinspoon and Bakalar, 1985: 12). Consequently, Odría called for more scientific studies before such measures could be put into place, thereby buying himself some time, while increasing the stringency of efforts to curtail the supply of illicit cocaine such as by terminating the practice of licensing private producers and exporters, disrupting the supply of coca leaves to underground laboratories and cooperating with authorities in the US and Cuba. Apparently, by 1957, 'the U.N. Economic and Social Council reported that the illicit cocaine traffic no longer represented a major international concern' (Gagliano, 1994: 160).

Following the re-election of Manuel Prado in 1956, Peru increased its efforts to co-operate with the aims of the UN. In 1958 tariffs on the importation of coca were dramatically increased to hinder the Bolivian market while exports were also restricted for nearby countries such as Argentina and Chile. Meanwhile, it was announced that the nationwide survey of producing regions begun a decade earlier had been completed and that it would now be possible to delimit areas where cultivation could continue strictly for medicinal and scientific purposes. However, the *pièce de résistance* for prohibitionists was when Peru signed the 1961 UN Single Declaration on Narcotic Drugs which holds in Article 49(2)c that: 'Coca leaf chewing must be abolished within twenty-five years from the coming into force of this Convention' (UN, 1961: 23). Nevertheless, for the sake of the financial

interests of Coca-Cola in Article 27(1) it is stated that: ‘The Parties may permit the use of coca leaves for the preparation of a flavouring agent, which shall not contain any alkaloids, and, to the extent necessary for such use, may permit the production, import, export, trade in and possession of such leaves’ (UN, 1961: 14). Thereafter, the cultivation of coca would only be allowed in a few designated regions in Cusco for the traditional market and near Trujillo to satisfy Coca-Cola’s demand for ‘flavouring agents’. Crop substitution would occur elsewhere. Finally, after more than four hundred years of trying, it appeared that prohibitionists had gotten their way. How badly they would be disappointed. Ironically, it was also in the ‘swinging sixties’ that the illicit industry for narcotics began to really take off.

Coca’s role in ending feudalism and thereby bringing Peru into the modern world: Cuzco-the traditional market

Like elsewhere on the isolated lower eastern Andean slopes, the subjugation and exploitation of the native population of La Convención during the colonial period proved to be tenuous. Vilcabamba’s mining collapse, continual revolts, population decline and agricultural competition from superior and better positioned *aguardiente* producers in Abancay and *cocales* in Paucartambo (initially better able to capture the remaining mining market in Potosí) forced the retreat of European descendents by the late seventeenth century (Encinas-Martín, 2007: 209-223). Meanwhile, many other *haciendas* were owned by the Jesuits who had been expelled from Peru in 1767. The finishing touches were the separation of Bolivia in 1776 (and with it Potosí) from the Viceroyalty of Peru and into that of La Plata and the consequent negative effects for the commerce of the city of Cuzco and its environs. The *coup de grâce* was the insurrection in 1780-1781 led by Túpac Amaru II.

By the turn of the century La Convención had been practically abandoned. In the words of one commentator, even ‘in the Paucartambo valleys, settlement began by the end of the sixteenth century and at the beginning of the nineteenth before their complete desolation by savages they were highly prosperous’ (Bowman, 1920: 77n). A few *haciendas* were held on to *in absentia*, others were sold, while those that were expropriated were often given away as political favours with recipients hoping, or being assured, that infrastructural projects would begin shortly and thereby raise the value of the lands considerably (CIDA, 1966: 206).⁸⁰ Not until 1904 was the Lámbarin road completed, linking Quillabamba with the nearest navigable part of the Amazon. In 1914 work began on a train line linking Quillabamba to Cusco. By 1923 it extended as far as Machu Picchu, cutting the

⁸⁰ Comité Interamericano de Desarrollo Agrícola.

transportation time of produce from Quillabamba to Cusco from five days to one.

Following independence in 1821, La Convención was given provincial status in 1857, although with no public land for a capital. Eventually, the land for Quillabamba was donated from the eponymous *hacienda* of Don Martín Pío Concha in 1881, but, by 1889 the demarcations were being contested by the owner of the neighbouring *hacienda* Santa Ana, Don Nicanor Larrea. The disagreements were not settled quickly and consequently, Quillabamba would not be officially designated as the provincial capital until 1918. The problem was that La Convención was literally dominated by *haciendas* and during the decline they actually expanded and would continue to mould the provinces political, economic and social structures until the 1960s. The greatest problem of the *hacendados* was accessing labour.⁸¹

Initially the *enganche* system was attempted with the machiguenga tribes but they generally soon fled back to the jungle. The means by which the labour problem was overcome was that the *hacendados* made contracts with Sub-prefects, Governors and Mayors of other provinces (especially in the *sierra*) to use their authority to get *enganchador* contractors to get a given number of indigenous or *mestizos* sent to them to engage in seasonal paid labour. Many chose not to return, others were unable, and instead stayed as serfs with rent to be paid in labour, kind and cash. As news spread to the home villages in the *sierra* of the work and land available below, gradually more came to join them (CIDA, 1966: 207).

La Convención had lost its primary place as the site of coca production in Cuzco to Paucartambo in the eighteenth century. In 1785-89 only 2,985 kilos of coca were cultivated for sale in La Convención, out of a total of 273,866 kilos for the Department. By 1898, the province was annually producing 690,000 kilos. Coca was again on the ascendant (Encinas-Martín, 2007: 250; Walger, 1917: 129). Cacao and coffee helped with the province's economic recovery but nowhere near to the same degree as coca. Whereas the population at the start of the nineteenth had hovered around a thousand, a century later the figure was closer to fifteen thousand, and would continue to grow so that upon the eve of the toppling of the *haciendas* in 1961 the provincial population had reached 61,901, with nearly half having been born elsewhere in the *sierra* (Encinas-Martín, 2007: 273; Encinas-Martín *et al.*,

⁸¹ Residents in coca-producing provinces in the jungle, such as the sparsely populated Madre de Dios, who shipped their produce to Cuzco, did not have this problem. There, coca was cultivated independently by tribes as well as in *haciendas*. In the still isolated jungle district of Sandía alone, in 1907 2500 *cestos* (baskets), each weighing 25lb (therefore 28,400 kg), were shipped to Cuzco and each was taxed 10 cents. These were all cultivated independently by tribes. Unfortunately we do not know at what price they were sold, nor by among how many people the money was divided (Walger, 1917: 122-128).

2008: 15, 18).⁸²

It is puzzling to know why the southern Andes did not emerge more noticeably in the international markets for either cocaine or coca. The department of Cuzco, and in particular the provinces of La Convención, Calca and Paucartambo were always the major production area in Peru for domestic consumption. Even after the emergence of alternative commodity circuits, in 1909 it was still noted that: the ‘cultivation of coca ... is an important industry in certain sections of Peru, principally the Cuzco Valley. The annual yield is about 50,000 quintals and its value varies from \$300,000 dollars to \$1,000,000, according to fluctuations in the market’ (IBAR, 1909: 972). As noted above, in 1905 Alejandro Garland, the Minister of Public Works in 1906 recorded that there were two workshops producing cocaine in Huanta (Ayacucho) and three factories doing so in Cuzco (Garland, 1905: 144). The year before, Fuentes Hildebrando reported to the same Ministry that there were four cocaine factories in Cuzco, as well as one in the province of La Convención who were exporting out of the southern port of Mollendo (1905:119-20). Indeed, it was officially held in 1902 that where coca ‘reaches its most beautiful vegetation, and yields the maximum level of cocaine, is between Chaullay and Maranura’ both of which are in La Convención (Vanderghem, 1902: 172). Even by 1954, long after the boom period, coca still accounted for 36 per cent of the planted acreage of the La Convención, far more than double that of coffee its closest rival (Hobsbawm, 1969: 36).

Explaining why more cacao was not grown in La Convención, Vanderghem recorded that: ‘this crop is economical and easy, unfortunately, the means of communication, and the low price of these products, give little incentive for cacao. This is the reason for why this speculation gives way to other more remunerative crops such as sugar cane and coca’ (1902: 176). However, Vanderghem goes on to state quite prophetically that:

The main problem for the valleys of the Eastern slopes is, and will always be the question of means of communication. Navigating these hardly practicable roads in the dry season, and almost impassable in the rain season, can be judged from the price of transportation. In this way, from the haciendas of the interior to Cuzco, one pays on average 70 centavos per arroba, which equates to over 6 soles per 100 kilos (1902: 176).

It appears to be the case that coca from Cuzco suffered a similar fate to Bolivian coca, in that producers and merchants could not compete with coca derived from the north-western slopes of Trujillo and the central-eastern slopes of Huánuco nearer Lima, which were cheaper and more reliable to transport to the ports of Callao and Salaverry. In addition, Cuzqueña coca was in competition with Bolivian for the expanding southern Andean indigenous market.

⁸² Of the immigrants, approximately 74.1 per cent were born in other provinces in Cuzco, and the rest from neighbouring departments (Encinas-Martín *et al.*, 2008: 30).

Nevertheless, given that there were four factories in Cusco alone, we see that southern Peru was in no way completely left out of the crude cocaine trade. It appears that southern Peru was just not close enough to get as involved as the centre and north. Obviously the mechanics of the south's late nineteenth century involvement in both trades requires far more research. Nevertheless, by 1911 the last remaining cocaine factory in Cuzco had closed (Gootenberg, 2008: 81)

As mentioned, unlike elsewhere, the valley of La Convención was dominated by *haciendas*, the holdings of which stopped only upon the outer reaches of Quillabamba however. Most coca was cultivated by peasant farmers known as *árrendires* holding tenancies of *minifundios* (measuring 6 hectares or less) in the *haciendas/latifundios*. The *árriendo* system had similar gradations to the serf labour system introduced during the early colonial period considered in the previous chapter, although there were also substantial differences and greater complexity. By the twentieth century the tenancy system was no longer hereditary and instead only renewable on five or ten year contracts signed with a thumb print, although these were transferable to heirs had the contract not expired. Nevertheless, commonplace occurrences still included floggings and stays in the *hacienda* jail. Rape and murder were less common but still occurred, and the *hacendado*, or more often his administrator (*patrón*), was the judge and jury in such matters. In addition, he also had the right to the preferential sale of his serf's produce which he could thereafter sell on at a profit on the free market. Obviously this was a significant source of economic tension and armed guards often had to monitor the river banks to prevent any "smuggling" (CIDA, 1966: 214-215; Paige, 1975: 177-79).

Árrendires paid the *condiciones* which included rent in cash, labour and/or produce depending upon the specific *condiciones*. Improvements to the rented land were compensated in accordance with the amount decided in the initial contract. Hobsbawm estimates the average yearly *condición de canon* (cash rent) to have not varied significantly between 1914 to the mid 1950s (despite inflation) and to have averaged 20-30 soles although variations across *haciendas* could range from 8 to 100 soles (1969: 39; see also Encinas-Martín *et al.*, 2008: 57). The *condición de turno* (labour rent) was paid with 8 to 12 *días de condición* per month for the landlord, which equated to two to three days a week, for which *árrendires* would receive about 0.40 soles, which was between quarter of the corresponding wage paid to the seasonally recruited labourers or *peons* (Encinas-Martín *et al.*, 2008: 57; Hobsbawm, 1969: 39; UNESCO, 1950: 77).^{83 84} In addition, the *árrendire* was obliged to

⁸³ Paige estimates 15 to 18 *días de condición* (1975: 176). Although variation certainly existed across *haciendas*, the number of *días de condición* appears to have been closely related to the size of the extensions granted and consequently often went higher than the estimates above (CIDA, 1966: 210).

supply other family members as labourers for the *hacendado* when required. Women were paid half the amount of men to pick coca leaves, coffee beans or tea leaves. This was known as *pongaje* elsewhere but in La Convención as *condición de palla*. For coca this entailed 10-15 days during each of the three/four annual harvests.

Sometimes the *árrendire* would send someone in their place known as an *allegado* who in turn received a portion of the *árrendire*'s land in recompense, the size of which depended upon whether the verbal contract was "con mesa" or "sin mesa" (with or without food and lodging). Permission to sublet had to be first granted by the *hacendados*, who although reluctant, were happy to have additional labour around, especially following the malaria outbreaks in 1887, 1897, 1906 and the 1930s, as well as scarlet fever in 1918 and smallpox in 1928.⁸⁵ Sometimes *árrendires* became wealthy enough to have numerous *allegados* as well as hire *habilitados* (seasonal landless labourers) or *tiapacoc* (permanent landless labourers remunerated only in lodgings and food). This made many *árrendires* similar to small *hacendados*. The daily wage paid to a *habilitado* depended again upon whether the contract was "con mesa". Indeed, some *hacendados* were *árrendires* elsewhere.⁸⁶ Meanwhile, many *hacendados*, and even *allegados*, also hired *habilitados* who constituted the true rural proletariat. Lastly, the *allegado* also often hired *sub-allegados* with whom they had the same relationship as that between themselves and the *árrendires*.

At one point during the month the *hacendado* would call for the *maquipura* whereupon all those dependent upon the *árrendire* (family members, *allegado* and the *habilitados* of either) would be obliged to give 2-6 days of paid labour (below market rates). Additionally, there was the *huata faena* that consisted in 10-15 days per year of unpaid labour for infrastructural works such as bridge and road repairs, compensated only with food and drink. Meanwhile, there were also numerous non-universal norms that were strictly enforced but not written down, such as: *Fletas cosechas* (transport duty) - having to use the pack animals in one's possession, up to three times a year, to transport six *arrobos* (150 lb) at a lower cost than on the open market; *semanero* (weekday) - to provide unpaid house servants for a fixed period; sometimes assimilated to the *huata faena*, up to two weeks labour was required on infrastructural projects or on the upkeep of the *hacendado*'s house;

⁸⁴ The labour rent was proportionally far more costly than the monetary rent. Hobsbawm believes it to have been about a tenth of the market rate in 1949 (1969: 42). Therefore it was in the *hacendado*'s interests to keep the two at fixed levels for as long as possible.

⁸⁵ The 1930s were by far the most severe. In parts of the valley 85 per cent of the population died and overall 10-15,000 died in the province. Of course, many of those who did not die fled to their villages of origin (Encinas-Martín *et al*, 2008: 32). As such, for the provincial population to quadruple during 1900-1960 is truly testament to the precarious existences being eked out elsewhere. Even in 1940 the population was still 50 per cent larger than at the turn of the century, yet it would almost treble over the following two decades.

⁸⁶ For example, one producer was an administrator of various *haciendas*, the owner of a few more and an "arrendire" elsewhere, with a 500 hectare *arriendo* for which he paid his "días de condiciones" via *allegados* (CIDA, 1966: 209n).

herbaje (herbage) - a poll tax averaging 2 soles per animal above a certain minimum number for the consumption of pasturage (which could practically cover the *hacendado*'s entire outlay on wages); above that considered the 'necessity', timber and other raw materials taken from the *hacienda* had to be paid for; the obligation to plant certain crops and the prohibition of others; similarly, but of greater consequence later, there was an obligation to purchase certain goods produced on the *hacienda* and/or to sell one's own exclusively to the *hacienda*. To send one's children away to study was often also forbidden, as was building a school.

Of course, any types of unions or associations were universally forbidden upon pain of contract termination which to most today would appear the preferable option. Yet, even though these obligations required the *árrendire* to forsake about 220 working days a year to the *hacienda* and would appear to have strengthened the power of the *hacendado* by providing him with continual access labour - at a cost far below market value - with which to expand production and profits, the obligations actually brought about the ruin of the system. The *árrendire* had three years of grace to make land productive enough for subsistence before he had to submit to the labour *condiciones*. Once he managed to attract *allegados* he was free of nearly all obligations and able to expand production. The *hacendado* generally smiled as the nails were hammered into his coffin, for in his eyes, more labour meant more productive land and greater profits (Encinas-Martín *et al.*, 2008: 51-59; Hobsbawm, 1969: 39-45).

These pioneering individual settlers upon the *haciendas* of La Convención, tired of the constraints of the highland *hacienda* or *comunidad*, were seeking to engage in farming for the market (rather than simply transfer communal subsistence farming to vacant lands further into the interior), and were quick to diversify into other potentially profitable export crops, especially coffee, with the hope that one day the land would be theirs. As time went by, their more marginal *minifundias* on the slopes of the periphery of the fertile demesne actually became more profitable for they were perfect for growing perennial coffee for booming export markets, while cacao was more suited to the *playa* (river bank). Yet of all the agricultural crops coca had the most certain market. All three levels in the *hacienda* labour structure - *árrendires allegado/ sub-allegado* and *habilitado/ tiapacoc* - had relinquished freedom and poverty for onerous obligations and potential prosperity and *kulakisation* surrounded them. As *kulakization* increased and the *hacendados* attempted to re-impose the serfdom of the pre-malarial period and displace *árrendires* and *allegados* from their profitable *minifundios*, the tensions would become too great.

In the early 1960s a peasant revolution would ignite La Convención and spread through the country bringing an end to the *hacienda* agrarian system. While it is not the purpose here to chart the spread of indigenous land occupations in Peru and the utopian

agrarian reforms brought in their wake, it need only be pointed out that coca played a leading role in lighting the fire that burned down the *casa hacienda* that had stood for over 400 years. It had been the economic basis of La Convención's repopulation and economic recuperation in the nineteenth century and in the early 1960s was still the principal crop cultivated. Alongside coffee, the profits to be gained from coca had given birth to a mestizo and indigenous rural bourgeois, who liked to listen to political broadcasts on the radios bought from traders arriving on the recently completed train track from Cuzco and were no longer prepared to accept these feudal impediments to further capital accumulation (CIDA, 1966: 199-221; Hobsbawm, 1969: 40-5; Paige, 1975: 166-185; UNESCO, 1950: 76-78).

Conclusion

By 1961 the second Peruvian coca boom was well and truly over, although it had been in decline for many years by then. A wide range of factors underlie the practically joint emergence of coca and cocaine onto international markets. The Enlightenment gave rise to reports in non-Hispanic countries of exotic objects in South America, one of which was coca. The paradigm shift in chemistry through the emergence of alkaloid isolation brought the discovery of cocaine. When its anaesthetic properties were noted, it spread quickly in a medical world that previously had relied on ether, alcohol or else something to bite on. The advent of railroads and industrial societies gave rise to captive markets with surplus income and to whom products could be transported and advertised at scales never before encountered, as well as the development of the theories of mental overexertion, such as neurasthenia. Meanwhile, in Peru it was felt among many that cocaine was a fusion of tradition and modernity that would be of great national benefit. Unfortunately, coca and cocaine would forever after be associated in the minds of many as one and the same.

As we have seen, the regional effects due to the rise of both products differed significantly, with each containing variations in relations of production and commercial circuits. Huánuco produced cocaine paste principally for European markets. Fabrication was predominantly, if not entirely, in the hands of Europeans or people of European descent. Nevertheless, the principal cost of production lay in the purchase of coca leaves, the cultivation of which was carried out by *arrendire* smallholders, *jornaleros*, and *enganchados* on the *haciendas*, or by independent peasant farmers otherwise. Even before the boom, in 1876 57.75 per cent of the cultivators of coca in the district of Chinchao alone were independent peasant farmers compared with 42.25 per cent who were *jornaleros* (Gootenberg, 2008: 87). As the population doubled over the following two decades one can only presume that a growing number of independent peasant farmers took advantage of the

boom, especially given the reluctance of most to be employed upon the unsanitary *haciendas*. Similar labour structures existed in the north where production was orientated towards the booming US markets. However, both *hacendados* and independent peasant farmers were given much less room for manoeuvre by monopolistic wholesale purchasers and prohibitive US tariffs upon exports of crude cocaine.

In Bolivia and Cusco, due to a combination of increased transport costs and greater demand among traditional consumers, leaves sold for more than in Huánuco or Trujillo. Landlocked Bolivia, furthermore, was restricted from entering the crude cocaine industry through prohibitive import taxes in Chile. In Bolivia the labour systems was divided between production on *haciendas* and independent peasant farmers living in indigenous communities utilising traditional, reciprocal, labour relations to cultivate the only crop that was sold for cash and not bartered. As land holdings were becoming more individualised, we see that even farming for the traditional market was giving rise to an increased level of social differentiation among the peasantry, just as was occurring among independent peasant farmers in Huánuco and Trujillo.

In Cusco the *hacienda* dominated. Labour relations had been modified since the early colonial coca boom. *Camayos* had been replaced by *árrendires* and *corpas* by *habilitados*. However, *mitayos* no longer existed nor seasonally hired groups. The system had become more complex in the sense that *allegados* had emerged, which would have been the equivalent of sub-*camayos* although among *allegados* a differentiation must be made between those 'con mesa' and those without. Similarly there were also sub-*allegados* (the equivalent of sub-sub-*camayos*) for whom the same differentiation must be made. Lastly there were the *tiapacoc* who held no land and so cannot be considered as similar to the *camayos*, and yet, being permanent residents working for food and lodgings alone, cannot be considered as similar to any other previous labour groups. Crucially, although unlike the *camayos*, the *árrendires* did not hold hereditary property rights over their *minifundios* they were able to farm the land which they held for the market rather than subsistence alone, even if they were obliged to sell at less than market value to the *hacendado*. Nevertheless, even with this and numerous other onerous obligations, wealth accumulation and therefore social differentiation upon the *haciendas* was possible and when these changes became uncontainable within a system of feudal relation of production, an emergent rural bourgeoisie led the charge to terminate the *hacienda* manorial system, which soon spread throughout the country. As such, coca did eventually play a very significant role in bringing Peru into modernity by constituting the principal economic basis of the wealth accumulation and social differentiation that became uncontainable within a system of feudal labour relations.

Thus, in Bolivia, Huánuco and Trujillo we see the *Grundherrschaft* manorial economy coexisting with independent peasant farming, while in La Convención and Cusco

in general, until the 1960s no paths led off from a unique combination of *Gutswirtschaft* and *Grundherrschaft* manorial economies that could not contain the contradictions brought by the emergence of a rural bourgeois through the production of coca and coffee. La Convención was anomalous on various counts. We are told that:

Two principal types of hacienda systems can be distinguished: the Grundherrschaft and the Gutswirtschaft. In the Grundherrschaft type (*hacienda de arrendamiento*) the landlord leases out most of the estate to peasants who thus account for most of the production. Almost no wage labour is employed. In the Gutswirtschaft type (*hacienda de producción directa*) the landlord cultivates directly most of the land and leases the remainder to tenants so as to obtain cheap labour for his own enterprise through the tenants' labour rents. Some wage labour is also employed. Thus in the former the peasant enterprise predominates while in the latter it is the landlord's which predominates... In the highlands of Bolivia, Peru and Ecuador the Grundherrschaft hacienda system predominated before the agrarian reform period. It is often possible to observe that with the development of capitalism landlords gradually transform the Grundherrschaft into a Gutswirtschaft... Meanwhile in the coastal regions of Peru and Ecuador the Gutswirtschaft hacienda was predominant since many decades (Kay, 1980: 7-8).

We have seen how the *haciendas* of La Convención were certainly *Grundherrschaft* type *haciendas de arrendamiento* given the prominence of *árrendires*. Yet, waged labour was also widely employed with the *habilitados* constituting a true rural proletariat without even the subsistence plots found on the *Gutswirtschaft* type (*hacienda de producción directa*) estates until their very latest development whereupon they were wholly dependent upon waged labour. Thus not only was it something of an anomaly in Peru to find *Gutswirtschaft* type estates so far from the coast but even more so that the estates should be such a unique mixture of the labour relations of the two principal types of *hacienda* systems. Moreover, although in an amended manner, as we saw in the previous chapter this was far from having been the case for a time period measured in decades but instead had largely been the case since the early colonial period. Lastly, rather than seeing that 'with the development of capitalism landlords gradually transform the Grundherrschaft into a Gutswirtschaft' we see if anything the reverse through the continuous arrival of *allegados* and *sub-allegados*.

As such, it is difficult to be in full agreement with Cristobál Kay when he writes elsewhere of how in Peru: 'The first important peasant mobilization that resulted in the expropriation of haciendas took place in the Valley of La Convención, where the jungle meets the altiplano in the north of Cuzco. The hacienda system of La Convención was of the Grundherrschaft type, based fundamentally upon the payment of rents' (1982: 1292). By contrast, it is much easier to agree with him when he instead writes elsewhere of how: 'Once again, the Peruvian case stands out for the multiplicity of interacting transitions it presents. Unlike other cases where either the landlord or the peasant road predominated, no such single criterion can be applied to Peru. Rather, it is the complex combination of paths

of transition which makes up Peru's specificity' (1982a: 166). No crop better demonstrates the veracity of this statement than coca.

VI

The Last Bastion of Peasant Farming?

Introduction

This chapter first seeks to contextualise the expansion of production of coca for the illegal market by outlining the increasingly precarious position of the Peruvian peasantry as the country's agrarian economy advances much closer to iniquitous agrarian capitalism. As such, the development of the Peruvian agrarian economy in the aftermath of the discontinuance of feudalism, as manifested by the *hacienda* system, is the chapter's point of departure.

The second part of the chapter outlines the emergence of the illicit industry and its spread to various regions. The industry emerged in the Upper Huallaga Valley (UHV) in the 1960s where it mostly remained until the 1980s when it spread to other areas. Today it can be found in more parts of the country than ever before although the UHV and the Valley of Rio Apurímac and Ene are by far the most predominant sites of production. It is argued that in the context of being upon the cusp of full immersion into agrarian capitalism, the production of coca has become one of the few remaining means by which peasant farmers can seek to remain economically self-subsistent and avoid joining the expanding coastal slums. Upon the *cocales* producing for this market, waged-labour is widely employed when the labour resources of the domestic unit suffer a relative deficit. Nevertheless, this 'peasant road' towards agrarian capitalism is again unique as it is one within which the levels of social differentiation are capped by the inability of producers to reinvest earnings to expand production. Instead, profits are reinvested in non-agricultural activities. The illicit nature of the industry hinders the adoption of economies of scale and therefore also the full *kulakization* and proletarianization of the peasantry. The last section of the chapter analyses the emergence and radicalization of the Peruvian *cocalero* social movement and its subsequent fragmentation.

The urban bias of the military-led agrarian reform

The 1964 land reform program of Belaúnde did little more in practice than officially recognise the invasions that had already occurred in La Convención and Lares. Nevertheless, the large landowners of the *sierra* were given notification of the intention of the government to expand the redistribution of land to include their *latifundios*. For this reason, many landowners opted to divide their property among family members as well as sell off parcels to tenants and thereby continue and strengthen the process of *kulakization*. Others attempted to evict their tenants and replace them with wage labourers, but this strategy was successfully resisted by peasant communities who staged further land invasions that were again officially recognised. The reformist military regime of Juan Velasco that took control in 1968 initiated - to the surprise of most - far more radical agrarian reforms and even expropriated the capital intensive coastal estates with compensation being based upon latest fraudulent tax returns (much to the chagrin of the landowners). The regime also ended the period of *laissez-faire* liberalism that had governed the national economy since General Odría came to power in 1948 when highly iniquitous economic growth had been led by primary product exports. This model was replaced by a program of import substitution industrialisation (ISI). The role of the state apparatus was expanded as foreign-owned companies were nationalised and a regional market for manufactured exports was established (Figueroa, 1984: 82-85).

In this manner Velasco pulled the rug from under the long-dominant landed oligarchy, as well as co-opting much of the traditional political base of APRA. By 1979, 40 per cent of Peruvian land had been expropriated to the benefit of 35 per cent of the rural population. However, unfortunately, although levels of production expanded, they failed to keep up with demographic growth. By the mid-1970s the cooperatives had run aground on account of external factors such as the rising cost of fertilizers and competition from agribusinesses coupled with an internal fiscal crisis and administrative class conflict (Brass, 2007: 247). Those who benefited most from the agrarian reforms were the coastal pre-reform wage labour force, especially those on the sugar cooperatives as a consequence of the high degree of previous capital investment and the unequal share of the resources for land redistribution that they received. Despite constituting only 2 per cent of the rural social classes they obtained a third of the available revenue. Unsurprisingly, within the working class they came to rank among the highest wage earners. On the highland *haciendas* those who gained most were the relatively well off tenants through the opportunities to purchase from landlords before forced expropriation (De Janvry, 1981: 137-138). Those who benefited least were the 14 per cent of peasant families who had lived in communities and had been lucky enough to attain any kind of income transfer. Like landless temporary or

seasonal labourers on the *haciendas*, most peasant families gained nothing (Figuroa, 1984: 87).⁸⁷ This was a consequence of the reforms having been directed towards the elimination of feudal labour relations and therefore occurred on the *ex-haciendas* and *latifundios* but nonetheless, income inequality between workers increased over the reform period. Nevertheless, the Prussian road had been forced to make way for a state-dependent North American road (de Janvry, 1981: 139).

This inequality should have been redressed by urbanisation, and a population expanding at a faster rate than most other Latin American countries - 2.7 per cent between 1950 and 1985 - with more income to spend on rural foods (Crabtree, 1992: 6). Whereas in 1940 30 per cent of Peruvians resided in urban areas, by 1993 about 65 per cent did (Cotler, 1999: 99). By the 1990s for every family living in the countryside there were two in the cities and so over the period the earning power of the peasantry should have increased by meeting the food demand of this expanding captive market. However, as Figuroa points out, these 'derived rural incomes' do not take effect if urbanisation is accompanied by a higher concentration of income that is instead spent on imported and processed foods. This could potentially be offset by increases in external demand for peasant-produced Peruvian crops but between 1955 and 1974 agriculture's share of total Peruvian exports declined from 55 to 20 per cent. Over the same period the proportion of total agricultural exports deriving from developed countries increased from 49 to 61 per cent while that of developing countries fell from 40 to 26 per cent (1984: 97-98). These were the areas in which developing countries were supposed to hold a comparative advantage, but in fact found themselves unable to compete with the tremendous growths in productivity brought on by the application of science to farming accompanied by impenetrable protectionist policies.

During the late 1970s Peru entered into the 'second phase' of the military revolution that would turn out to be the first steps towards the financial crisis that would plague the country in the 1980s. Annual rates of inflation fluctuated between 24 and 70 per cent and the GNP in 1980 was nearly 10 per cent lower than it had been in 1974. This was due to overspending by the military (which had been financed by borrowing petrodollars rather than expanding the tax base), hostile international markets and a negative balance of trade.⁸⁸ The demand for imports was reduced by capping wages and subsidising food essentials. As such, by 1979-1980 the deficits had been significantly reduced and the balance of trade was again positive. Nevertheless, urban incomes fell for most and unemployment rose, while in rural areas inflation outpaced increases in the prices of commodities and labour sold by

⁸⁷ Furthermore, peasants in the *sierra* also suffered indirectly from the fall in demand on the coast for seasonal labour (Clawson and Lee, 1998: 135)

⁸⁸ The Organisation of Petroleum Exporting Countries (OPEC) orchestrated oil price rise of 1972 flooded western banks with "petrodollars" that were soon loaned to developing countries of all political persuasions upon the assumption that a country could not go bankrupt.

peasants, and yet inflation lagged behind the rise in prices of items the peasantry purchase (Figueroa, 1984: 102-105, 109). In this context the military government were forced to abandon their anti-imperialist nationalist rhetoric and seek loans from the financial community. Washington conditioned loans upon the adoption of orthodox structural adjustments, the reinstatement of democratic elections and increased efforts to combat narco-trafficking (Cotler, 1999: 103).

As urban diets became increasingly 'internationalised' towards processed foods that were entering the country practically free from prohibitive import taxes - thereby increasing food dependency, vulnerability to exchange rate fluctuations and reducing the availability of foreign exchange - and coastal capitalist enterprises expanded cultivation of traditional staples, the highland peasantry were increasingly marginalised from the national agrarian economy. For example, whereas in 1971 46 per cent of the potatoes entering Lima markets had been cultivated in the *sierra*, by 1978 the figure had dropped to 11 per cent, thereby massively depriving the poorest 25 per cent of the national population from an erstwhile significant source of a meagre income. In attempting to rectify this situation, the military government were forced to begin dividing the cooperatives (Caballero, 1984: 14-18). In the opinion of Caballero, writing in the early 1980s:

... no characteristic in Peruvian economic policy has been more consistent in the last twenty years than that of its pro-urban bias. The treatments received by agriculture and industry were diametrically opposite. While industry received indiscriminate protection, following the Law of Industrial Promotion of 1959, agriculture was subject to a lack of protection that was equally indiscriminate: there were no tariffs on agrarian imports, exports were seriously taxed, food prices were intermittently the object of regulations and controls designed to maintain them at low levels, competitive food imports were subsidized during various periods, and the internal price of imported products was kept artificially low in various periods. In short, the policy was consistently oriented toward keeping food cheap in the urban markets at the expense of a sustained disincentive to agriculture (1984: 18).

Belaúnde and orthodox monetary policies

In April 1980 democratic elections were held and Fernando Belaúnde was re-elected with an impressive 45 per cent share of the vote among 15 candidates. Dynamic economic growth needed to be based upon the release of new sources of capital and the creation of new domestic and international markets for goods and services. The continuance of the fragmentation of the cooperatives and agricultural expansion were essential as they developed the necessity for far fewer inputs. This growth also had to be more equitably distributed so as to offset political instability and establish the relevant domestic markets. To shore up these objectives and absorb resultant social tensions participatory democracy would also need to become more deeply entrenched (Crabtree, 1992: 21-22).

As promised to the financial communities in exchange for debt rescheduling,

vigorous orthodox adjustment policies - which were seemingly proving so successful in Chile - were immediately adopted in Peru, although in effect many had already been started by the military. State owned enterprises were privatised to encourage investment, but for various reasons the private capital (both domestic and international) was reticent to come forward other than under extremely favourable circumstances. Remaining tariff and trade barriers were brought down to make domestic industries become more competitive and begin trading upon the basis of comparative advantage of more traditional industries such as mining. Unsurprisingly, the domestic market was immediately flooded with foreign products, many of which were luxury items. Meanwhile, export-led-growth stalled in 1981 and 1982 as products such as copper, silver, tin and coffee were hit by low prices. National firms were forced to seek credit to attempt to stay afloat but on account of financial liberalisation credit was now more expensive and so foreclosures became widely spread with manufacturing productivity falling by 20 per cent between 1980 and 1983. Infrastructural investments lagged far behind the optimistic projections of 1980, with many halting half way through as the recession began in 1983. Currency was also to be slowly devalued to improve the competitiveness of exports but in fact only resulted in real wages declining by 35 percent and debt growing by 70 per cent over 1980-1985. On top of these economic difficulties lay political infighting and public protest. External factors included the debt crisis, the drying up of avenues of credit and the floods, droughts and reduction of fishing catches wrought by El Niño. Economic stagnation and price inflation (stagflation) were the result and those who suffered disproportionately were the poorest. Wealthier sectors converted their savings into dollars and also engaged in capital flight (Pastor, 1992: 83-94).

García and heterodox monetary policies

In 1985 an elected government democratically passed on the presidency for the first time in forty years to Alan García who had run under a mandate to reverse the errors committed during the Belaúnde presidency, in the interest of all sectors and through the use of demand-led heterodox methods. The IMF was informed during García's first Congressional policy speech that debt servicing would be limited to 10 per cent of export earnings in order to stem the outflow of dollars and thereby keep the currency stable. Payments were supposed to be selectively prioritised towards those loans that would benefit trade. However, García found it difficult to do this and remain within his self-imposed 10 per cent limit. Whereas Belaúnde had also reduced the percentage of export earning being redirected towards debt servicing he was clever enough to do so on the quiet. García, however, accompanied his continuation of this policy with grandiloquent anti-imperialist speeches that ostracised him from the financial community until Peru was denounced as an 'ineligible borrower' by the IMF in

August 1986, with other lenders soon adopting a similar stance, such as the World Bank in May of the following year (Pastor, 1992: 98-99).

Other elements of the heterodox method were that the prices of essential goods were to be frozen and the new *inti* currency tied at a fixed rate to the dollar after a 12 per cent devaluation from the *sol*. Likewise, wages and domestic fuel prices were to be frozen after 18 and 25 per cent respective increases. Interest rates were also to be reduced in accordance with the fall of the inflation rate. The underlying logic of the heterodox method was that by limiting debt servicing more money would be available to purchase inputs that would finance the expansion of industrial output. The orthodox alternative entailed reducing imports to bring trade surpluses but without inputs, exports would be restricted to traditional primary products. Regarding inflation, the IMF held that it arose from excess domestic demand supported by budget deficits. For those ascribing to the heterodox model this could not be the case as much of Peruvian industry was idle. Instead they saw inflation as a consequence the continuous devaluation of retail prices, the rising prices charged by state companies and the need to do so on account of the higher rates of interest they were being forced to pay. By increasing real wages it was assumed that underutilised industrial production would be reinvigorated towards full working capacity, which would in turn expand the tax returns from income, consumption and imports and thereby offset inflationary pressures. Initially, these measures were strikingly successful and Peruvian economic growth occurred at a pace far ahead of the rest of Latin America with the country being held up as the poster boy for heterodox economic policies. Whereas the monthly rate of inflation in 1985 had been 12.2 per cent in April, it continued to fall throughout the year and reached 2.7 per cent by November. By July 1986 real incomes had grown by 25 per cent from their levels in July 1985. Meanwhile, with a frozen exchange rate, people returned to holding their savings in domestic currency and thereby proportionately increased its percentage of the liquidity of the financial system (Crabtree, 1992: 31-35).

However, in 1986 the public sector deficit increased to 5.1 per cent of GDP from 2.7 per cent in 1985 on account of falling levels of national income. By this period production levels had also reached their full capacity and the trade surplus had begun to disappear by the end of the year on account of increased imports - primarily of consumer goods and especially food - and a fall in the prices of exports with the exception of cocaine. Meanwhile, the non-official dollar price began to make significant gains against the *inti*. During the first half of 1987 García preoccupied himself with getting private capital invested in industry by seeking agreements with the business sector while at the same time incurring their wrath by raising taxes against them and forcing the purchase of government bonds.

Nevertheless, GDP per capita was at its highest levels since 1982. The construction and manufacturing sectors had done particularly well out of government policies that eased

the legislative constraints surrounding employment rights (PROEM) and consequently expanded employment opportunities, which in turn benefited those in the informal sector via increased demand for their goods and services. Moreover, the informal sector was increasingly composed of women as men left spaces behind them as they took up employment in the formal sector. Temporary communal improvement programs (PAIT) were also initiated around urban outskirts providing a further source of potentially renewable short-term employment for 150,000 at their peak in late 1986. Lastly, credit was made more available to small-scale entrepreneurs in the shantytowns.

Agricultural development dovetailed nicely with the intention to become more self-sufficient by reducing dependence on food imports to save foreign exchange, and where possible purchase from small-scale peasants. The Agricultural Reactivation and Food Security Fund was created in 1986 to subsidize guaranteed prices and inputs for agricultural produce that would still allow for the supply of cheap food to the cities. Unfortunately, the crops that were chosen as beneficiaries – rice, milk, hard yellow maize and sugar – were not those predominantly grown by small producers and mainly benefited those on the coast. Of more consequence to highland producers was the quadrupling of low-interest loans from Banco Agrario, although again larger farmers benefitted disproportionately through their increased ability to repay. In the end, only 6 per cent of *sierra* farmers benefitted from access to credit or technical assistance with attempts in many areas being severely hampered by guerrillas. Ultimately, it was the rise of urban food demand away from imports, accompanied by a rise in prices, that proved to be the most beneficially consequential agrarian policy for the small farmers of the *sierra*. In 1986 the price of potatoes rose by 93 per cent and beans by 68 per cent. Again, however, through lack of infrastructure, this benefited most - though not entirely - those well integrated into the markets on the irrigated coastal valleys and especially agribusiness which therefore, through higher wages, increased the incentives behind migration. Fearing shortages, the government were obliged in 1986 to increase the level of food imports, especially for meat (Crabtree, 1992: 48-57).

Indicators of a political and economic crisis were apparent by 1987 and attempts were being made to address them. Foreign exchange had been rationed to halt the depletion of reserves, the *inti* was devalued again and price controls were being relaxed. Yet the private sector were still dubious about García's intentions after the bonds fiasco and these suspicions were confirmed when he announced to Congress in July 1987 that he intended to nationalize the banking system, including insurance and finance companies so as to 'democratise' credit by making it available to all sectors of society, halt capital flight, the cleaning of coca-dollars - and hopefully reassert his standings in the polls. The immediate effects were the withdrawal of deposits from banks likely to be affected first and their reinvestment in state-owned banks. Gradually, the legislative proposals were withered down

to next to nothing through challenges in court against their unconstitutionality or divestiture of majority shareholding in order to render operations exempt. However, the business community had now lost all confidence in the García administration.

Meanwhile, inflation was beginning to rise, economic output was slowing, the public sector deficit was growing and the trade deficit was increasing on account of imports with the banking system's net international reserves turning negative in January 1988. On the street the dollar was now worth 92 *intis* compared with the official exchange rate of 33. As demand for remaining reserves increased so did the value of the dollar. By August 1987 the government was making discreet overtures to multilateral financial institutions about plans to resume debt repayments, reconsider the 10 per cent limit and prioritise the repayment to multilateral lending institutions. The fixed exchange rate was ended and the *inti* devalued, while plans were set in motion to seriously downsize public finances. Orthodox price adjustments were advised and about to be implemented when García balked at the political cost of higher rates of inflation. In March 1988 García decided at the last minute to lessen the price adjustments and to complete them in two stages with a 120-day freeze in between. By the time of the second stage in June and July the public were far from convinced that either their short or long-term interests were being met. The adjustment raised the price of petrol by 58 percent, the exchange rate was devalued, regulated prices and public sector tariffs were raised to be partially offset by rises in the minimum wage. However, these price increases simply metamorphosed into inflation. This became apparent on a monthly basis after numerous efforts to redress the situation by continually engaging in heterodox piecemeal engineering and became known as the *paquetazo*.

As real wages decreased and the rate of rise of inflation increased García's popularity began to take a nose dive among the urban poor, and with elections due in two years it was deemed preferable to take drastic measures sooner rather than later. In September the predominantly orthodox measures of 'Plan Zero' were announced to halt inflation, speculation, shortages, fiscal and exchange rate deficits and Central Bank credit to the public sector via serious devaluation, fiscal adjustment and monetary squeeze. Thinking that these measures would place Peru in the good books of the multilateral lending agencies - especially as they had been taken of the country's own accord - in late September the new Finance Minister, Abel Salinas, travelled to the annual meeting of the World Bank and IMF in Berlin where he was politely informed that Peru was still considered an *economia non grata*, although the World Bank were kind enough to travel to Peru in late October to warn of what dire circumstances the country was in. By the end of the year the rate of inflation had reached 1722 per cent, while in 1989 the figure increased to 2776 per cent, with economic activity decreasing by 9 and 12 per cent respectively. Average per capita real income fell by 22 per cent between 1987 and 1989 bringing it back to levels of the 1960s.

Peru had experienced ‘hyper-stagflation’. Meat in the markets rotted simply because people couldn’t afford it.

Agricultural production, which had risen as a consequence of increased urban demand, continued to expand through 1988 until real prices fell sharply. Meanwhile, the price of agricultural inputs became exorbitant, not to mention consumer goods. This was exacerbated by the inability of the state to continue with previous policies such as the provision of cheap credit, the purchase of produce at a minimum price or maintain infrastructural projects. Agricultural production duly contracted as did that of livestock, further contributing to shortages in urban markets. To remedy these shortages the government began importing food to the further detriment of the agricultural sector and forcing them to seek alternatives (Crabtree, 1992: 121-151). By the late 1980s 50-60 per cent of the Peruvian population were underemployed, and those who had managed to retain their jobs were being paid 30 per cent less than 1979 levels (Alvarez, 1995: 135; Gonzales, 1992: 120). Meanwhile, on account of *Sendero* roughly half the country and more than half of the population were living under a state of emergency and consequently had had civil liberties suspended in exchange for military authority. Over the decade at least 20,000 people had been killed and 500,000 displaced, with infrastructural damage reaching an estimated cost of \$10 billion (Felbab-Brown, 2010: 35; Rojas, 2005: 188).⁸⁹

The ‘Fujishock’

With support for APRA having plunged and the Unidad Izquierda divided between moderates and extremists, the political right appeared to be on the ascendant, united under the illustrious novelist Mario Vargas Llosa and the Frente Democrático (Fredemo) coalition with financial backing and media support. However, at the last minute a complete political outsider, Alberto Fujimori, leading Cambio 90, surged through the opinion polls by appealing directly to the informal sector, regionalist aspirations and portraying Fredemo as representing elite interests. After gaining second place in the first round, *apristas* and the rest of the left switched their allegiance to give Fujimori a majority of 60 per cent in the second round (Crabtree, 1992: 152-183).

Fujimori immediately set about controlling inflation and in 1991 implemented the neo-liberal package known legislatively as Legislative Decree No. 653 Law for Promotion of Investments in the Agrarian Sector, which would become known as part of the ‘Fujishock’. The country’s economy was increasingly re-orientated towards export-led

⁸⁹ Between 1980 and 2000 an estimated 70,000 people were killed on account of the political violence according to the findings of the Truth and Reconciliation Commission. ‘Truth and Reconciliation’ February 2004, <http://www.perusupportgroup.org.uk/files/fckUserFiles/file/TRC_booklet.pdf> [accessed 31st January].

growth with tariffs being slashed to gain cheaper inputs so as to push exports, spur investment, reduce domestic food prices and thereby inflation. Meanwhile, the *inti* was devalued and then allowed to slowly appreciate, making purchases of imports cheaper but exports more expensive. Price controls were scrapped as was state intervention through public sector agencies such as the Empresa Comercializadora de Arroz (ECASA), the Empresa Nacional Comercializadora de Insumos (ENCI) and even the Banco Agrario, thereby eliminating subsidised prices and credit. Meanwhile, the number of employees in the Ministry for Agriculture was reduced from 22,000 in 1990 to 5,000 by 1996 with projects being either suspended or given to private organisations. Land titling was promoted via the Proyecto Especial de Titulación de Tierras y Catastro Rural (PETT) to extend the supposed benefits of privatisation to more small-holders by creating a property market and enabling them to capitalise their properties by raising mortgages. Upper limits on landholdings were scrapped in 1995 by the Ley de Tierras and the state given the right to sell off public lands. As a reward, the IMF and World Bank restructured Peru's foreign debt (Crabtree, 2004: 139-142).

With *Sendero* and hyperinflation more under control, the agricultural economy increased its rate of growth during the 1990s. However, this principally benefited large-scale enterprises producing for agro-industry and external markets with the value of exports increasing over the decade although not at the same pace as imports. Peru's agricultural trade balance first entered into the negative in 1980 although imports per capita had been rising continuously since 1970 and by the turn of the millennium accounted for about 40 per cent of food consumption. Such food dependency harms domestic producers, requires foreign exchange and as diets continue to 'modernise' the trend looks set to continue. For instance, whereas the average person consumed 100kg of potatoes each year in 1990, by 2000 the amount had fallen to 38 kg. Domestic wheat farmers might have benefited from such dietary changes by supplying producers of bread and pasta but the latter are well organised and vociferous in demanding access to cheaper, subsidized imports, as was demonstrated by the removal of the surcharge in 1998 that had previously protected domestic (both small and large) farmers from their prices being further driven down.

Extreme rural poverty was offset to a certain degree by Fujimori's social programs, such as the subsidised food handouts, yet other than in the jungle - on account of coca - the overall rates of rural poverty rose between 1994 and 2000. This was a period when urban demand had started to reassert itself. Obviously, this was no longer being channelled as before towards domestic produce and many small farmers were forced to return to self-subsistence production or migrate in search of labour. The neo-liberal 1990s therefore increased the differences in regional agricultural productivity to the benefit of large farms on the irrigated the coast with better access to credit and infrastructure to supply the cities with

the produce desired by a 'modern' diet as well as non traditional agricultural exports (NTAE) such as asparagus. Among such producers rural economic (and political) power has also been concentrated. The peasantry had been caught in a production scissors being unable to enter the export markets or compete with imports (Crabtree, 2004: 142-156). During the period 1994-2000 the national percentage of people living in poverty grew from 53.4 per cent to 54.1 per cent. The biggest growth was in urban areas such as Lima where the figure rose from constituting 42.4 per cent of the expanding metropolitan population in 1994 to 45.2 per cent by 2000. However, rural areas remained the location with by far the greatest incidence of poverty climbing from 65.5 per cent in 1994 to 66.1 per cent by 2000. A knock on consequence of increased urban poverty is a decline in demand for rural produce, which in 2000 dropped by 16 per cent (Revista Agraria, 2000: 9).

Post Fujimori

Despite being elected for a third term in 2000, Fujimori's support plummeted following the scandal surrounding the de-facto chief of Peru's National Intelligence Service, Vladimiro Montesinos, who was caught on camera bribing the opposition congressman Alberto Kouri for defecting to Fujimori's *Perú 2000* party. Following the interim presidency of Valentín Paniagua (2000-2001), Alejandro Toledo, who had long led the opposition to Fujimori, was elected to the presidency where he served until 2006. Despite proclaiming that agriculture was his "Prioridad A-1", Toledo largely continued with the agrarian policies initiated by Fujimori. Exports, especially of NTAEs produced on the coast, grew at a more rapid pace than before and averaged 4.6 per cent per annum from 1998-2006 (Zegarra & Tuesta, 2009: 300n). Whereas traditional agricultural crops accounted for an average of 12.2 per cent of exports between 1979 and 1993, this average fell to only 1.7 per cent from 1993-2005 (Hausman and Klinger, 2008: 8-9). Likewise, the second presidency of García has entailed a continuation of this pattern although with increased attention towards the extraction of natural resources whereupon rights to private property seem to apply only to those with sufficient resources to invest and make the lands productive. Eventually, these attempts to privatise the communal lands of Amazonian tribes led to a year of protest in the jungle (Castillo, 2009: 72-76).

Like elsewhere in Latin America, free trade agreements (FTAs) have also become the order of the day and on 1st February 2009 Peru's FTA with the USA entered into effect. As a result of the commitments to liberalise that were entailed therein, many of the 99 presidential decrees that were issued and negatively affected indigenous land-rights were created for that purpose and all without any consultation with those to be affected. For example, Decree 1015 arbitrarily reduced the approval required from a community owning

land collectively from two thirds to 50 per cent. Decree 1064 gave the state the authority to declare collective lands fallow and therefore amenable to expropriation, enabling resource extraction without the permission of the owners. Decree 1090 gave the state the authority to convert forested areas into arable land primarily for the production of agro-fuel feedstock such as sugarcane and palm oil. Already about 75 per cent of the Peruvian Amazon - covering an area the size of Spain - has been leased out to TNCs in 64 blocks for mining, petroleum and forestry and of these blocks 58 include indigenous lands (Fritz, 2010: 10-11).

As far as Garcia is concerned, Peru needs to emulate more developed countries and begin to exploit its natural resources more, whether in the Amazon, the mountains or maritime. By not doing so he compares the country to a Gardener's dog that does not eat the cabbage but will not let anyone else either (García, 2007). Indeed, it cannot be denied that the expropriation of the lands of the Native American Indians played an important part in the development of the US national economy and, as we saw in Chapter III, the theft of land has been recognised since the days of Smith as the essential foundation of all economies and governments. However, in today's world it is much more likely to reinforce Peru's position as an exporter of the raw materials that industrialised countries need to produce the value-added manufactured goods that can then be sold back to Peru, while the highly subsidised agricultural sector will also gain a larger slice of the action and flood the Peruvian markets. Consequently, at the peril of most of the population, the Peruvian government is in 2010 seeking to establish FTAs with China, the EU and the Pacific Rim, despite widespread social protest and García having warned Toledo against signing an FTA with the US when he was a candidate for the presidency.

To the delight of some, '99% of the value of current Peruvian exports will now permanently and immediately enter free of taxes into the U.S. market' (de la Flor, 2010: 69). Promises of compensation to Peruvian farmers to counter the effects of subsidised US prices quickly evaporated. Upon many of the products most likely to suffer under the FTA (cotton, rice, potatoes, maize, wheat, sugar, palm oil) the removal of tariffs will proceed slowly and not come into full effect until between 5 and 17 years after February 2009. For example, the quota on the amount of maize that can be imported free of tariffs currently stands at 40 per cent of national production, which equates to 500,000 MT. However, this quota will rise by 6 per cent per annum and by 2020 there will be none. Nevertheless, already some of the expected effects are becoming visible and imports of US agricultural produce have risen steadily (Navarro, 2010: 10-11). Meanwhile, on the irrigated coast especially, thousands of hectares are once again accumulating in the hands of large proprietors for the purpose of agro-exports, leading some to write of the return of the *latifundios* and the birth of a new rural society (Revista Agraria, 2010: 4-9). Indeed, before the agrarian reforms the largest *hacienda* was Casa Grande measuring 29,000 hectares whereas today the Gloria Group own

40,000 hectares in the valley of the Chicama river alone (Revista Agraria, 2010a: 4).

The Latin American countryside has changed to such an extent that by the turn of the century a new approach to rural studies had emerged, termed the ‘new ruralities approach’ on account of the structural changes wrought by neoliberal policies across the continent. While interpretations of the approach differ, the most common is concerned with the transformation of rural incomes away from being completely based upon agricultural activities and instead deriving from ‘pluriactivity’ or ‘multifunctionality’. This has involved the rising importance of non-farm labour activities that are either of a skilled or unskilled type and thereby increased levels of social differentiation. This spread of capitalist relations of production has brought with it a flexibilisation and feminisation of the rural labour force whereby employment is increasingly of a much more seasonal and precarious nature, devoid of any type of social security or minimum wages, and much more likely to revolve around the employment of females who are seen by employers as less likely to organise politically and instead accept these conditions. Unfortunately, for many, this is still an escape from patriarchal oppression. Meanwhile, the clear-cut division between the rural and urban have become quite obfuscated with residents in both often working temporarily in the other, and industries often attempting to establish themselves in the countryside so as to take advantage of lower wages or because of the agro-industrial nature of the work and bringing with them urban working days and labour relations. The last significant alteration of the countryside is the increased importance of remittances from migrants that have often left the village relatively depopulated of its younger labour force as more than before women are also leaving. Indeed, in many countries the value of remittances from an increasingly diverse array of countries now exceeds that of overall agricultural, and sometimes even total, exports (Kay, 2008: 15-28). In these circumstances the cultivation of coca and the production of cocaine appears as one of the last remaining productive safety nets for independent peasant farmers for the simple reason that this is an industry into which large-scale capitalist farmers cannot directly enter.

The emergence of narcotrafficking

The first South American smugglers of cocaine powder emerged in the 1940s and 1950s and were mostly Chileans, Cubans or Argentinians purchasing stocks of crude cocaine from decrepit factories in Peru, and thereafter mostly from the illicit laboratories that had begun to spring up in Bolivia under the initial direction of Peruvians from Huánuco who were fleeing the obstacles placed by President Odría. The tens of kilos annually trafficked were refined externally and either consumed domestically or transported to the U.S., often through Mexico.

The most prominent Chilean trafficking clan, the Huassafs, shared very close ties with the Chilean-born Luis Gayán Contador, who after the 1952 Bolivian revolution had risen under Estenssoro to become the chief of the political police, otherwise known as the National Identification Service. Meanwhile, at home their contact was Carlos Jiménez García, the sub-prefect of Chilean police investigations at that time. As such, the Huassafs were well protected against cross-border arrests. Upon the fall from grace of their contacts, however, this proved to be no longer the case. As would occur in Colombia in the 1990s, upon the fall of the dominant cartels the damn burst. The difference was that in Chile the trafficking rings would be stamped out by the arrival of the Pinochet dictatorship in 1973 and thereafter the industry would move north to Colombia. In Cuba cartels did not develop but in a similar fashion to Chile, upon the advent of the 1959 revolution, her cocaine commercial circuit was swiftly terminated. Cuban traffickers spread in a diaspora with many setting up base in New York or Miami where they would soon take control of US retail. Likewise, Argentina lacked cartels but had long been the home of international smuggling networks emanating from the Italian and Jewish mafias, which were again dismantled by post-1966 military regimes. Other destinations, such as Brazil, had large enough domestic markets to mostly avoid being transit points, although sometimes it did (and today much more) act as a staging post for European cocaine. Like elsewhere, the arrival of the 1964 authoritarian regime signalled the suspension of the country's buoyant cocaine *mise en scènes*.

As police pressure against trafficking increased in Bolivia, especially following the 1964 anticommunist coup and the 'military-peasant pact' - to the point whereby even the first army unit to encounter Che Guevara's guerrillas had actually been looking for coca fields - the production of coca and cocaine dispersed towards the Amazon, where highland peasant agriculture was already advancing. This occurred both in Bolivia and Peru, centering in Chapare and Santa Cruz in the former and the Upper Huallaga Valley (UHV) in the latter, around the towns of Tingo María, Uchiza and Pucallpa. By the mid-sixties hundreds of kilos were leaving both countries annually, destined primarily for New York and Miami. By the mid 1970s the descriptive figure for the amount of cocaine leaving Peru destined for US markets had become tons, the green gold rush was on again (Gootenberg, 2008: 245-290). Morales relates the following account of the changes he noticed over the period:

When in 1966 I visited Tingo María for the first time, it was a small town whose main street was the dirt road connecting with the town of Pucallpa (a city in the lowlands of the Amazon basin). The town counted three roach-ridden hotels and one tourist hotel, a few mediocre restaurants, and a whorehouse about five hundred meters from the main street. At that time, the recently colonized forest lands around Tingo María were not yet in full production.

Twelve years later, the main street was the commercial centre. Major national banks had opened their branch offices there. The city boasted a university campus, the Universidad Nacional Agraria de la Selva, and scores of average restaurants and hotels had been opened.

The town was so busy and lively that even the same roach-ridden hotel built in the sixties was always overbooked. Tingo María had become the centre of cocaine traffic (1989: 95).

The Upper Huallaga Valley (UHV)

The first road to transgress the Carpish Pass and enter the UHV did so in 1938 under the military government of General Oscar Benavides, reaching the ‘official colonization zone’ of Tingo María, extending thereafter further into the interior to Aguaytía and reaching Pucallpa by 1943. The population rose at 11 per cent per annum from 11,600 in 1940 to 45,200 by 1961. Largely, this was due to the joint establishment by the US and Peruvian governments of an *Estación Experimental Agrícola*. The aim for the US was to offset the disruption of essential supplies of crops such as rubber and quinine that had previously been attained from plantations in Southeast Asia but were currently under the control of the Japanese. After the war the *Estación Experimental Agrícola* would become the largest US-sponsored tropical research station in the Western Hemisphere. Projects were elaborated to encourage the production of a wide range of commercial tropical crops and individual plots were issued.

Nevertheless, in the 1940s coca continued to be the main crop, covering 11 per cent of the colonists’ holdings. It must be born in mind that:

Transplanting coca was a tradition integral to migrant peasant strategies. The leaf was easily sold to upland communities, supposedly now channelled via the new monopoly to Indians who consumed some eight million tons of leaf in the 1950s, a third of which originated from the central montaña. The land put to coca doubled in Peru during the 1950s from 8,000 to 16,000 hectares, yet the crop itself expanded more slowly, from about eight to nine million tons, a sign of coca’s low productivity and social role as an extensive peasant activity (Gootenberg, 2008: 295).

Although at a diminishing level, the population of the UHV in the 1960s continued to expand at the fastest rate in Peru, aided greatly by the 1963 agreement between Peru, Bolivia, Ecuador, and Colombia to cooperate on constructing the Bolivarian Highway that would traverse the 3,500-mile western edge of the Amazon basin and open up millions of hectares of land to hundreds of thousands of Peruvian colonists. The military dictatorship set up theoretically cooperative projects such as the wood-processing factory, *Madera Prensada Sociedad Anónima* (MAPRESA). Widespread agrarian reforms were also being promised in the *sierra* and on the coast (Werlich, 1978: 283). The Peruvians were enjoined by their US-backed reformist President Fernando Belaúnde Terry to read his book and partake in the eponymous ‘Conquest of Peru by Peruvian’. In this manner it was hoped to halt the spread of peasant unrest and land conflicts occurring in central and southern mountains and valleys, as well as make up for the continuing stagnation of highland - although not the more capital intensive coastal - agriculture (Caballero, 1984: 5). MAPRESA closed down leaving

hundreds unemployed (who in any case had been struggling to get by on minimal salaries surrounded by cocaine-inflated living costs), but the principal problem was that on land in the steep *ceja de selva* (eyebrow of the jungle) soil is thin, erodes easily and therefore only suitable for permanent crops such as coffee, tea, citrus, avocados and of course coca (Aramburú, 1982: 25; Morales, 1989: 98).

Nevertheless, like the colonists in La Convención, those arriving in the UHV were only too keen to seek a means of making a fresh start for themselves away from the confines of the *sierra* or coastal *haciendas*, and even the *comunidades*. Yet, unlike in La Convención, not all were entering into feudal labour relations but were often escaping them. Aramburú distinguishes three phases to the migratory process to the *ceja de selva*. The principal socioeconomic group during the period of initial penetration was composed of male household heads from the *sierra* who continued to maintain the fields in the *sierra* community operational through the labour of their immediate family while they cleared parcels to begin cultivating, perhaps aided by older children. During this period the length of stay of the migrant was restricted to two or three months so as to coincide with the harvest and sowing periods in the *sierra*. Others, however, would arrive *enganchados* and have to spend time working on the *haciendas* until they attained independence.

Phase II occurs as the pressure for the most fertile lands intensifies, obliging the migrant to establish his proprietary rights in a more visual sense through the relocation of the family from the *sierra* to the colonized lands. The fields in the original village are now worked by more distant family members, a system very closely approximating that of the pre-Hispanic 'vertical archipelagos' mentioned briefly at the start of Chapter IV. As the colonists expand production the need for additional seasonal labour increases, which in turn generates another migratory flow from the *sierra* community that is generally composed of youths. Given that the extra-familial labour demand is seasonal, so in turn are the flows. Phase III is reached when all the available land in the colonisation zone has been taken and urbanisation begins with investment being transferred towards non-agricultural activities. Plots also begin to be abandoned at this stage due to over exploitation and are apportioned to the falling number of new arrivals. Migration also begins away from the zone as children are sent to study in the towns or cities and the poorer migrants seek better opportunities elsewhere in their continued quest to 'strike gold' (Aramburú, 1982: 22-24).

We see, therefore, that whether deriving from the feudal *hacienda*, or the communal *comunidad*, the colonists pass through the transitory stage of relying on familial labour as quickly as possible to begin engaging in productive relations of a capitalist nature, employing salaried seasonal workers to help expand levels of productivity of crops for sale on national and international markets. Consequent social differentiation is demonstrated by some being able to afford for their children to study elsewhere. Not only is there a direct

financial cost for them to do so, but also the opportunity cost of their absent free labour (minus living expenses). The spontaneous colonist to the upper jungle's path to agrarian capitalism therefore very closely approximates that of North America or the Netherlands given the absence of feudal relations. However, when engaging in the cultivation of coca leaves for the production of cocaine, the articulation with agrarian capitalism takes on a very unique form.

As Aramburú points out, it is interesting to take note of the fact that due to the high labour, technology and input costs, and rapid price fluctuations, very few capitalist companies have been successful colonisers of the upper jungle (1982: 31). The small family farmer has the upper hand in such situations being able to produce in accordance with the Chayanovian labour-consumer balance that undercuts the cost of wage labour. In addition, the peasant colonist also cultivates consumption crops and so is less vulnerable to market fluctuations. Although, unlike in Russia when Chayanov's wrote, the spontaneous colonist peasants in the Peruvian *ceja de selva* were much more integrated into producing for the market and were quick to seek the most profitable crops.

Initially, most farmers in the UHV attempted to cultivate licit crops suitable to the area such as tea, coffee and tobacco but were prevented from doing so more than in other regions. Everywhere the prices for the crops fluctuated but not everywhere was the cost of living rising so steeply as a consequence of the illicit cocaine industry. Faced with high interest rates on the credit they had received, colonists had little other option than to turn their fields into *cocales* to produce for a market with spiralling prices that was far less likely to become as saturated as those of the other crops. Then there is the social prestige. Morales tells the story of a thirty year old peasant from a highland community who used to travel down to *cocalandia* (coca land) three times a year. Initially he went to help in the harvest but gradually got more involved in the illicit side of things. He writes:

Between September 1983 and August 1985 Carlos acquired two Seiko watches, one table-top sewing machine, one Sony stereo receiver, one Pioneer equalizer, and two ladies' Citizen watches, one for his wife and another one for his lover, who was also his sister-in-law. No other peasant in the village enjoys Carlos' affluence. Because of this peasants' economic position vis-à-vis the rest of the community, many young school boys are tempted to make the long trek across the eastern range of the Andes (1989: 42).

Similar stories can be heard in hundreds of impoverished hamlets where the chances of doing well for yourself, helping your family, impressing the girl that you like (or her parents), sending your kids to good schools, sponsoring the village fiesta, or buying a car or a house like the one owned by the person across the street are very limited, if not next to impossible. Indeed, in Peru such things are also generally impossible for the middle class as well. Getting very lucky in the mines is perhaps the only possibility, and one with few examples to witness. People who do not do well in *cocalandia* are nowhere to be seen for

they are hidden in jail. Furthermore, as more people in the village engage with the illicit economy it becomes an embarrassment to remain one of the families who still have a thatched roof supported by adobe blocks.

The first time I heard such a story, a fashionably dressed man in his thirties regaled his beer-drinking small audience of male youths and older men as he told the story of the time he and some friends had been attempting to traffic cocaine paste out of the region when they unexpectedly stumbled upon a police patrol. Quickly, they hid in the bushes but there they had to stay for hours as the patrol was not going anywhere soon. After staying hidden and silent for what seemed like an eternity, eventually, the patrol moved on and he and his accomplices were able to stealthily move on to their destination and get paid handsomely. The story was told as if he were some sort of Robin Hood who, through sheer guile, had managed to evade the evil and corrupt authorities to return home and help his family. After all, why should an ethnic group who have been oppressed for hundreds of years by Europeans and their descendents really care if the decadent western world wishes to Hoover the stuff up their noses? The youths listened in silence with eyes wide open and the smiling elders nodded approvingly. Personally, if I were in their position, I would find it next to impossible to resist the temptation, especially as opportunities continued to shrink over the second half of the twentieth century.⁹⁰

The rapidly rising demand for cocaine in the 1970s fostered the development of the illicit cocaine industry in Peru among a migrant population who had been largely ignored by General Juan Velasco's modernisation plans and certainly not given the support they had been promised by the earlier Belaúnde regime (Dreyfuss, 1999: 374). The illicit industry concentrated primarily on the manufacture of *pásta básica* for further refinement in Lima or after 1980 for export predominantly to Colombia for this stage of the productive process. That which was domestically controlled was of a relatively small magnitude. Both, however, were based upon similar structures. At the bottom of the pyramid lie the *cocaleros*. The coca is collected at the farm gate by the *traqueteros*, who thereafter transfer the coca to those who

⁹⁰ In the *ex-hacienda* potato-farming town of Pampa in Bolivian *sierra*, bordering Chapare, Sanabria observed of those returning after their periods in the "coca lands" below that:

... the most important, conspicuous, and prestigious strategy undertaken by prosperous migrants for investing their wealth was the purchase of vehicles, particularly trucks. By mid-1985 members of 34 (including non-Pampeño) households, or over 13 percent of all households in Pampa, owned 37 vehicles (15 pickups, 12 trucks, 8 cars, 1 motorcycle, and 1 jeep). One wealthy migrant owned a truck, a car, and a pickup. In another household both father and son were separate owners of pickups. This migrant's father even had a permanently employed personal driver residing with him (1993: 84).

Peru and Bolivia both experienced hyperinflation in the 1980s. As such, vehicles and construction, apart from being ostentatious displays of prestige, were also more sensible investments than banks, who might at any rate confiscate the money upon the pretext that it derived from illegal earnings (c.f. McClintock, [1988: 129] regarding the same investment of narco-dollars in Peru).

produce the *pásta básica*. A local boss (*patrón*) running a *firma* -usually contracted by a Colombian (*colacho*) - then organises the trafficking of the paste to Colombia or Lima in the former mostly by air, and in the latter by mechanised transport or on foot by *pasadores* if police check points are particularly numerous. In Lima the paste is brought to “kitchens” situated in middle class neighbourhoods or shantytowns to be further refined into cocaine base (*pasta lavada*) by ‘cooks’ which is either exported or further refined into cocaine hydrochloride at a ratio of 3.5-4 kg of *pasta básica* for every 1kg of cocaine hydrochloride. Those who control each stage of production can afford to sell the final product for about 70 per cent of the price of those who rely on the black market for their inputs. In 1989, the total production cost in Peru - after other deductions - for a kilo of domestically manufactured cocaine hydrochloride was \$5000. In New York the wholesale price of this kilo was \$35,000, which when adulterated retailed at about \$200,000. As such, only a minimum of the revenue generated from the illicit industry remains in Peru and that which does is heavily concentrated among the ‘narco-bourgeoisie’, with peasants earning only 0.5 per cent of the retail value of the final product. Nevertheless, it was conservatively estimated in the late 1980s that the Peruvian economy’s annual drug income was about \$1.2 billion, compared with \$2.5 billion for legal exports (McClintock, 1988: 128-129; Morales, 1989: 78-93). Over time indigenous Peruvians developed the capacity to maintain control of the stages of production as far as the manufacture of cocaine hydrochloride and in this way the profits derived from Peruvian illicit industry have grown (Thoumi, 2003: 130).

By the late 1970s it had been recognised in Peru that the cultivation of coca for the production of cocaine had become an object of national and international concern. In 1978 the military government of General Francisco Morales-Bermúdez issued Decree Law 22095 Law for Repression of the Illicit Trafficking of Drugs. Soon afterwards the Coca Estanco was replaced by ENACO who were charged with compiling a register of all licit producers who would thereafter be issued with permits legitimising them to continue being so. In addition ENACO would act as the only Peruvian body authorised to purchase and retail coca, determine the size of the market, the producers and the prices to be paid. The register has not been updated since 1978. Officially, there are 12,000 hectares dedicated to the annual licit production of 9000 metric tons of coca (Cabieses, 2007; Fuentes *et al.*, 2008: 96, 105-113). It is estimated by the United Nations Office on Drugs and Crime (UNODC) that in 2009 Peru’s was potentially producing 119,000 metric tons (2010: 162).⁹¹ Consequently at present only 7.5 per cent of Peruvian coca is destined for licit purposes.

⁹¹ In recent years the levels of production in Peru have continuously risen largely as a consequence of the level of ferocity with which the ‘War on Drugs’ has been conducted in Colombia. With demand remaining constant in the U.S. but expanding elsewhere, production simply moved back across the border. An occurrence otherwise known as the “Balloon effect”.

Given the economic situation that was about to get worse, the cultivation of coca had become the major escape outlet for impoverished unemployed peasants. Whereas in the early 1970s it is estimated the 10,000 hectares of land were used for the illicit cultivation of coca, by 1979 the figure had reached 60,000 hectares and by the late 1980s 280,000 hectares. By the late 1980s the illicit industry accounted for 95 per cent of local economic activity in the UHV and was Latin America's leading multinational industry (Gonzales, 1992: 106; McClintock, 1988: 128). Following the reestablishment of an electoral process, Belaúnde succeeded to the presidency for a second time and instituted - at the behest of the Reagan administration - the Special Project for Control and Reduction of the Cultivation of Coca in the Alto Huallaga (CORAH). By employing 480 peasants to manually eradicate fields at the rate of a hectare a day per thirty workers over 1983-1985, 8,666 hectares were forcibly uprooted. These groups were protected by a special unit of the *guardia civil* named the *unidad móvil de patrullaje rural* (UMOPAR) composed of 500 operatives that were logistically supported by the Drug Enforcement Administration (DEA) and financed by the US government. Yet over the same period production levels increased seven fold. Furthermore, this had been a productive period for CORAH given that over ten years they succeeded in manually eradicating only 18,000 hectares. Calls were made to adopt aerial spraying of Tebuthiuron or 'Spike' but amidst public debate its producers Eli Lilly & Co. refused to supply for that purpose due to potential legal liabilities for negative ecological and human effects, as well as possible reprisals by drug lords upon their South American operations (McClintock, 1988: 133).

In 1987 UMOPAR were disbanded due to their ineffectiveness, charges of corruption and human rights violations and general unpopularity. They were replaced by another branch of the *guardia civil* (renamed *policía general* in 1988) known as the *Sinchis* who had previously been operating in the Ayacucho department. The mandate of the police units was limited to drug law enforcement activities while the army were charged with counter-insurgency related matters. Belaúnde's carrot was the crop substitution Special Upper Huallaga Project (PEAH). However, as would be found with attempts to do the same elsewhere, the obstacles to initiating successful small scale production for export markets were numerous (Thoumi, 2003: 130). The value of the most profitable alternative crops - cacao and corn - ranged from anywhere between 4 and 34 times less that of coca (Palmer, 1996: 181). In a country where in 1988 'average' earnings were \$920, *cocaleros* in the UHV earned anywhere between \$4000 and \$8,000 per hectare, while the most profitable alternative crops garnered a mere \$600 per hectare (Dreyfus, 1999: 381; McClintock, 1988: 129-133). As a result the number of hectares in the UHV dedicated towards the cultivation of maize fell from 69,400 in 1987-1988 to just 19,980 by 1990-1991 (Clawson and Lee, 1998: 135).

Government soon became seen as the enemy of poor peasants attempting to maintain themselves and in ‘an organisational no man’s land ... with few civic associations and weak ties to national politics ... (where) drug traffickers ran rampant, used bribes and coercion to secure immunity from arrest by corrupt local police, and employed hired guns to force farmers to deliver coca on time and under low prices, under threat of death’, a fertile breeding ground of support was created for the *Sendero Luminoso* (Shining Path) guerrilla group after it fully emerged in 1980 (Kay, 1999: 102).⁹² Following the military offensives in the Departments of Ayacucho, Apurímac and Huancavelica, *Sendero* entered the UHV in late 1983 and began by attacking government representatives involved in coca eradication (Craig, 1987: 14; Gonzales, 1992: 107). The group established themselves as the sole intermediaries between the peasant producers and the traffickers and protected both against the police, while raising prices in favour of the peasants who, like the Spanish Crown centuries before, they taxed in cash or coca a fifth (*quinto*) and the traffickers \$3,000 to \$15,000 per flight to finance their struggle.⁹³ *Sendero* also imposed their strict brand of morality and banished all prostitutes and homosexuals from the area, while adultery or drug consumption was punishable by execution. Yet they did not terrorise the peasantry as they had done in Ayacucho and consequently gained higher levels of peasant support in the UHV, making the Regional Committee of the Huallaga one of the *Sendero* organisation’s most powerful and wealthy regional commands (Gonzales, 1992: 111; Kay, 1999: 103). In the eyes of the US administration, *Sendero* were ‘narcoguerrillas’ (Rojas, 2005: 189).

In August 1984 the government declared the area a zone in a state of emergency whereupon the government cedes control to the military. The commander of the Army for the area, General Carbajal, soon realised that it was in their best interests not to have to fight all three groups together and so turned a blind eye to the illicit industry. UMOPAR were confined to their barracks, members of CORAH were no longer protected (leaving them instead to be massacred by *Sendero*) and the industry was even proclaimed as beneficial to Peru for providing hundreds of thousands of jobs and generating large amounts of foreign currency. In order to escape the taxes and moral regime and yet be free - and even protected against UMOPAR and PEAH - to produce, both the peasants and the traffickers soon switched their allegiance to the Army. Within six months *Sendero* were a relic in the area of their former selves, Carbajal and his troops had gone and by December the UHV was no

⁹² Peru’s other, less savage, major guerrilla force, the *Movimiento Revolucionario Tupac Amaru* (MRTA), were perceived as “revisionists” by *Sendero*. Initially the dividing line between the two groups lay at the *Sendero* controlled town of Tocache, everywhere north of which in the valley was MRTA controlled. However, with greater support from the traffickers *Sendero* drove the MRTA from the UHV following their success in the battle for Tocache in March 1987 when 40 to 60 guerrillas were killed.

⁹³ Over 1983-1984 *Sendero* ensured the rise in the price of coca leaves even as market saturation by the Colombian cartels had brought a fall in cocaine prices (Kay, 1999: 106)

longer in a state of emergency (Dreyfuss, 1999: 382-383; Gonzales, 1992: 107, 120).

Power reverted back to the drug lords, who began to work in collusion with the police to exploit the peasantry by forcing them to sell the leaf at low prices. This then created an opening for *Sendero* to return, which was widened upon the election of García, who declared the area as no longer in a state of emergency and reinitiated eradication programs. Attacks against police stations began again in 1987, bridges were blown up and the highway rendered impassable through continuous ditches. Again the area was placed under a state of emergency and through US assistance (helicopters and strimmers) eradication increased. By 1988 *Sendero* had control of much of the region and the larger towns such as Tocache and Uchiza as it fought against 'genocide and eradication' and by the end of the year could charge a toll on anyone using the rebuilt highway (Gonzales, 1992: 108-111). *Sendero* continued to consolidate their support through 1989 as the government pressed on with the same policies, although gradually the DEA withdrew on account of risks to personnel. Government policy for the region again turned away from the illicit economy and towards the guerrillas and control of the area was passed to Army Brigadier General Alberto Arciniega in April who immediately distanced himself from the locally vilified police and gained the trust of the peasantry. Unfortunately, Arciniega's strategy was not continued by his successors, enabling *Sendero* to regain control.

Following the announcement of the Andean strategy by US President George Bush in 1989 as a response to the drug lord assassination of leading Colombian Presidential candidate Luis Carlos Galán, control efforts in Peru were redirected away from eradication towards interdiction, which was far less risky to personnel, less likely to enrage the peasantry and provide a support base for *Sendero*, and also less pointless given that hectares of coca had only increased. By targeting laboratories and airstrips (or 'air bridges') between Peru and Colombia, plus trafficker organisations in general, Operation Condor created a surplus of coca leaves and a consequent price decline from \$2/kg in mid-1989 to thirty cents per kilo by mid-1990, thereby making alternative licit crops far more enticing. At the same time a fungus (*fusarium oxysporum*) also broke out in the *cocales* (Gonzales, 1992: 119). However, the capital of *cocalandia* simply relocated north from Tingo María towards Tocache, Uchiza and Juanjui further into the valley and south into Aguaytia and the Apurimac Valley, a happenstance otherwise known as the 'balloon effect'. Traffickers - increasingly of cocaine hydrochloride rather than paste - also began adopting terrestrial and riverine modes of transportation - rather than aerial - to get to the coastal ports of Lima, Chimbote and Piura, or to cross Colombian and Brazilian borders. Whereas the UHV was the site of 54 per cent of Peruvian coca cultivation in the 1980s, by 1994 the area accounted for only 27 per cent of production. Meanwhile, cultivation of coca in Colombia also expanded massively in the early 1990s so that whilst in 1988 Colombia had a market share

of only 9 per cent by 1997 this had risen to 41 per cent (Kay, 1999: 109-110).

Alberto Fujimori continued with the strategy of eliminating *Sendero* before concentrating on the illicit industry. The 'Fujimori Doctrine' - drafted by the economist Hernando de Soto - defined *cocaleros* as extraneous to the illicit industry and simply in need of improved infrastructure and guaranteed purchase prices in order to reorient cultivation towards licit produce. In 1991 coca was removed from the Penal Code whereupon *cocaleros* could no longer be considered criminals, nor could coca be eradicated and therefore *cocaleros* had no need for the protection of *Sendero* (Jones, 1999: 45; Rojas, 2005: 191-192). *Sendero's* reaction to their territorial losses was to increase their levels of violence upon the peasantry.

By 1990, in the nearby departments of Apurimac, Ayacucho, Huancavelica, and Junín more than 2,500 villages had already organised themselves into armed self defence patrols known as *rondas campesinas* in order to protect themselves from *Sendero* (Starn, 1995: 548). *Rondas* were more effective than the military in rooting out *senderistas* because unlike the military, they knew who they were. The government eagerly encouraged this development and by 1993 there were over 4, 2000 *rondas*, many of which were now located in the UHV. Furthermore, the *rondas* of the UHV also merged with the *cocalero* defence groups that had sprung up as a consequence of the decriminalization of cultivation. Particularly noteworthy were the *Frente de Defensa de la Hoja de Coca del Alto Huallaga* (FEDECAH) and the *Federación Agraria de la Selva Maestra* (FASMA). With the countryside turning against them, *Sendero* were forced to seek inconspicuity in the cities (Felbab-Brown, 2009: 55-56).

Following the capture of *Sendero* leader Abimael Guzman in September 1992 the average number of national guerrilla related incidents declined from 1,890 annually over the 1980s to 1,480 in 1992-1993, to 243 by 1996. The government were thus free to turn more of their attention to the illicit industry and by doing so attempt to placate international concern surrounding Fujimori's *auto-golpe* (coup against one's own government so as to attain emergency powers) in April. The military were given a far more prominent role with the number of battalions in the UHV doubled. By 1996 seizures of cocaine paste totalled 19,145 kilos compared with 7, 572 kilos in 1992 and the UHV became the site of the highest rate of increase in drug arrests in the region (Kay, 1999: 112-113). Nevertheless, there was also a disconcerting rise in military corruption. On 5th April, only a few days after the *auto-golpe* the Peruvian air force opened fire on a US plane that had been photographing clandestine airstrips and laboratories in the UHV. The US Embassy were convinced that the air force was aware that the plane was the property of the US military and a few Pentagon officials 'speculated that the Peruvians fired because they suspected the Americans of spying on secret dealings between corrupt Peruvian military officers and traffickers'

(Newsweek, 1993).

In the aftermath of Fujimori's re-election in 1995 - having changed the constitution in order to be able to do so - in 1996 the US greatly increased military assistance on the condition that Fujimori restart eradication campaigns and withdraw the army from the UHV and reinstate the police instead. In addition, the civilian *Comisión de Lucha Contra el Consumo de Drogas* (CONTRADROGAS) was established that year to coordinate the overall strategy. Over the following six years technical assistance, counternarcotics training and intelligence reports were provided by the Central Intelligence Agency (CIA), the Department of Defense, the DEA, the National Security Agency and the U.S. Customs Service. Efforts to promote crop substitution were also stepped up via a three pronged approach that included the issuance of land titles, technical support and infrastructural improvements - although each suffered from lack of funding (Rojas, 2005: 198-199).

In the 1990s the illicit industry experienced marked structural changes. In 1992 a kilo of coca in the UHV sold for \$2.50, of paste for \$295, of base for \$708 and of cocaine hydrochloride for \$1,172. By 1997 the respective prices had fallen to \$0.70, \$121, \$265 and \$829. In part this was due to a drop in the number of monthly consumers in the US from 4.6 million in 1992 to 1.7 million by 1997 via the rise in use of other 'designer' drugs such as ecstasy. This brought a reduction in the number of hectares planted with coca from 185,000 in 1992 to 50,000 by 1997 and a consequent fall in the significance of the industry from representing 2-3.4 per cent of Peruvian GNP and 23-40 per cent of exports in 1993 to 0.5 per cent of GNP and 2 per cent of exports by 1997 (Cabieses, 1998: 202-205). By 1999 the area devoted to coca cultivation reached its lowest point of 38,700 hectares (UNDP, 2010: 162). The two principal reasons behind why this occurred were the targeting by the US and Peruvian military of the 'air bridge' between Colombia and Peru which led to the shooting down of trafficking airplanes (and therein a rise in the financial cost of transportation); meanwhile, in Colombia the government was successful in dismantling the Cali and Medellin cartels that had controlled trafficking throughout the previous two decades. This gave rise to an explosion of smaller *cartelitos* that preferred to purchase domestically cultivated coca that had been encouraged by *guerrillas* and paramilitaries as sources of financial incomes for their activities. As such, in 1998 Colombia attained the top spot among producers of coca (UNODC, 2010: 162).

Meanwhile, in Peru the industry also became more vertically integrated with peasants becoming so involved in the paste stage of production that often there was no coca left over for sale, thereby hindering academic and governmental efforts to determine the price of coca for that period. *Traqueteros* started to transport only paste to the forty or so *firmas* who thereafter only exported high-quality base or cocaine, the transportation costs for which had risen as a consequence of the increased difficulty of doing so simply by plane

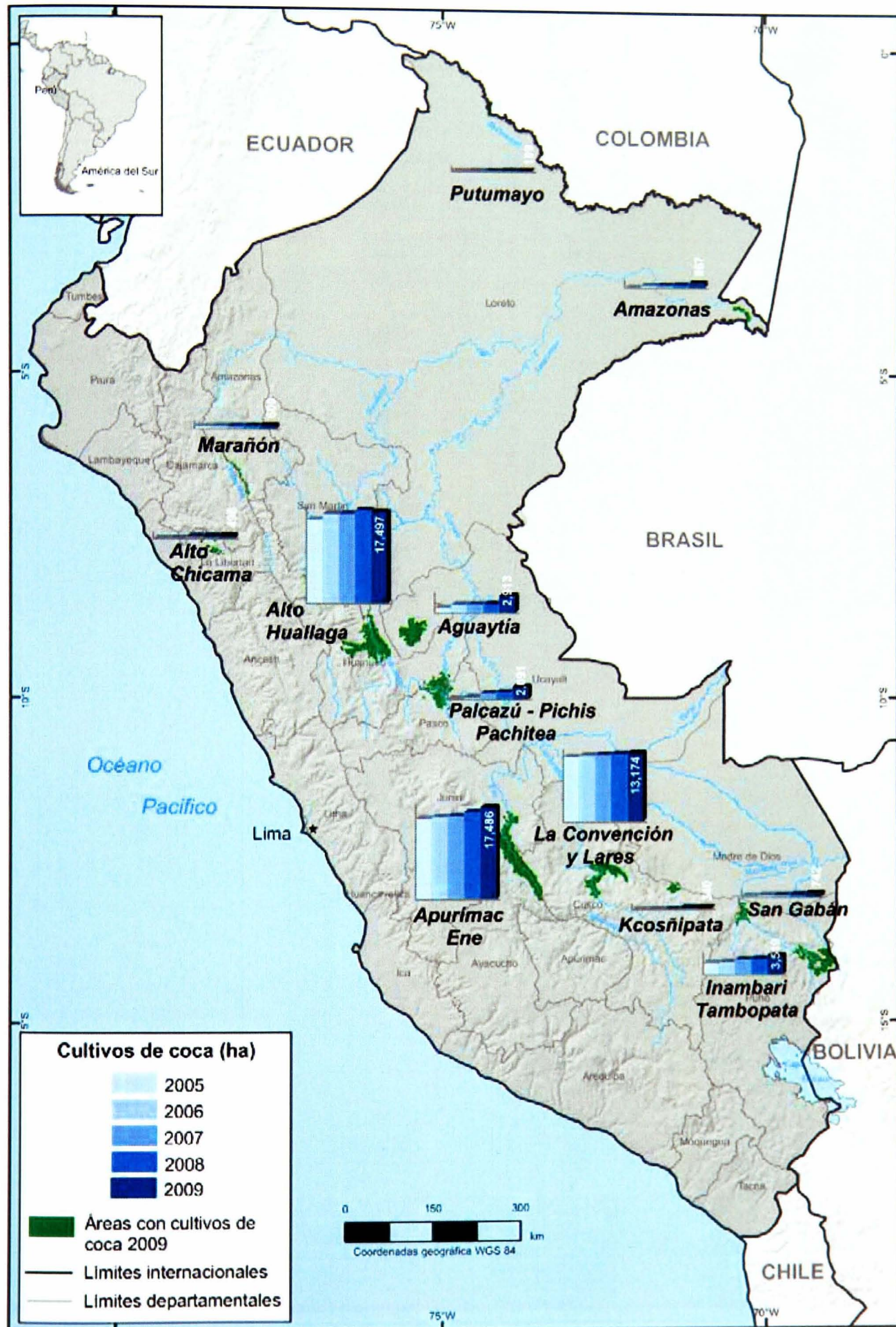
(Thoumi, 2003: 136-7). Even despite the falling prices, cultivation in Peru began to expand into other areas where land was more freely available, especially the Aguaytía Valley to the east, Central Huallaga to the north east and the Valley of River Apurimac and Ene (VRAE) to the south east. By 1995 the number of departments in Peru where coca was cultivated had risen to 11 (Clawson and Lee, 1998: 136).

Upon the initiation of Plan Colombia in 2000 and the use of aerial spraying to eradicate coca - and whatever else is sprayed, making the cultivation of alternative crops utterly pointless - prices began to rebound in Peru and cultivation once again expanded. Furthermore, Operation Air Bridge Denial was suspended in 2002 as a consequence of the Peruvian air force shooting down a plane belonging to the Association of Baptists for World Evangelization in 2001, killing a missionary and her daughter for which the US government were successfully sued for \$8 million. Between 1999 and 2009 the area of land devoted to coca cultivation in Peru has risen from 38,700 to 59,900 hectares. Due to the higher levels of productivity of Peruvian *cocales*, and the higher cocaine content of Peruvian coca, it is believed that in 2009 Peru regained its position as the primary producer of coca leaves and perhaps cocaine as well. Production of cocaine has also been rising steadily as Colombia's figures have been falling. There is no data yet available for 2009 for Peru but in 2008 the estimated amount cocaine produced had risen to 302 MTs compared with 141 MTs in 2000. Meanwhile in Colombia the figure had fallen from 695 MTs in 2000 to 410 MTs by 2009 (UNODC, 2010: 162).

At the same time, prices paid for illicit coca have also risen steadily over the decade from a low of \$0.70 per kilo in 1997 to about \$3 by 2010. North America still continues to be the world largest market for cocaine but its share has fallen recently to 40 per cent of the global market and attains approximately 90 per cent of its cocaine from Colombia. Europe, however, has seen the number of estimated cocaine users more than double from 1998 to 2008, currently totalling 4.1 million with the largest market located in the UK. Meanwhile, it is estimated that about 2.1 per cent of North Americans use cocaine at least once a year whereas in England and Wales the figure is 3 per cent and in Scotland 3.7 per cent, both far above the European average of 1.2 per cent. Although most still comes from Colombia, the share is falling with UK customs reporting that Colombia was the source of 90 per cent of cocaine intercepted in 2002 compared with 65 per cent in 2008 (UNODC, 2010: 83-84). Approximately 70 per cent of Peruvian cocaine makes its way to Europe via Brazilian syndicates, while that destined for the US is now transported by the Mexican cartels that have displaced Colombian traffickers. One effect of the suspension of Operation Air Bridge Denial was the need of the Peruvian government to increase levels of manual eradication which consequently increased resistance and social protest by *cocaleros* now located in a far

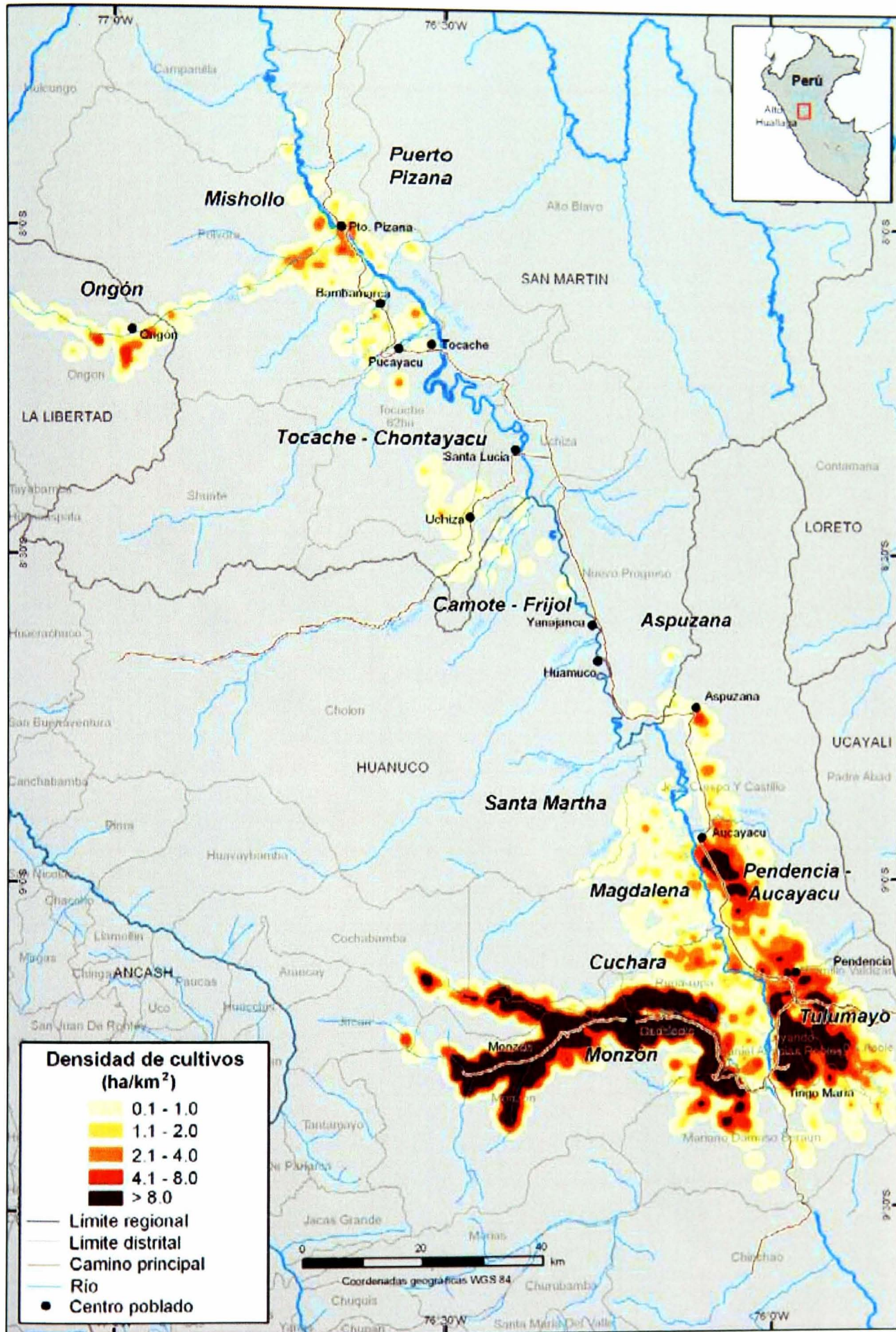
vaster array of valleys and totalling an estimated 500,000 people (Felbab-Brown, 2010: 63-64).

Hectares of coca cultivated in Peru, 2005-2009.



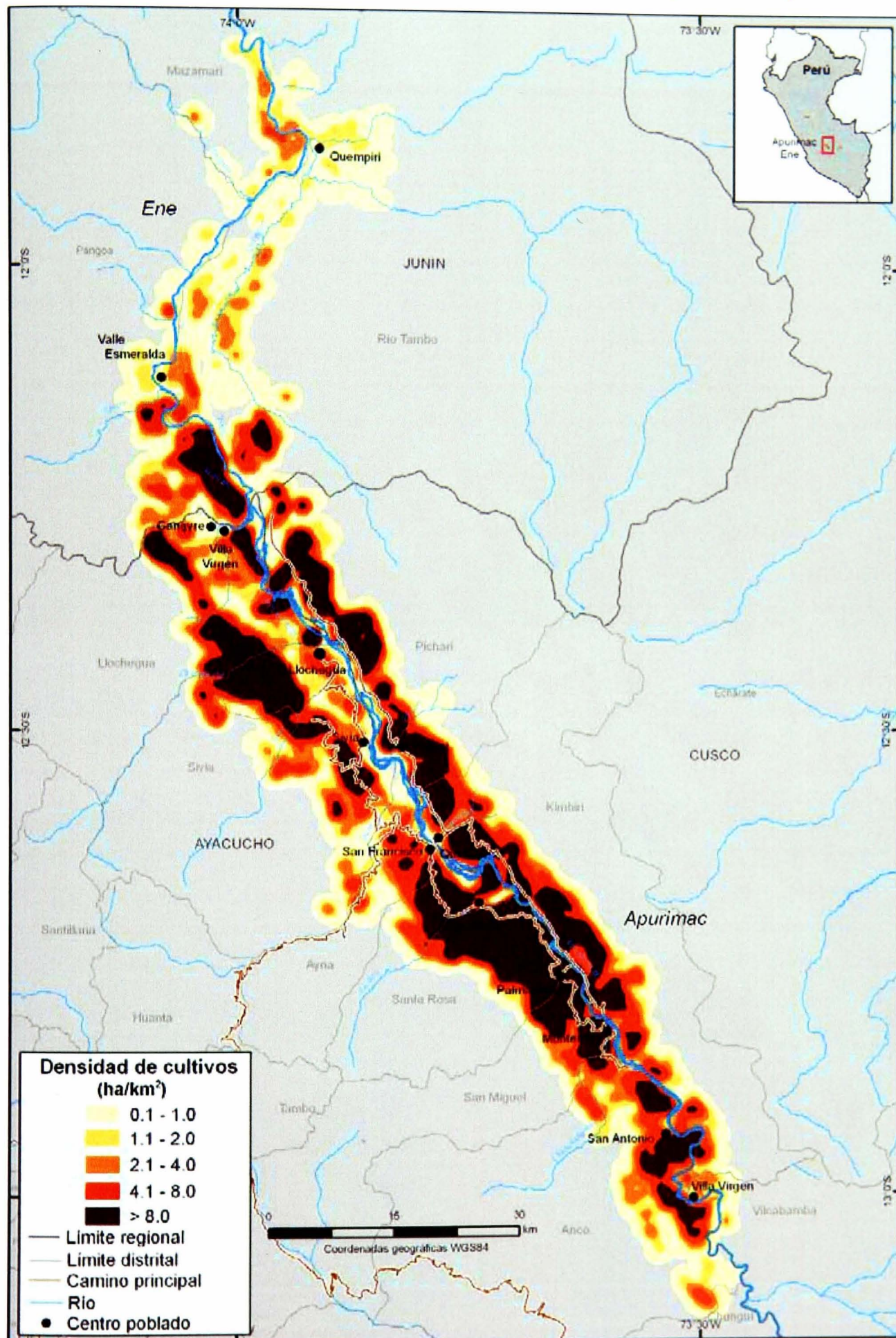
(UNODC, 2010a: 26)

Density of coca cultivation in Upper Huallaga Valley, 2009



(UNODC, 2010a: 38)

Density of coca cultivation in the Valley of River Apurímac y Ene



(UNODC, 2010a: 44).

Returning to the labour relations on the *cocales* producing for the illicit market, the system adopted during phase two of the colonisation process and thereafter appears everywhere to have been that of wage labour during the harvest, alongside domestic (for the UHV c.f. Morales, 1989: 42; for the Valley of Rio Aprurímac y Ene [VRAE] c.f. Urrutia, 1996: 14-17; for Chapare (Bolivia) c.f. Sanabria, 1993: 163-164; and Spedding, 2005: 235-239).⁹⁴ This rapid transition to the ‘peasant-farmer’ path to agrarian capitalism is especially remarkable given that these colonists derive principally from the *sierra* where other, reciprocal, labour relations dominate. Indeed, as Urrutía writes in regards to VRAE, which, like the UHV, remains to this day dominated by the cultivation of coca for the illicit market:

... like all the other *cocalero* zones in the country, it is the principal space of salaried *jornales* in conditions inexistent in the *sierra*. The availability of labour in the jungle increased in accordance with the increase in the production of coca that displaced traditional exportation crops (coffee, cacao, ajonjoli, kube), the prices of which collapsed. The production of coca reached such a scale that there was even a fair for PBC, in Palmapampa, where the retailer-merchants openly negotiated the price and quality of the “cachipa” (mold of PBC) with the peasant producers (1996: 14).⁹⁵

More than any other product in rural Peru, illicit coca is the site of wage labour relations, which is not to say that pre-capitalist labour relations are wholly absent, only that they are far less frequent than in other spheres of production. *Jornaleros* (day labourers) are not necessarily paid by the day (*jornal*). Instead, many sign contracts for the clearance, weeding and planting of the fields and are paid according to the size of the area concerned. A *jornal* is more common when harvesting the coca. In the VRAE in 2009 the *jornal* for harvesting crops other than coca was 7-20 soles, for coca it was 35-50 soles. For many of the migrant *jornaleros* from the *sierra* this was their first experience of being paid a wage.

The formation of the Peruvian *cocalero* Social Movement

In 2000 a Dialogue Group composed of *cocaleros* and government representatives was established to debate four key issues: the substitution of gradual, consensual eradication in the place of forced eradication; the formulation of new laws that recognise the cultural importance of coca; increased participation of *cocalero* communities in the formulation of alternative development projects; and an increase in the prices paid by ENACO to *cocaleros* cultivating for the legal traditional market plus representation of *cocaleros* on ENACOS’s Board of Directors and increased efforts to promote national and international acceptance of coca. In 2001-2002 the Toledo government signed five agreements with the *cocaleros* with that of July 13th 2002 going furthest towards meeting the concerns of the *cocaleros*. A pilot

⁹⁵ PBC stands for *pasta basica de cocaína*.

project was to be initiated in the Aguaytía that would promote gradual consensus-driven eradication by the *cocaleros* based upon the following four conditions: the instant payment of 336 soles (\$97.40) for each hectare of coca eradicated upon confirmation by the *Comisión Nacional para el Desarrollo y Vida sin Drogas* (DEVIDA), the US Agency for International Development (USAID) funded *Cuerpo de Asistencia para el Desarrollo Alternativo* (CADA) and a representative from the relevant *cocalero* association; the instant payment of 1,686 soles (\$489) per hectare of land reforested; credit totalling 2,100 soles (\$609) to enable *cocaleros* to convert to the production of freely chosen licit crops and Agrobanco insurance; prioritising those deriving benefits from Integral Development Programmes such as *Alternativa*.

To support this programme, DEVIDA requested cooperation from the USAID but were informed that the latter refused to honour the agreement signed with the *Asociación de Agricultores Agropecuarios y de la Hoja de Coca de la Provincia de Padre Abad* (AAAHCPA) who they deemed ‘narcococaleros’. USAID would work with the AAAHCPA but only in accordance with different versions of the agreed conditions: payment per eradicated hectare would be increased to 551 soles (\$159.70); 650 soles (\$188.50) for each family to be able to purchase food after eradicating; up to six months funding for infrastructural projects in a participant community; preferential treatment for farmers involved in medium and long term projects such as the production of palm oil or hearts, livestock, reforestation etc. The AAAHCPA refused to accept such charity although USAID were successful in attaining agreements with roughly 600 individual farmers in 56 communities to eliminate over 1,200 hectares of coca. Nevertheless, even for the pilot project DEVIDA failed to honour the agreements reached concerning credit and reforestation payments and as such it was deemed a failure by *cocaleros* observing from a distance. These *cocaleros* therefore travelled once again to Lima so as to present their demands and proposals to government. The government, however, played something of a divide and conquer strategy and signed agreements separately with leaders from Aguaytía and the UHV on 13th July 2002, and then with leaders from the VRAE on 4th August and 2nd November. None of these agreements were adhered to by DEVIDA. As such, on 11th September 2002, 35 leaders from the UHV, Aguaytía and the VRAE, after being called to the DEVIDA offices to help draft a new coca law - which never occurred - decided to establish the *Confederación Nacional de Productores Agropecuarios de las Cuencas Cocaleras del Perú* (CONPACCP).

On 20-21st January 2003, 1210 *cocalero* delegates from different parts of the country met in Lima to submit a 24 point proposal to President Toledo and agreed to hold a national strike and a March of Sacrifice if forced eradication was reinitiated anywhere in the country. In February the Special Project for Control and Reduction of the Cultivation of

Coca in the Alto Huallaga (CORAH) forcibly eradicated coca in Aguaytía belonging to farmers with receipts showing that their coca was delivered to ENACO that CORAH refused to recognise. Two members of AAAHCPA were injured in the process and the local mayor jailed for intervening on behalf of the *cocaleros*. From 20-28th February, CONPACCP organised marches, strikes and road blockages (*bloqueos*) in Aguaytía, Monzón, Tingo María, Aucayacu and Puerto Pizana before deciding to allow the government a 72 hour truce to propose a solution. Meanwhile, on 21st February the president of CONPACCP, Nelson Palomina, was arrested in Ayacucho where he was trying to coordinate similar actions. The initial charge was ‘justification of terrorism’ but he was sentenced instead to jail for 14 years for supposedly kidnapping a journalist. On 5th March a government appointed negotiating commission, several local mayors and the president of the Regional Government of Huánuco met the prime minister, the Executive President of DEVIDA and the General Secretary of the Consejo Nacional de Descentralización (CND) where it was agreed that a Comisión Técnica de Alto Nivel (CTAN) would be established to investigate the issues of concern to *cocaleros* and propose solutions. This was exactly what the *cocaleros* had been doing since the late 1990s and simply served as further proof that they were not being listened to.

In the face of increased governmental propaganda attempting to tarnish the public image of CONPACCP leaders and attempts to divide the organisation by only engaging with certain leaders from 1-8th April, CONPACCP leaders began their March of Sacrifice. DEVIDA did what it could to halt the march, issuing a statement on 20th April assuring *cocaleros* that over the course of the most recent meetings it had been decided that the Interior Ministry and thereby CORAH would restrict their efforts to maceration pits and new *cocales* while consensus guided eradication proceeded elsewhere; a study would be conducted to determine the size of the licit industry and the ENACO database would be updated. However, by this stage two contingents of 4000 peacefully protesting *cocaleros* deriving from the UHV and VRAE were on the point of entering Lima where they would set up camp outside the Palace of Justice and await meetings with Congress, the prime minister and the president.

After meeting with the prime minister and DEVIDA representatives, 32 representatives were met by Toledo and on the 23rd September Supreme Decree 044-PCM-2003 was signed. Toledo then visited the marchers to declare that he did not consider *cocaleros* to be drug traffickers, recognised that the Decree might need to be improved, that his door was open to proposals and that the ENACO registry would be updated. However, the Decree had failed to consider the protesters principal concerns surrounding the release of Nelson Palomino, the trials of other union leaders and the implementation of the Decree by DEVIDA, CORAH, CADA, ENACO and the Ministry of Agriculture. In the eyes of most, nothing had changed (Cabieses, 2004: 16-22).

From 18-20th February, 2004, CONPACCP held its National Congress II with more than 2000 delegates from most coca producing valleys where a 16 point 'Platform of Struggle with Proposal' was agreed upon as well as a 5 point 'Plan of Immediate Struggle'. The latter corresponded to the immediate release of Nelson Palomino, the suspension of both forced and voluntary eradication, the disbanding of DEVIDA and expulsion of non-governmental organisations (NGOs) from coca producing valleys, the registration of *cocaleros* with ENACO and the discussion and promulgation of a new coca law that allowed for the industrialization and commercialization of coca. It was also announced that a second March of Sacrifice was being organised to take place towards the end of April in order to struggle for these new objectives.

This radicalisation of demands was due to the absence from the National Congress II of delegates from the VRAE representing 11,000 *cocaleros* and Monzón representing 2,500 *cocaleros*. Before the congress both areas had been affiliated to CONPACCP and therefore their absence represented over half of CONPACCP's affiliated 23,000 *cocaleros*. With General Secretary Nelson Palomino still in jail, something of a power struggle had erupted. There was, however, also an ideological division with the leaders from the VRAE and Monzón, respectively, Marisela Guillén and Iburcio Morales being far more radical than Palomino's replacement, Nancy Obregón (Tocache) and Elsa Malpartida (Tingo María) on account of there never having been either forced or consensual eradications in the VRAE or in Monzón at that time. In these areas the cultivation of coca for the illicit market had been expanding rapidly since the late 1990s with the VRAE briefly overtaking the UHV as the principal source of Peruvian coca in 2003 and accounting for about 32 per cent of national production as opposed to roughly 30 per cent in the UHV (UNODC, 2005: 15). Nevertheless, in the VRAE a larger percentage of coca is sold to ENACO than in remote Monzón where production is almost entirely destined for the illicit market, up to five annual harvest per year can be obtained (compared with three to four in most places) and the state is almost completely absent, with that which exists doing so via the permission of the *cocaleros*. Despite its size, it is believed that about half of the illicit *coca* in Peru derives from Monzón with only 1 per cent sold to ENACO for just over half of the price paid by the traffickers (Durand, 2008: 117). The only reason for doing this is so that an air of legitimacy can be maintained. Consequently, neither were willing, under any conditions, to accept the initiation of voluntary eradication as had been proposed by CONPACCP in 2002.

Nancy Obregón and Elsa Malpartida were in the difficult situation of having to radicalize in order to hold the organisation together at the cost of losing public sympathy. Furthermore, other areas of coca production that were not affiliated included: Quillabamba (12,000), Yanatile (2,000), Sandia (2,000), Central Huallaga (500), Lower Huallaga (300), Upper Marañón (2,000), Moche-Chicama (300) and Lower Urubamba (1,000) (Cabieses,

2007a: 88-95). Quillabamba and Yanatile, in the department of Cuzco, produced about 28 per cent of Peruvian coca in 2003 but entirely for the traditional market, selling roughly 80 per cent directly to ENACO and the remaining 20 per cent illegally but on the informal traditional market for legal purposes (Durand, 2008: 119; UNODC, 2005: 15).

Consequently, neither of these areas had been sites of any type of eradication either. The struggle in these regions is to get ENACO to pay more.

Nevertheless, the increasing radicalization of the *cocaleros* was reaffirmed in the Special Congress of the Producers and Consumers of the Coca Leaf organised by the the Federación Provincial de Campesinos de La Convención Y Lares (FEPCACYL) that took place in Cuzco on March 4th-6th and was attended by representatives from all valleys. In the opening speech of the Congress the Mayor of Quillabamba, Fedía Castro Melgarejo, called for the withdrawal of DEVIDA from the valleys as it had ‘only worked to divide the *cocaleros*’. The delegations unanimously adopted the slogan ‘Coca or death: we will overcome’ and agreed that their position was: No to eradication, no to the substitution of coca in any forms, we will defend it even with our lives. For the first time ever Peruvian *cocaleros* from all valleys were united and agreed that their new radicalised political platform was the rejection of: the 1978 Decree Law 22095 that had established ENACO; of Toledo’s Supreme Decree 044-PCM-2003 which had changed nothing; of all types of eradication and of DEVIDA. Yet, this unanimity was of objectives only, not of tactics for achieving them. On the last day Guillén announced to the congress that representatives from the VRAE, Monzón and even La Convención and Lares would not be supporting CONPACCP’s second March of Sacrifice but that instead a meeting would be held in Lima on April 25 for the purpose of forming a new organisation, the Junto Nacional de Productores Agropecuarios y Cocaleros. CONPACCP’s leaders were of course invited to join this new organisation but they politely declined and finished the Congress (Cabieses, 2007: 93; Durand, 2008: 122-123).

With the continuance of forced eradication in the UHV, CONPACCP announced that the second March of Sacrifice would begin on 20th April. About this time the government began to suspect that the remnants of *Sendero* had reorganised in the UHV and the VRAE and were making overtures - of a more humane nature than previously - towards the radicalised *cocaleros* and their leaders, although this were vehemently denied by the latter. Furthermore, certain politicians were also beginning to make their presence felt among the *cocaleros* such as the lawyer Ricardo Noriega Salaverry who had been associated with Fujimori and had agreed to defend Palomino, Olmedo Auris of the *Patria Roja*, Antauro Humala of the Peruvian Nationalist Movement, representatives of APRA and *Peru Ahora*, plus departmental and international federations and organisations, although labour unions to a much lesser degree. In addition, Bolivian followers of Evo Morales were also

frequently travelling through the regions attempting to garner support for a Peruvian version of the *cocalero*-led MAS party.⁹⁶ The minister for the Interior, Fernando Rospigliosi, denounced the involvement of the above, stating that he believed the march would disintegrate before it reached Lima. He also warned Malpartida that unless she wanted to end up in the same situation as Palomino then her best hope was to engage in dialogue with the government, doubtlessly aware that such actions by CONPACCP leaders had been exactly what had divided the movement (Cabieses, 2004: 23-26; Durand, 2008: 120-128).

When 3000 *cocaleros* from the UHV did arrive in Lima from 28-30th April - demanding what had been decided upon in Lima - they were not met by the Minister of Agriculture, José León, as they had wished, and were only promised by Congress that a commission would be established to investigate their demands. Following this, on 3rd May they camped outside the Palace of Justice but were ordered by Rospigliosi to vacate the area to avoid disturbances. Tired, the *cocaleros* remained and at one in the morning the police arrived and fired tear gas upon them forcing them to leave. The next day, however, the *cocaleros* returned seeking a meeting with José León and an apology for the night before. When both failed to materialise they declared that they would block the traffic but before this occurred León announced that he would meet with the leaders of CONPACCP that day and that other state functionaries would meet with them the day after. Obregón and Malpartida announced that they would not engage in dialogue if representatives of the Ministry of the Interior were to be present. The surprising resignation by Rospigliosi on 6th May (on account of a motion of censure having been passed in Congress against him for not having taken sufficient measures to prevent the lynching of a mayor in a small town on the border with Bolivia), brought cheers among the *cocaleros* but did not bring productive dialogue with the government.

The leaders and members of CONPACCP remained in Lima until early June and managed to get León to meet with them again on 12th May - minus Obregón who was on a hunger strike - where Malpartida (having learned from the March of Sacrifice in 2003) informed León, to his frustration, that his proposals would have to be discussed first with the bases before any agreements could be signed, or concessions made. Public sympathy began to ebb for such radical demands that the government would never be able to satisfy, as everyone knew that licit demand applied to only a small fraction of the coca being produced. Following the 2004 March of Sacrifice there were numerous *bloqueos*, strikes and disturbances in the valleys that were followed by renewed efforts by the government to arrive at some sort of agreement. However, given the complete devotion of the CONPACCP

⁹⁶Confidential cable from the US Embassy in Lima, 12 May 2005. 'Cocaleros attractive to political groups but narcotraffickers give them all the support that they need', Wikileaks, <<http://wikileaks.ch/cable/2005/05/05LIMA2158.html>> [accessed 19 January 2011].

leaders to their radical demands, most especially the ending of eradication, the government were placed in quite an impossible position (Durand, 2008: 128-140).

Unlike in Bolivia, the more recently emergent Peruvian *cocalero* movement shared a far more radical set of demands and yet was almost completely fragmented. Following the disintegration, the representative organisations became increasingly regionalised in terms of their foci of grievances and alliance-building. Apart from the usual *bloqueos*, strikes and demonstrations, *cocaleros* also began to form alliances with regional governments that were eager to have a greater portion of national power ceded to them and were more dependent upon the votes of their local constituencies. The first regional government to issue what would become termed by the US Embassy and the government of Peru (GOP) as ‘narco-ordinances’ was that of Ayacucho under the presidency of Omar Quezada of APRA in June 2003. This was followed by the independent president of Huánuco, Luzmila Templo, in June 2004 (reaffirmed a year later), as well as in June 2005 by the president of Cuzco, Carlos Cuaresma representing the Frente Independiente Moralizador (which co-governed with Perú Posible), and finally by the Puno regional president, Hernán Fuentes, in February 2007 representing the Frente Amplio Nacionalista (FAN). In La Libertad the regional president, Homero Burgos of APRA, attempted to do the same but did not receive the support of his party.

In each ordinance coca is recognised as a regional cultural patrimony, that cultivation is therefore a tradition and should thus be revalorised as a cultural and natural resource with medicinal, nutritive, mystic and social benefits. Each ordinance consequently legalised cultivation so long as the coca was intended for licit purposes. Although the Cuzco ordinance demarcated the regions in which this would occur and agreed that these would not include Pichari and Kimbiri - which although lying in the province of La Convencion (Cuzco’s largest) sit on the banks of the VRAE and are thus areas where production is principally oriented towards illicit purposes - in July 2005 the Constitutional Tribunal (TC) ruled that such ordinances were beyond the delegated powers of regional governments as they concerned a matter of ‘national security’.

Nevertheless, the TC did also rule that: coca is not synonymous with cocaine and therefore does not constitute a prohibited article and can only be regulated; the production and consumption of coca must be respected as a cultural patrimony and potentially a source of sustainable development; legislation had been slow to realise this as it had been too influenced by international treaties, this must be changed; policies against narco-trafficking, ENACO, DEVIDA and eradication had all been inefficient; drug trafficking is a demand problem; it is the constitutional obligation of the state to redesign its policies regarding illicit drug trafficking as well as attempt to change international policies such as promoting the decriminalization of coca (Cabieses, 2005: 31-51).

In May 2006 Nelson Palomino was granted a remarkably early parole and it appeared as if the different factions of *cocaleros* might be reunited under his leadership. However, this was an election year with the first round in April and the fragmentation of the movement was only deepened as a consequence of different alliances and factions accusing each other of being in the pocket of the government. These accusations were only further substantiated in the eyes of some when CONPACCP - without the support of the *Federación de Productores Agropecuarios de la Valle del Rio Apurimac y Ene* (FEPAVRAE), Monzón or Aguaytía - put forth the candidatures of Nancy Obregón for Congress and Elsa Malpartida for the Andean Parliament, both as representatives of Ollanta Humala's *Partido Nacionalista-Unión por el Perú* (PN-UPP). Obregón and Malpartida argued that from these positions they would be better able to gain benefits for their own sectors. Meanwhile, although tacitly supporting both candidatures from jail, upon his release Palomino met almost immediately with the incumbent president Alan García and publicly distanced himself from Humala. Palomino also announced that he was founding his own political party, which he ironically named *Kuska Perú* (Together for Peru). Having won their candidatures, Obregón and Malpartida wished Palomino well from a distance and declined his offer to break away from the Humala bloc.

Nevertheless, Palomino did regain his presidency of CONPACCP and in alliance with a political group in Huanta named *Tarpuy* led by Edwin Bustíos Saavedra, the renamed *Qatun Tarpuy* contested all municipal elections on the Ayacucho side of the VRAE in November, as well as for the provincial councils of Huanta and La Mar and even for the presidency of the Ayacucho departmental government. While the last three elections were widely considered to be wildly optimistic, most analysts were surprised to see *Qatun Tarpuy* gain control of 17 municipalities. By placing close associates - such as Alejandro Gutiérrez who had been General Secretary of FEPAVRAE while Palomino was in prison- in these positions, Palomino gained a huge amount of influence over the VRAE. Moreover, on the Cusco side of the VRAE in Kimbiri and Pichari the mayoralties had been won by Unión por el Perú which by then had split with Humala's Partido Nacionalista.

Obregón and Malpartida congratulated Palomino on his success, but remained sceptical (Durand, 2007: 161-168). Meanwhile, in Huallaga Iburcio Morales had become the mayor of Monzón and had, like Palomino, also placed close associates in positions of power. At that time, in the VRAE there were 15,500 hectares of coca producing 100MT of cocaine per year. In Huallaga there were 16,951 hectares, but 11,352 of these were in Monzón (Caretas, 2007). Obregón had just been elected to Congress and Malpartida to the Andean parliament. For the first time in Peruvian history political power had been attained by parties that defended the right to cultivate coca that was almost completely destined for the production of cocaine. Only the year before Evo Morales had been elected president of

Bolivia. As such, by late 2006 it appeared that all the pieces were in place to indicate that some variant of a *Bolivianazo* was about to occur in Peru.

The Fragmentation of the *Cocalero* Social Movement

It is hard to say who threw the first stone, but it is impossible to deny that from 2007-2011 the national Peruvian *cocalero* social movement lost any semblance of unity, or even legitimacy in the eyes of the general public, but more importantly among those within it as well. The history of what remains of CONPACCP after these years is one of recriminations by parties increasingly tarnished by links with the criminal world, although the press has done its best to amplify these as much as possible. Palomino is the only figure who has not been surrounded by legal scandals of some description, although in the eyes of his erstwhile followers, his abrupt de-radicalization upon leaving prison is a far more serious offence, and one plagued with suspicions of deals behind closed doors with the enemy.

The initial point of contention was related to power. Although Palomino retained his role as president of CONPACCP, Obregon and Malpartida were now in Congress and the Andean parliament and both were closely tied to Humala. As such, it was not long before Palomino publicly declared that: ‘Many speak now of coca, they are *compañeras* in the struggle, but the Confederation of Coca Basins did not launch any Congresswomen, for that reason we say that we do not have representatives in Congress’.⁹⁷ In February Obregón returned from Lima to Tingo María to give a speech to her bases whereupon she mentioned that they had been loyal to Palomino when he had been in jail and stated that:

... nobody is going to come here and say that we are miserable dogs and traitors, and for this has Mr Palomino come ... he has been to each valley to disunite ... to say that we cannot be leaders ... Here betrayal is paid with death, *compañeros* ... You will have to decide if we are your representatives in Congress and the Andean Parliament ... because what I want is the support of my bases ... in an act because with it I will clean the face of anyone who says that we do not have representativeness.⁹⁸

Elsewhere, Obregón informed her bases that she would do all that she could from her position of privileged political influence to advance the demands of those who defend illicit

⁹⁷ ‘Palomino niega representatividad de dirigentes Obregón y Malpartida’, 31 January 2007 <<http://www.inforegion.pe/narcotrafico/3010/palomino-niega-representatividad-de-dirigentes-obregon-y-malpartida/>> [accessed 21 January 2011].

⁹⁸ “‘La traición se paga con la muerte’”, 13 February 2007, <<http://www.inforegion.pe/narcotrafico/3294/>> [accessed 21 January 2011].

cultivations of coca as well as stay as abreast as possible about developments concerning planned eradications. In regards to those that were already occurring, and the comments of Palomino, she advised her listeners that they must: 'Be selfish *compañeros*, now I only think of my people, I couldn't care less about what happens in the VRAE, if they eradicate they eradicate, nobody has aided us, one must work things to one's advantage, because otherwise they will come to eradicate our crops'.⁹⁹ Meanwhile in Monzón, Iburcio Morales informed his supporters that: 'We are the Central Nacional de Productores Agropecuarios Cocaleros del Perú and we are not with Nancy Obregón, Elsa Malpartida nor Nelson Palomino. They have their own projects, they have been on the side of the government while Monzón has not'.¹⁰⁰ However, he did agree to meet with the government if the topics of discussion were the legalization and industrialization of coca.

Later on in the month, these views of Palomino were reaffirmed in the eyes of many when he demonstrated his support for Plan VRAE. The official objective of Plan VRAE was to increase investment in health, transportation and education and thereby re-establish the presence of the state in the region while at the same time gaining the support of the locals. By 2007 the VRAE was thought to be the source of 50 per cent of Peruvian cocaine and home to 200,000 people, of whom: 50 per cent were malnourished, 30 per cent illiterate, and 80 per cent lacking water and electricity. As the US Minister of Defense Alan Wagner, briefed Secretary of Defense Robert Gates, the GOP intended to address these issues via an 'interagency committee, representing 11 ministries and the office of the vice president, (that) supervises social development and cooperates with the military to increase the presence of security forces in the region and to control the lawlessness that has allowed the cocaine economy to predominate'.¹⁰¹ Yet for Obregón, Malpartida and Morales, Plan VRAE was nothing other than a cover for increasing eradication, crop substitution and military presence. Palomino was accused of being a traitor, while he defended himself by citing the benefits that Plan VRAE should bring the area's inhabitants. Certainly it appeared that he was no longer the man who would rouse the crowds with the motto, 'coca or death', and in late March seemed only too keen with travel to Lima to meet with Premier Jorge del Castillo

⁹⁹ 'Congresista cocalera promete usar su poder político para defender cultivos ilícitos', 14 February 2007, <<http://www.inforegion.pe/narcotrafico/3316/congresista-cocalera-promete-usar-su-poder-politico-para-defender-cultivos-ilicitos/>> [accessed 22 January 2011]

¹⁰⁰ 'Nelson Palomino, Nancy Obregón y Elsa Malpartida no representan al movimiento cocalero', 13 February 2007, <<http://www.inforegion.pe/narcotrafico/3305/nelson-palomino,-nancy-obregon-y-elsa-malpartida-no-representan-al-movimiento-cocalero/>> [accessed 22 January 2011].

¹⁰¹ Confidential cable from the US Embassy in Lima, 17 October 2007. 'MOD brief's Secretary Gates on plans to enhance internal security', Wikileaks, <<http://wikileaks.blogs.linkbucks.com/archives/1393>> [accessed 19 January 2011].

as the representative of FEPAVRAE to further discuss Pan VRAE.

Meanwhile, in Tocache on March 15th, Obregón and Malpartida, without the support of Palomino or Morales, held a meeting with the Minister of Agriculture - Juan José Salazar. The minister was presented with what has become known as the Tocache Act which consisted of various demands but with the most significant being that a census of the area for land titling be taken and that until it is completed eradications be suspended. In response to criticisms back in Lima, Salazar affirmed that: 'One should always maintain a policy of dialogue and exchange of positions to maintain the general policy of eradication' (El Comercio, 2007). However, others such as ex Minister of the Interior Fernando Rospigliosi argued that neither were acceptable proposals as the second would give the freedom to do what is illegal and the first would embed the right to carry on doing so.¹⁰² At any rate, it was decided by the government that the suspension was only for two weeks which obviously further incensed and radicalised the *cocaleros* but as the demonstrations and *bloqueos* ensued - even against the destruction of laboratories - Palomino was nowhere to be seen.

By September, at the Sixth Cocalero Congress in Trujillo, Palomino could no longer hold onto his position as leader of CONPACCP and was forced to step aside for elections. Malpartida and Obregón - upon the mandate to force the government to comply with the provisions in the Act of Tocache - were voted into power in his place, as well as others with close links to Humala.¹⁰³ As a result, *cocaleros* in the VRAE and Monzón felt even less affiliated to CONPACCP. Subsequent attempts to hold mass demonstrations became increasingly ridiculous to bystanders due to the paltry levels of participation while many of those involved began to feel forgotten by Malpartida and Obregón who seemed to spend all their time in Lima. Meanwhile, investigations began to be launched against both ladies for having motivated violence. In a sense they were caught either way. If they participated in the protests they would be accused in Lima of inciting violence and if they did not they would be labelled by their bases as political opportunists. Protests and *bloqueos* became increasingly regional and viewed with declining levels of sympathy by those not involved.

For some analysts, such as Rubén Vargas, this was a consequence of Obregón, Malpartida and other leaders having given their supporters unattainable expectations such

¹⁰² 'Es inaceptable suspender erradicación de la coca y empadronar cocaleros', 13 March 2007, <<http://www.inforegion.pe/narcotrafico/3940/es-inaceptable-suspender-erradicacion-de-la-coca-y-empadronar-cocaleros/>> [accessed 22 January 2011].

¹⁰³ 'Partido Nacionalista toma el control de Confederación Cocalera', 14 September 2007, <<http://www.inforegion.pe/narcotrafico/19286/partido-nacionalista-toma-el-control-de-confederacion-cocalera/>> [accessed 22 January 2010].

official registration and the legalization of their crops.¹⁰⁴ To resolve this problem and maintain unity was practically impossible at the national - and even the regional levels - because if dialogue was proposed with governmental representatives (let alone an agreement signed), it would immediately be rejected by some other sectors as evidence that these federations had 'sold' themselves to the government.¹⁰⁵ ¹⁰⁶ Conversely, if federations engaged in violent or other radical acts - such as attacking the police or CORAH with sticks, stones, rifle fire from the hills and sometimes home-made booby traps (*caza-bobos*) - then leaders from other areas would appear to almost immediately grab the phone and let the press know that they disapproved of such actions.

This was to be expected, especially when it was reported in national newspapers that people such as Eduardo Ticerán from Monzón, the president of the *Central Nacional de Cocaleros del Perú* (CENACOP) - CONPACCP's rival organisation -, stated in an interview that he supported the use of explosives and *caza-bobos* and that in his opinion 'all the eradicators along with the police should die, because they are eradicating the only plant that keeps us alive' (Perú21, 2007). Obregón, Malpartida and Palomino now had to try to maintain some sort of political legitimacy in Lima. However, what was surprising was that these same leaders, at least Palomino and Obregón, also sought to distance themselves even from non-violent actions in defence of what they supposedly stood for, namely, the right to cultivate coca for illicit purposes.¹⁰⁷ ¹⁰⁸ As such, *cocaleros* began to turn their backs on national organisations such as CONPACCP and even CENACOP, and instead turned to, or formed, local organisations. As one *cocalero* in Aucayacu explained: 'They have awoken to the trickery of these leaders who have taken advantage of the nobility, good faith and

¹⁰⁴ 'Divorcio entre bases cocaleras y agricultores se debe a promesas irrealizables de los dirigentes', 31 October, 2008, <<http://www.inforegion.pe/narcotrafico/8104/divorcio-entre-bases-cocaleras-y-agricultores-se-debe-a-promesas-irrealizables-de-los-dirigentes/>> [accessed 22 January 2011].

¹⁰⁵ 'Ticerán critica a alcaldes que no participan en Mesa de Diálogo con Gobierno Regional y Central', 25 November 2007, <<http://www.inforegion.pe/narcotrafico/17293/ticeran-critica-a-alcaldes-que-no-participan-en-mesa-de-dialogo-con-gobierno-regional-y-central/>> [accessed 22 January 2011].

¹⁰⁶ 'Dirigentes cocaleros del Alto Huallaga se critican mutuamente', 7 July 2008, <<http://www.inforegion.pe/narcotrafico/11638/dirigentes-cocaleros-del-alto-huallaga-se-critican-mutuamente/>> [accessed 22 January 2011].

¹⁰⁷ 'Nancy Obregón toma distancia de cocaleros radicales', 18 April 2007, <<http://www.inforegion.pe/narcotrafico/4702/nancy-obregon-toma-distancia-de-cocaleros-radicales/>> [accessed 22 January 2011].

¹⁰⁸ 'Nelson Palomino lamenta bloqueos organizados por cocaleros del Monzón', 27 April 2007, <<http://www.inforegion.pe/narcotrafico/4874/nelson-palomino-lamenta-bloqueos-organizados-por-cocaleros-del-monzon/>> [accessed 22 January 2011].

strength of the cocaleros'.¹⁰⁹ In November 2008 the representative debilitation of CENACOP was visibly demonstrated when a strike was called for in Tingo Maria that was to be 7000 strong but was only attended by about 120 people, who returned to their fields - hoping that CORAH had not arrived in the meantime - feeling that they had been tricked again by their leaders.^{110 111}

As if the movement was not fragmented enough, things took a turn for the worse in 2009 in what looked like a scenario that might bring some consolidation. In May, the *cocalera* leader of the *Asociación de Cocaleros de Aucayacu* that was affiliated to CONPACCP, Deodora Ordóñez Espinoza, was assassinated. Most people now believe it was by the 'Artemio'-led Huallaga column of *Sendero* as a result of her having collaborated with law enforcement (La Republica, 2009). However, just over a week later Espinoza's daughter Mariela stated that her mother had told her on the way to the hospital that the person responsible was her political rival Rosa Obregón, the new president of the CENACOP-affiliated *Federación de Cocaleros de Aucayacu* (La Republica, 2009a).

Malpartida immediately supported this view and stated to Canal N that Obregón had made numerous death threats to Espinoza. To Malpartida the reason was clear: 'Deodora was very happy because the peasants had realised that CENACOP was deceiving them and so they began to return to the Association of Cocaleros that she presided, and for that Obregón had threatened her and told her to retire or it would cost her a lot. The police have much to ask Rosa Obregón'. Sitting beside Malpartida, Mariela told the world through her tears that her mother had been so popular that Humala's PNP had even told her that she would be selected to represent them at the 2011 Congressional elections. The *Federación de Cocaleros de Aucayacu* immediately denied these accusations and said that Malpartida had always sought means of destabilising their organisation while Obregón announced she herself had been the victim of numerous death threats since Espinoza's murder and that she

¹⁰⁹ 'Cocaleros del Huallaga dan la espalda a la CONPACCP por desencanto con promesas de sus dirigentes', 2 November 2008, <<http://www.inforegion.pe/narcotrafico/8138/cocaleros-del-huallaga-dan-la-espalda-a-la-conpaccp-por-desencanto-con-promesas-de-sus-dirigentes/>> [accessed 22 January 2011].

¹¹⁰ 'Cocaleros aseguran que cinco mil agricultores paralizarán Tingo María el próximo lunes', 21 November 2008, <<http://www.inforegion.pe/narcotrafico/20020/cocaleros-aseguran-que-cinco-mil-agricultores-paralizaran-tingo-maria-el-proximo-lunes-/>> [accessed 22 January 2011].

¹¹¹ 'Dirigentes cocaleros se mantienen inubicables ante el fracaso de la huelga cocalera', 25 November 2008, <<http://www.inforegion.pe/narcotrafico/20105/dirigentes-cocaleros-se-mantienen-inubicables-ante-el-fracaso-de-la-huelga-cocalera/>> [accessed 22 January 2011].

would demand prosecution against Malpartida for defamation of character.¹¹²

Malpartida's reputation was soon further tarnished in the minds of many when *El Comercio* - the Peruvian version of the Times - ran an article accusing Malpartida of having been a leading *Sendero* militant in the 1980s, as was her brother. Documentary 'proof' had been obtained that Malpartida controlled logistics in the hamlet of El Milagro 25km outside Tingo Maria under the 'Artemio'-led Huallaga column. It was claimed that she had only left the organisation in 1994 as a result of the Fujimori repentance law 25499 that gave *Sendero* prisoners freedom in return for confessions and becoming informants, which her brother also took advantage of. To do so, she had to sign the *Acta de Declaración de Solicitante* (Applicant Declaration Act) which was witnessed by a public prosecutor. Given that the region was the principal source of funding for *Sendero* at its height of power, this entailed that Malpartida had extensive contact with the top narco-traffickers. The article states that it is one of 'life's ironies' that Malpartida should now be a members of Humala's PNP given that he was stationed at the military counter-terrorism base of Huallaga at the same time. However, more disconcertingly for the journalist, his sources told him that Malpartida maintained contact with 'Artemio' until only a few years ago (El Comercio, 2009a).

Malpartida admitted to being obliged to follow orders by *Sendero* in the 1980s, as were many others in her hamlet, and that the same applied to the military as her hamlet was caught in the crossfire between the two sides. However, she was never a militant of any persuasion and certainly never used the repentance law. Malpartida could not explain how her name had appeared alongside a code name but imagined that it was the result of a 'census' that the military had conducted in her and other hamlets to gain an idea of relationships with *Sendero* (Perú21, 2009). To say that many Peruvians have suspicions of this not being the truth is to put the matter mildly.

Meanwhile, Nancy Obregón also began to find herself being increasingly linked with narco-traffickers. First, her ex-advisor/assistant in Congress from July 2006 until March 2007, Max Caller Valdez - who had previously been a renowned *cocalero* leader in Tingo Maria - was arrested in late August with 140 kg of cocaine (El Comercio, 2009). It was later pointed out by Jorge del Castillo (the current General Secretary of APRA) that Obregón's current legal advisor, Marco Olano, had represented numerous traffickers and that it was dangerous for him to have access to confidential information because, like Caller, he could act as a spy for narco-traffickers.¹¹³ Then, an article appeared in *Caretas* in early September

¹¹² 'Crimen de dirigente cocalera pone al descubierto feroces disputas entre el gremio cocalero', 14 May 2009, <<http://www.inforegion.pe/narcotrafico/28178/crimen-de-dirigente-cocalera-pone-al-descubierto-feroces-disputas-entre-el-gremio-cocalero/>> [accessed 22 January 2010].

¹¹³ 'Es peligroso que actual asesor de congresista Obregón acceda a información en Comisión de Defensa', 4 September 2009, <<http://www.inforegion.pe/portada/35812/es-peligroso-que-actual->

claiming that according to a police report deriving from officers who had acted on a tip off to locate two laboratories in Santa Rosa de Mishollo, a district of Pólvora, in the department of San Martín (from where Obregón derives and it is thought, but denied, that she owns thirty hectares) where they attempted to confiscate a rifle, lots of kerosene, 75 kilos of calcium oxide and 35 sacks of coca - the essential ingredients of *pasta básica*. Obregón then appeared, mobilised many of the locals and stopped the confiscation. The police were retained by the mob for two hours during which they were hurt and their car vandalised in the presence of Obregón (Caretas, 2009).

About a week later, another article appeared in *Caretas* wherein the owner of Radio Solar de Tocache, Corina de la Cruz Yupanqui, claimed that it was well known in the area that Obregón's husband was heavily involved in narcotics and that she had received death threats in the past for saying so. In addition, intelligence reports were made available that showed that on 10 April 2008 CORAH agents uncovered a paste-making laboratory 335 metres from the *cocales* of Obregón's mother and two sisters (Caretas, 2009a). Regarding the laboratories Obregón argued that Santa Rosa de Mishollo is a big place and they could have belonged to anyone (Peru21, 2010).

A week later it came to light that Vitmer Apagueño Saurín, who had been arrested with Caller, is the maternal cousin of Wilder Satalaya Apagueño, the man who took over from Obregón at the *Asociación Saúl Guevara Díaz* in Tocache and also manages her parliamentary office. When *Caretas* phoned Satalaya Apagueño he denied knowing Apagueño Saurín but it turns out that not only are they cousins but also grew up together in the same hamlet and even worked together politically. Apagueño Saurín confessed to the police to having been in charge of sending the shipment by sea to Mexico where it would be picked up by the Sinaloa cartel (Caretas, 2009b).

In March 2010 the police uncovered a laboratory for making paste in Santa Rosa de Mishollo and detained 5 people, only two of whom were over the age of eighteen. The police were informed that the employer of the detained was ex-policeman Fabio Chávez Peralta, Obregón's husband. Moreover, they were also told that the paste was given to Rofina Peralta, Obregon's mother. As such, the Tingo Maria's public prosecutor decided to press charges on March 18th against Chavéz and two of his accusers for drug trafficking (El Comercio, 2010). As Chavéz went into hiding, Obregón immediately stated publicly that she had split up with her husband in 2006 and since then had only seen him for reasons of a family nature. However, within the week reporters at *El Comercio* had gotten their hands on

[asesor-de-congresista-obregon-acceda-a-informacion-en-comision-de-defensa/>](#) [accessed 22 January 2011].

photos of Obregón with her supposedly ex-husband at the signing of the Act of Tocache in 2007. In addition, there were also tape recordings of telephone conversations between Malpartida and Obregón wherein the former refers to Chávez as “your husband” (El Comercio, 2010a). Calls had been issued for some time that Obregón drop her parliamentary immunity from investigation and by March 2010 something of a cross-party Congressional consensus had been reached that a commission would be established to investigate Obregón’s links to narco-trafficking (Perú21, 2010).^{114 115} In the meantime she would be temporarily relieved of her duties at the PNP (El Comercio, 2010b).

The two accusers of Chávez, who were both of scarce resources, somehow managed to hire defence attorney Pedro Adolfo Figueroa Herrera on 25th March and suddenly their statements changed. They admitted to having worked in the laboratory and having met Chávez but they were no longer sure if he had been the owner. Nor were they any longer willing to say that they had handed over the paste to Obregón’s mother. Apparently they had made these statements because they had been physically forced to by the police. To the absolute shame of the Peruvian legal profession, less than a month later Figueroa was promoted by the National Prosecutors Office to the post of First Provincial Penal Prosecutor of Tocache. Figueroa was now in charge of the case against Chávez (El Comercio, 2010c). Such is the level of corruption in Peru that had Chávez not been Obregón’s ‘ex-husband’, nobody would have noticed.

Nevertheless, just when Obregón and Malpartida must have thought their days of trouble were over, or at least they might have a respite, Operation Eclipse stormed the nation’s front pages on November 26th. In Huallaga very early that morning, police forces in Aucayacu, Tingo María, Monzón and Huánuco had simultaneously and unprecedentedly arrested 42 *cocalero* leaders presumed to have links to narco-trafficking and some to *Sendero* as well. Despite the efforts of the local populations, Mayor Iburbio Morales was among those detained and flown to Lima by lunchtime, as was Rosa Obregón where they are still being held.¹¹⁶ Nancy Obregón immediately condemned the operation on TV as a witch hunt

¹¹⁴ ‘Congresista Nancy Obregón debe abdicar a su inmunidad para facilitar investigación por presuntos vínculos con el narcotráfico’, 24 September 2009, <<http://www.inforegion.pe/portada/37452/congresista-nancy-obregon-debe-abdicar-a-su-inmunidad-para-facilitar-investigacion-por-presuntos-vinculos-con-el-narcotrafico/>> [accessed 22 January 2011].

¹¹⁵ ‘Sostienen que existen indicios suficientes en acusación contra Nancy Obregón’, 22 October 2009, <<http://www.inforegion.pe/portada/39748/sostienen-que-existen-indicios-suficientes-en-acusacion-contra-nancy-obregon/>> [accessed 22 January 2011].

¹¹⁶ ‘Suben a 42 los detenidos en megaoperativo fiscal-policial en el Alto Huallaga’, 26 November 2010, <<http://www.inforegion.pe/portada/78696/suben-a-42-los-detenidos-en-megaoperativo-fiscal-policial-en-el-alto-huallaga/>> [accessed 22 January 2011].

and political persecution against a social movement, as well as a smoke screen over the nation's real problems.¹¹⁷ The information that led to the arrests had been provided by ten protected informants, some of whom are ex-*Sendero* militants - four of whom have appeared in a video with 'Artemio' - and have also declared that Malpartida and Obregón both have close links with *Sendero* at the highest levels. One informant gave the following statement:

As an inhabitant of Huallaga for many years, we know of the links that exist between *Sendero* and drug traffickers ... *Sendero* is also linked to and directs the political authorities, cocalero groups, associations of families of dead terrorists, illegal loggers and traders ... Since long ago in the zone of the valley of Monzón, the terrorists known as 'Artemio', like 'Clay', 'JL' and 'Piero' [killed in the months after this statement was made] were in charge of receiving economic support from the drug traffickers. Each time they arrived in the area they met with the population and spoke with them about the policy of their organisation. They met with all the authorities that had been elected, such as presidents of hamlets, mayors, deputy mayors, municipal agents and others ... *Sendero* have organised the cocalero groups of the Upper Huallaga, the valley of Monzón, José Crespo y Castillo, Pucayacu, Magdalena, Yanajanca and other areas. It handles their leaders so that the population fights against the eradication of the coca leaf, but in reality those who it does not convene that the crop disappears is the narcotraffickers, who finance the terrorists to protect them ... Obregón and Malpartida coordinated openly and directly with 'Artemio' in all activities related to cocalero peasants. They are in charge of bringing the people to the protests, always with the knowledge and authorization of 'Artemio'. In 2005, before entering politics, they met with 'Artemio' in the hamlet Soledad to deal with the subjects of strikes and protests. On this occasion, 'Artemio' told them that "when you are authorities do not betray the people who chose you" (El Comercio, 2010d).

The informant also mentioned Iburbio Morales, Ricardo Ticerán, Rosa Obregón and others. Apparently, Ricardo Ticerán, among others on the list, was not arrested simply because he was not found at the time.¹¹⁸ In October 2008, another informant made the following declaration:

In the year 2005, I do not remember if it was in the locality of Mohena or Magdalena, 'Artemio' and his aids 'JL' and 'Piero' met with Obregón and Malpartida, who needed the support of the population of Alto Huallaga to obtain the votes to become Congresswomen, the same who, with the aim of creating a pact of support, offered that if they received the votes of the valleys of Monzón and Magdalena they promised to support the party (PCP-SL) and struggle against the policy of eradication of coca in the Alto Huallaga (El Comercio, 2010d).

It would appear that these statements were the final breaking point for Humala in regards to his relationship with Obregón and Malpartida as neither have been put forward to stand as candidates for the PNP in the elections in 2011. In the words of Humala, 'We have looked for a list in which the people do not have problems of an ethical or moral character' (El

¹¹⁷ 'Detienen a autoridades y dirigente cocaleros acusados de vínculos con el narcotráfico', 26 November 2010, <http://www.youtube.com/watch?v=UXt_HhTtPc4> [accessed 22 January 2011].

¹¹⁸ 'Suben a 42 los detenidos en megaoperativo fiscal-policial en el Alto Huallaga', 26 November 2010, <<http://www.inforegion.pe/portada/78696/suben-a-42-los-detenidos-en-megaoperativo-fiscal-policial-en-el-alto-huallaga/>> [accessed 22 January 2011].

Comercio, 2011a). Obregón's public reaction was to continue protesting her innocence of anything other than being 'a direct person' and also mentioned that she has already had offers from other parties (Perú21, 2011). However, for Olga Cribilleros, who is in charge of the parliamentary investigation into Obregón and Malpartida, and who already thought before the release of the statements in *El Comercio* that there was 'more than enough evidence' to prove the links, Congress must grant for an additional 45 days in light of the information deriving from Operation Eclipse and the article in *El Comercio* putting forward her case (Peru21, 2010a; El Comercio, 2010e).

Conclusion

In a pseudo-neoliberal world of regional FTAs, such as NAFTA, DR-CAFTA, the EU, ASEAN and MERCOSUR, with trade rules between these regional blocs supposedly dictated consensually at the WTO, such as the AoA, GATT, GATS, TRIMs and TRIPs, although with the EU allowed to maintain the CAP and the US its Farm Bills, the peasantry around the world have been forced to enter into a world of increasingly precarious 'new ruralities'. After many millennia of peasant farming (independent or feudal) being the chief economic occupation of the vast majority of humanity, the family farm is no longer enough to provide a sufficient source of income for the world's poorest peoples who are unable to compete with the subsidised imports that have flooded domestic markets after decades of urban-bias in governmental policy and SAPs. The export of NTAEs is again largely controlled by TNCs and only a few crops such as coffee have proven amenable to peasant production and then generally for the wealthier segments of the community. In this context, the one crop in Peru that has proven impenetrable to economies of scale, but almost adhesive to the market's invisible hand, has provided an economic lifeline to communities in the *sierra* being pushed into joining the coastal slums. The option to descend instead to *cocalandia* has doubtlessly enabled many *sierra* communities to remain economically sufficient by providing an important source of alternative income.

Unlike Bolivia, the Peruvian *cocaleros* have failed to form a united national movement. The chances of doing so were slim from the outset given the greater number of areas that would need to be brought together and the ease with which their demands could be interpreted in the minds of the coastal population as essentially deriving from the remnants of the terrorist organisation that had practically brought the country to a standstill for so long just recently. Indeed, in the face of the national economic reality *cocaleros* were forced to adopt the very radical stance of defending the cultivation of coca regardless of its final destination. To this demand the GOP was never in a position to respond favourably, for

otherwise the country would be cast asunder from the international community. However, given that the effects of subsidised 'free' trade look set to deepen and that there is no indication of a drop in demand for - or the legalisation of - cocaine, this problem will in no way disappear any time soon and will continue to provide a source of finance for *Sendero*, who will gain local support to the degree that the GOP attempts to eradicate coca and *Sendero* make efforts to stop them.

In terms of paths to agrarian capitalism, the *cocalero* road for the illicit economy bares most similarity to the 'peasant-farmer' or *Grundherrschaft* 'path' although with the unique factor that as social differentiation within the peasantry begins to develop the earnings cannot be re-invested to expand production and instead must be invested elsewhere, predominantly in non-agricultural activities. As such, this acts as something of a cap on the degree to which the wealthier peasantry can come to dominate the poorer segments of the community with the only means of doing so being to expand into other more value-added stages of the production process. Despite the fact that the vast majority of the settlers derive from areas where reciprocal labour relations predominate, these are almost entirely absent from *cocalandia* and instead wage labour is the norm when the work is not being fulfilled by members of the domestic unit, and that wage labour is higher than in alternative paid agricultural employments. Consequently, once again we see that the path to agrarian capitalism that is taken by producers of coca is unique.

VII

The Traditional Market

Introduction

This chapter seeks to put forward a comparison of the forms and efficiency of political mobilization and labour relations found among *cocaleros* producing for the legal market compared with those producing for the illicit market considered in the previous chapter. The case studies used to do so are the villages of Ccochapampa and Huiro where many months of fieldwork were engaged in. It is argued that in terms of transitions towards agrarian capitalism we once again see here a very unique example that seriously belittles any notions of transitional unilinearity. Upon the dissolution of the *hacienda* system of feudal labour relations and the consequent full expropriation of *haciendas*, the landlord-farmer 'road' to agrarian capitalism had been rendered absolutely negligible. However, whereas it would be widely expected in such circumstances that this agricultural vacuum would be filled by the *Grundherrschaft* 'road' and the subsequent process of social differentiation which this is held to entail, what we see instead is that despite the highly iniquitous allocation of landholdings to these erstwhile serfs, beneficiaries instead chose to utilise pre-capitalistic reciprocal labour relations. A tentative explanation for why this occurred is given by the way in which the data collected indicates that such reciprocal-labour relations are actually more productive than waged-labour relations. Should this be the case, then this must be considered as an addition to the Chayanovian belief in the distinctive micro-economic rationality of the peasantry concerning the law of labour: consumer demand.

La Convención

The province of La Convención and the adjacent districts of Yanatile and Lares in the province of Calca, all in the department of Cuzco, constitute the part of Peru that is estimated by the UN to be home to about 30 per cent of the hectares of land used for producing coca in the country. This figure must be qualified, however, because in La Convención - by far the largest of Cuzco's provinces - the districts of Pichari and Kimbiri lie in the VRAE facing the department of Ayacucho across the river and, therefore, are quite far removed from the other coca producing areas in Cuzco. With the exceptions of Kimbiri and

Pichari, the coca produced in the department of Cuzco is destined exclusively for the traditional market, although not necessarily all is sold to ENACO. As such, the area planted with coca that produces strictly for the traditional market constitutes about 22 per cent of the national total or 13,174 hectares (UNODC, 2010a: 23, 32, 51).

However, it must be born in mind that the levels of production in La Convención and Calca are far lower than in the more humid VRAE and UHV. *Cocales* in La Convención and Calca only attain three to four harvests per year, while the VRAE and UHV can reach up to six. This is due to the differences in climate, levels of humidity and the use of agrochemicals. In La Convención there is a six month dry season, no agrochemicals are used and practically no fields are irrigated. Over the past decade the levels of production have remained fairly steady, fluctuating between 12-14,000 hectares. However, there has been a huge change within the areas. Whereas in 2001 about 60 per cent of the hectares producing coca were to be found in La Convención and 40 per cent were in Calca, by 2009 the figures had inverted. The reasons for why this has occurred remain unclear (UNDP, 2006: 30; 2010a: 51). In 1978 the recently founded National Coca Company (ENACO) entitled 9,340 people to produce coca to satisfy the licit demand and since then have not updated this registrar. Presently, 12,000 *cocaleros* are affiliated with the Federation of Peasant Producers in La Convención and Lares (FEPCACYL) (Soberón *et al.*, 2008: 11).

The degree to which these areas will continue to remain tied to the traditional market is uncertain. The Trans-Oceanic highway is literally upon the point of being completed linking the Peruvian Pacific to the Brazilian Atlantic, with only tens of kilometres separating the two countries by the national border and in Quiteni, near the departmental border between La Convención and Ayacucho. Already this road has begun to be used as a route for narco-trafficking. This abruptly came to the nation's attention when in December three policemen were assassinated in the district of Echarati (La Convención) after they were ambushed by narco-traffickers.¹¹⁹ This incident made it harder for the mayor of La Convención, Fedia Castro, to maintain her belief that 'because they have found cocaine on a couple of occasions does not mean that there is narco-trafficking in my province' (El Comercio, 2011). Representatives of the Machiguengas tell of the increased presence of narco-traffickers over the past few months and of them entering communities to ask for food and inform the locals not to say anything to the police (El Comercio, 2010). If the area continues to become increasingly used for narco-trafficking there is always the possibility that people will also begin to sell their coca to the illicit market. However, for now, this has

¹¹⁹ 'Tres policías muertos dejó ataque de narcotraficantes en Echarate, Cuzco'. 30 December 2010, <<http://www.inforegion.pe/portada/82306/tres-policias-muertos-dejo-ataque-de-narcotraficantes-en-echarate-cuzco/>> [accessed on 29 January 2011].

not occurred.

The demographics of La Convención share important similarities and differences with the UHV and the VRAE. The initial population growth was composed of migrants from the *sierra*, primarily from Cuzco. However, unlike elsewhere, these pioneer migrants had arrived when the *hacienda* system still dominated. The land occupations of the *haciendas* in La Convención were officially legalised in Lima before the agrarian reforms. In the aftermath, these erstwhile serfs found themselves with the daunting task of having to create a society that could replace that which had existed for the past five centuries. The terms had changed, with *camayos* now being called *árrendires*, while *colonos* were *allegados*, but the feudal labour relations had barely been modified since the Spaniards had arrived. These pioneers had been estranged from their communities of origin and the social relations inherent in them and had not had the opportunity to integrate themselves into new communities because, quite simply, they did not exist within the *hacienda* land tenure system. The only integrative cultural trait in their favour was that everyone spoke Quechua and derived from places with similar, if not identical, customs and traditions in the *sierra*. Consequently, it is quite incredible that in such circumstances these illiterate migrants were successful in organising themselves into the syndicates that proved the undoing of such a durable system of labour relations. The Provincial Federation of Peasants from La Convención and Lares (FEPCACYL) had only been founded in 1958.

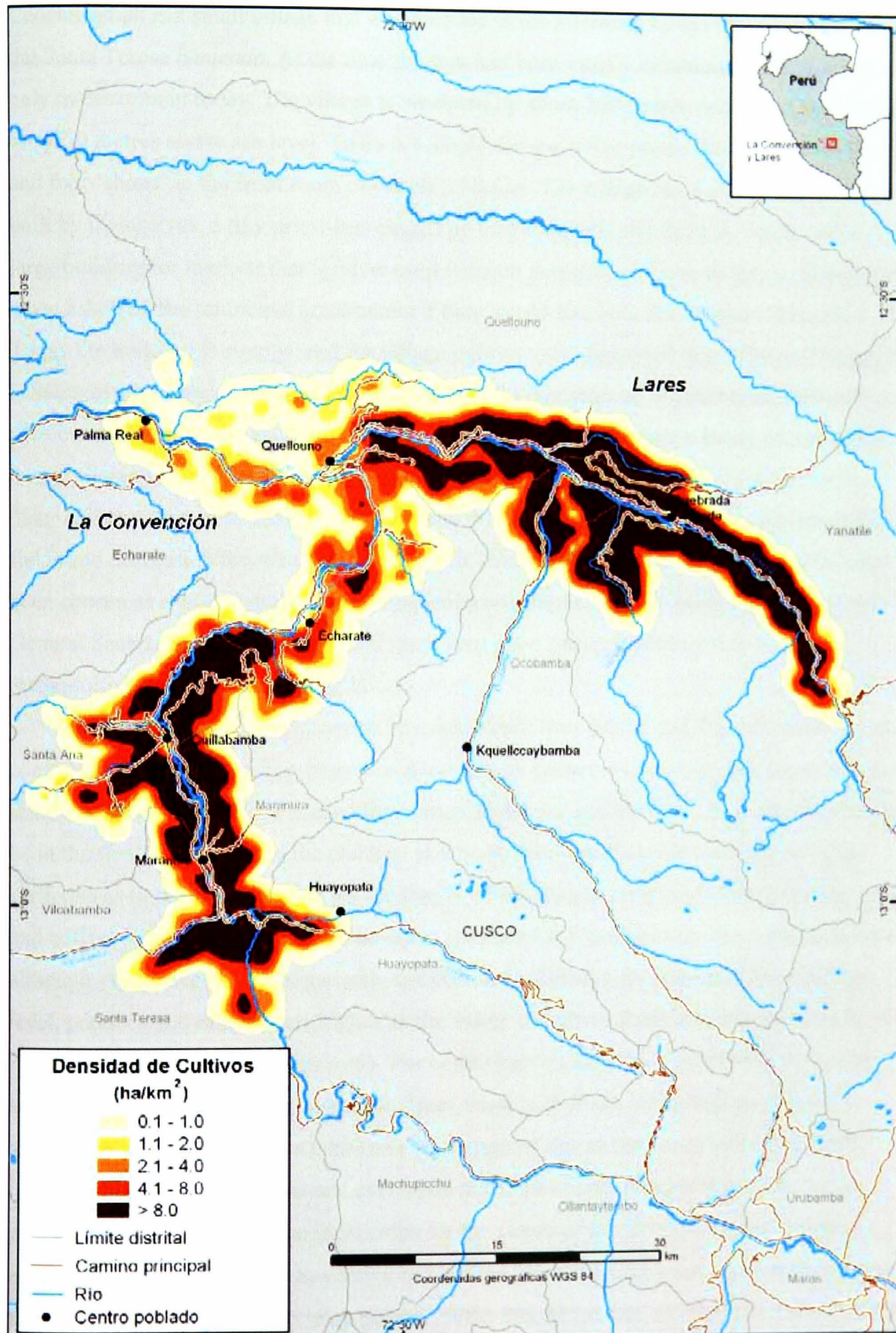
The class fragmentation of the erstwhile-serfs of La Convención was given further impetus by the reforms. Almost overnight, the 163 *haciendas* were transformed into 6,648 plots of land although of very dissimilar sizes. It is thought that on average, a family requires 6 hectares of land to be subsistent. Of the parcels distributed 4,288 were smaller than 6 hectares, 1,750 measured between 6 and 15 hectares and 610 were larger than 15 hectares. Those who gained most were the *árrendires* who had led the struggle. The *allegados*/sub-*allegados* were the next main beneficiary group, followed by the *habilitados* and *tiapacocs*. Therefore, 64.5 per cent of beneficiaries had failed to attain holdings of sufficient size to remain subsistent. Moreover, it must also be born in mind that the parcels received by the poorest were generally situated on lands least suitable for farming. Furthermore, such averages mask variations. For example, in the districts of Maranura and Huayopata 2.8 per cent of beneficiaries received between 10 and 30 hectares, 3.8 per cent between 5 and 10 hectares, 5.8 per cent between 3 and 5 hectares, 24 per cent between 1 and 3 hectares and 62 per cent got less than one hectare. Thus, for 86 per cent of the area's inhabitants the agrarian reform effectively never occurred as they attained less than half of the land that is thought to be requisite for a family to be subsistent (Encinas-Martín *et al.*, 2008: 191-196).

Rather than simply observe from a distance the tensions within the syndicates, the government of Belaúnde took an active role in facilitating their fragmentation through direct

repression, causing many, especially the *ex-árrendires*, to simply abandon the organisation and ally instead with the government. Nevertheless, for many of those that remained a level of cohesiveness was attained around the identification of the government as their new *Patrón* (boss) and the demand that the land remaining in the hands of *ex-hacendados* (that which they farmed directly) be expropriated and for the land-hungry poor and medium peasants who would administer it through co-operatives. The military coup in 1968 that brought the leftist General Velasco Alvarado to power granted these demands by 1972 and transferred the lands to 'Peasant Production Committees'. These committees were under the leadership of the wealthier peasants who in turn were controlled by the Agrarian Leagues - that were officially the only legitimate peasant organisations - within the newly established National System of Social Mobilization (SINAMOS). For most of the rest of the decade the syndicates concentrated on building roads, schools, and gaining electricity for their newly established communities, as well as attempting to defend the interests of the poorer peasants in the cooperatives. Conflict with SINAMOS was avoided by the latter making productive use of state finances to initiate the same projects being undertaken by the syndicates. However, on account of coffee and coca the fragile peace was broken in late 1977 and early 1978.

As noted in Chapter V, coffee had joined coca to constitute by far the two most economically important agrarian products of the province. In terms of volume, coffee was more significant than coca but was largely cultivated by the middle to upper segments of the peasantry who could afford to wait for the annual harvest. By contrast coca - which is harvested in La Convención every three to four months and can be staggered - formed the regular source of income of the poorer sections of the peasantry. In 1977 the international prices of coffee fell, which was compounded for the peasantry by structural problems such as difficulty in accessing credit and an inefficient system of commercialization. In 1978 this sector of the peasantry were joined in their disenchantment with the government by the poorer peasantry following the issuance on May 2nd of Decree Law (DL) 22095 whereupon, under international pressure, the Peruvian government had agreed to begin efforts to rapidly eradicate coca and establish a state monopoly. The National Cocoa Company (ENACO) controls the purchase and sale of coca destined for traditional purposes with prices - and areas allowed to cultivate - arbitrarily decided upon by the government. Suddenly, the syndicates were again in the possession of a clear political platform and following Peru's return to democracy in July 1980 and the discontinuance of SINAMOS - and thereby the Agrarian League -, they were much freer from competing representative organisations of the peasantry and better able to coordinate demonstrations, hunger strikes and *bloqueos*. Once again coca had returned as a unifying object of focus (Encinas-Martín *et al.*, 2008: 196-208).

Density of Coca Cultivation in La Convención and Lares, 2009



Fuente: Sistema nacional de monitoreo apoyado por UNODC - Gobierno de Perú
 Los límites políticos y los nombres utilizados en este mapa no implican la aceptación oficial por parte de las Naciones Unidas.

(UNODC, 2010a: 52)

Ccochapampa

Ccochapampa is a small village that was founded in the aftermath of the fragmentation of the Santa Teresa *hacienda*. At the time the area had been mostly mountain forest of which only traces remain today. The village is inhabited by about 200 people and lies at an altitude of 1,750 metres above sea level. There is a single dirt track that passes through the village and four 'shops' in the front room of people's houses. The village has a school that they built by themselves, a tiny priest-less church up on the hillside also built by locals and a large building for markets that is never used for such purposes and was simply built because when asked by the municipal government if they would like one, the villagers said yes. Today the building is simply used for village politics to be discussed later. The nearest town is Santa María, which is situated at a distance of 12 kilometres on the main road between Cuzco and Quillabamba about 40 kilometres before reaching the latter. Every morning at 4 a.m. a minivan leaves the village to descend to Santa María, which is far too early for the older children that go to school in Santa María who instead leave at 6 a.m. to cut across the fields and descend to the town in about an hour. Practically, any nearby village could have been chosen as a site of study but Ccochapampa was singled out for being the home of the General Secretary of FEPCACYL and some very good fortune mentioned in the methodology section of the introduction.

Most houses in Ccochapampa have been built from adobe dug from the hillside and consisted of three rooms. The first room combines as kitchen and dining area, the next is the family bedroom and the last is used for storage. Everyone gets up at 6 a.m. so that adults can be in the fields by seven and the children at school. Wives or daughters will get up even earlier so as to prepare breakfast for the family which usually consists of bread, cheese, corn and coffee. The two main commercial crops cultivated in Ccochapampa are coffee and coca, although yucca, avocados, sugar cane and corn are cultivated for consumption at village level, potatoes and other tubers higher up the valley and citrus fruits at lower altitudes by the river (which are also sometimes sold). The coffee harvest lasts from April until September and prices rise as the season progresses. Thus, those with fields at the highest possible altitudes of around 2000 m.a.s.l. can take advantage of this as their crop will ripen latest. Coca can be grown in all areas and even upon the slopes of the steepest gradients. In the words of Plowman, 'coca is an ideal crop for the slopes of the steep, wet slopes of the eastern Andes since it is able to survive and remain productive for years on heavily leached soils that will support no other crop plants' (1984: 80). Moreover, as mentioned above, coca can be harvested all through the year and consequently *cocales* are staggered so that different *cocales* - or different sections of the same *cocal* - are ready to harvest (*pallar*) at different times, so as to provide families with a regular source of income. Although coffee is

grown by the wealthier farmers, who can afford to be paid yearly, nearly the entire village's inhabitants cultivate at least one *cocal* with the differences being simply the degree dependence upon coca.

Cultivating coca

The *cocales* are composed of either vertical or horizontal terraces (*huachus*) that can be constructed at the level of the river Vilcanota (500 m.a.s.l.) and anywhere above to a height of about 2500 m.a.s.l. The first stage of constructing a *cocal* is to clear and clean the area to be used (*ichu pelay*). The *ichu pelay* usually occurs towards the end of the dry season in September and in fields (*chácaras*) that had previously been used to produce something else but have since been abandoned or rested. The *ichu pelay* is very labour intensive and only engaged in by men. Depending on the degree to which the area has become overgrown different tools will be required, but generally the *k'ituchi* and machete are sufficient, and only occasionally are axes needed.¹²⁰ After a couple of weeks of being left to dry the uprooted vegetation is made into a bonfire, although larger pieces of wood will be taken home to be used as firewood. At the same time the stones are gathered into a single pile (*huaro*). Once the rains have begun, but before December when they have gotten too heavy, the land will have become soft enough to construct the *huachus*.

The first stage is to descend to the bottom of the *chácara* and proceed to open the *huachus* to a depth of about 50cm using a metal pole with pointed tips. *Huachus* are grouped in sections (*tablas*) measuring about 25 metres in length and used to divide the *cocales*. Once a *huachu* has been opened the person involved either returns to the bottom of the *tabla* to begin opening the next *huachu* to the right, or else simply moves up to the next area to be opened. After opening the *huachus* the land needs to be raked to remove stones which are formed into piles (*ayaqquenes*) at the bottom of the *huachus* to delimit the *tablas*. Once the *huachus* of a *tabla* are opened they then need to be widened using a hoe (*lampa*). Afterwards the *barreteros* move along the *huachus* using a pole to create the necessary holes (*hoyos*) to a depth of about 25-30 cm and a width of 3-4 cm. Lastly arrive the *chucudores* who introduce the plantlets (*chucus*) from the owner's (*dueño*) nursery into the *hoyos* using a stick with a sharpened point and a width of 2 cm (*cebador*). Once the process is complete, a tribute to the *pachamama* (Mother Earth) and the local mountain god (*apu*) - Mount Salkantay - is made in the form of cooked food and alcoholic drinks in order to obtain good harvests and protection from the weather. The ostentation of the celebration depends upon

¹²⁰ The *k'ituchi* is essentially a sickle that is not flat but curved in two directions

the financial resources of the *dueño*.

Older people advise that the first harvest (*linli*) should not be made until at least two years have passed so as to ensure that the *cocal* long remains productive, but today for financial reasons *cocaleros* often do the *linli* of *wawa coca* (baby coca) as soon as twelve months after planting. Nevertheless, the *palladores* (harvesters) must take care not to *pallar* the *wawa coca* that is not mature enough. Each *pallador* takes a separate *huachu* which they descend or move along gathering the coca leaves in the satchel made from a cotton bag that has been tied around them and hangs from their shoulders. The fresh coca (*matu*) is emptied into a larger sack at the top of the *cocal* that is placed in the shade somewhere until the end of the day. As the *palladores* proceed along the *huachus* they generally engage in conversation with those in the *huachus* adjacent to them. As such, not only is it an embarrassment to not keep pace with the other workers but also quite lonely. The working day is divided by 15 minute long breaks to chew coca and smoke cigarettes that are provided by the *dueño* of the *cocal*. It seems that practically all males smoke in Ccochapampa, but nobody ever has any cigarettes and only smoke when somebody pulls out a packet. The first break occurs at seven before work begins, the second at about nine, lunch is at 11 sharp and is provided by the *dueño* and either brought to the field or served at the *dueño*'s house. Another break is held in the afternoon before the day finishes at 3.30-4.00 pm.

Once the coca is collected it is stored at home and usually dried the next day on a concrete patio (*kachi*) made from smooth stones although sometimes for lesser amounts or if the person does not have access to a *kachi* the *matu* can instead be dried on sacks. Generally, most people have their own *kachis* or can easily use those of someone else, or those of the community in the centre of the village. If not, or for smaller amounts, the *matu* can be dried on nylon sacks instead. The *matu* can only be stored for up to 48 hours or else it will begin to putrefy and turn yellow or black and consequently sell for less than half of the expected price. Drying the coca is the riskiest stage of the production process and is not entrusted to the children. If the *matu* gets wet it is ruined and even if it is covered the *matu* still stains. As such, the drying stage is generally left to the older members of the community who are best able to 'read' the weather. Drying is usually done in the morning before the sun reaches its full strength and is capable of 'burning' the *matu*. The first thing that needs to be done is to clear the *kachi* using brushes made from branches of a certain bush. The coca will be spread out on the *kachi* by eight or nine at the latest and will require two to four hours of sunlight depending upon the amount and the season. During this stage the person responsible will occasionally kick the *matu* around barefoot so that it all dries uniformly rather than just the *matu* at the top. By the time the *matu* picked in the *mita* (harvest) has become coca it will have lost about half of its weight.

Selling coca

Until 2005 coca harvested in La Convención had to be brought directly to the nearest ENACO warehouse. For residents of Cochapampa the additional transport costs and lost hours of work that this entailed were not as extensive as elsewhere because at twelve kilometres, Santa María was relatively close. Inhabitants of other villages had to travel far greater distances and often had to stay overnight in Santa María as a result. Unsurprisingly, many chose to instead sell their coca on the illegal informal market wherein the coca is bought for more and sold for less. The difficulty for the *cocalero* with the informal market is that it only emerges during the dry season when there is less coca available. Consequently, the *cocalero* needs to be able to sell to ENACO during the wet season when coca is bought for the same price as in the dry. It is impossible to simply turn up in the rain season because it will be so obvious that something was amiss during the dry season and so, if possible, many *cocaleros* try to simply part with a lesser amount during the dry season saying that that was all they had harvested. As such, ENACO have now begun to travel to the villages on specified days to purchase the coca directly.

Every Saturday morning between 7.00 am and 8.00 am the representatives from ENACO would arrive in a lorry to the village to buy coca in a room allocated by the community for that purpose. Usually, they were Hanibal, who lived in Quillabamba (who being the son of a *hacendado* that had migrated to Peru from northern Spain still considered himself European despite never having visited), Rubén (a mestizo who lived in Santa María but was not from there) and a teenage boy or financially impoverished old man to help with the more manual chores and who were always from around Santa Maria. As such, the structure of ENACO was very racially determined. Nevertheless, the lowest position of general helper was never occupied by a female or a man aged between 20 and 65.

ENACO has three prices for coca depending upon its quality. The price for *primera* is S/.70 per arroba (25lb), but this price really only exists in theory as it is almost never paid. The price paid for *segunda* - which is for some odd reason also known as 'Inka' - is S/. 67 per arroba after being finally raised in 2008 as a consequence of continued protest by FEPCACYL. Lastly, *tercera* is bought for only S/. 30 per arroba (although again that price is also very rarely paid). People with coca descend to the room used and present ENACO with their laminated registration papers before their coca is inspected so as to determine its quality and thereafter it is weighed. The main sources of tension surround the determination of the coca's quality and the weight registered with complaints often made that the scales are fixed despite them being the property of the community. The fact that a pound is always deducted from the total for the supposed weight of the cotton sack, regardless of its size, seems to be an injustice that has been accepted over the years. Once the sack has been

emptied on the floor it is then repacked in the sacks of ENACO by the boy, to later be lifted up onto the trucks when all sales have finished.

The coca collected is then brought back to Santa María where the sacks are again emptied and repacked into larger sacks that are left to gather until a sufficient amount has been collected to bring to the main ENACO storage centre in Quillabamba, before being transported to Cuzco. Much of the coca brought to Cuzco remains there although some is taken further to the offices in Arequipa, Juliaca, Huaraz, Lima, Huancayo, Trujillo, Ayacucho and Huánuco before being sold on to licensed traders for S/.130 per arroba for *primera* mixed with *segunda*. By the time the coca reaches the consumer it sells at about S/.10 per pound or S/. 250 per arroba, which is a substantial mark up and source of great discontent with the *cocaleros*. This is explained by ENACO as a consequence of supposedly high overheads, but this in no way answers the question of how people in the informal market can pay more and sell for less. Meanwhile, *tercera* is all brought to the industrial plant in Lima where it is used either to make coca tea, coca flour to be added to a wide range of products, pulverised coca leaves to be consumed directly, or coca extract for pharmaceutical, cosmetic and nutritional products. This is where ENACO appears to make most profit. For example, the coca tea retails at S/.3.92 per 100 grams. According to ENACO, 1300 kilos of coca is required to produce 1000 kilos of tea. Taking this into consideration, ENACO therefore sells for S/.39, 200 what it had purchased for S/.3433.4 (minus of course the cost of the tea bags, packaging, overheads and labour) which is obviously an enormous margin of profit.¹²¹

Labour in the *mit'a*

Unlike in the VRAE and the UHV the *cocaleros* of Ccochapampa do not use any forms of biochemicals on the *cocales*, nor even irrigation.¹²² Given the greater aridity of the *ceja de selva* the consequence is that levels of production are far lower than in the *selva*, and only three (or at best four) harvests per year can be hoped for rather than five (and sometimes six). Another striking difference about the production process in La Convención and Lares compared with the areas where production is overwhelmingly for illicit purposes is the significance of non-familial pre-capitalist labour relations employed, whereas as we saw in

¹²¹ 'Precios de Productos Industriales', <<http://www.enaco.com.pe/precios.php>> [accessed 30 January 2011].

¹²² There was only one household that used a sprinkler in the area and they were located half way down the valley slope on a level stretch of land. Their *cocal* was small and located right beside the house so that the domestic water supply could be used to run the sprinkler. Many people in Ccochapampa did own a plot of land near this household but none had access to water there. As a result of using the sprinkler, this particular *cocal* remained very productive during the dry season.

the previous chapter wage labour dominates the VRAE and the UHV.

As in all peasant economies the primary resource of the domestic unit is unpaid familial labour that can be freely expanded or contracted in accordance with the labour-consumer balance at that particular point in the family life-cycle. Nevertheless, other factors that are more influential than in Chayanov's time are the obligation for children to go to school and perhaps unpaid political obligations for the (predominantly male) adults. As a consequence, the women of the peasant families can often be left in a situation whereupon they alone have to provide the basis of the family's subsistence. To help them to do so, it is often necessary to enter into agreements with other families that have a relative or absolute labour surplus. A relative labour surplus occurs when a family has more disposable labour than they need at that particular point in the agricultural cycle but will require at a later stage. Absolute labour surplus occurs when a family has more disposable labour than they need for all stages of the agricultural cycle and such families are likely to either seek to expand production or send some individuals out to work for others. Furthermore, based upon the gender division within the household, families may have a relative labour surplus for certain stages of the productive process (such as the *mit'a*) and a relative deficit for others (such as the *ichu pelay*). These factors give rise to a quite complex web of labour exchanges (Spedding, 2006: 136-137).

Migrant Labourers

Until work became available through the construction of the two Camisea gas pipes from the district of Echarate to the pacific coast, and increasing tourism after the quelling of *Sendero*, predominantly single landless migrant labourers would often descend from the *sierra* looking for work in the valleys and staying either for the period when they constituted surplus labour in their villages (November –February), or sometimes more indefinitely and establish themselves as independent producers. Similarly, people from the valleys might become residents in other communities where there was more land available or to settle down with someone, or they might just reside there for more short-term periods. To a lesser degree these practices do still occur. The migrant will reside with a family who will also feed them and pay a wage with living expenses and board deducted i.e. 'con mesa'. The migrant can only work in the fields of other families if they are given permission by the family that they reside with and their wage will be paid to their host family.

Ayni

Ayni is the interexchange of labour between families and is calculated in terms of days of labour rendered. The days of labour need not be engaged in the same activities, although certain activities will be considered as worth more than others. For example, a day of the *ichu pelay* will be considered to be worth twice that of gathering coffee beans. *Ayni* is not calculated individually but in terms of the families involved. As such, sons and daughters often have to pay off the labour obligations incurred by their parents. *Ayni* should be returned within the same agricultural cycle, but this still leaves a lot of room for manoeuvre. Given that coffee will be gathered as close to September as possible and the rest of the year simply needs to be weeded, people engaged in its production find themselves with something of a relative labour surplus for most of the year and then a distinct deficit at harvest time. So as to ensure that the requisite labour will be made available for this stage of the productive process, the *dueño* of the coffee field (*cafetal*) will spend much of the rest of the year increasing the labour obligations owed to them by engaging in *ayni* for other people. As a consequence, it is technically possible for someone to do *ayni* in someone's *cocal* in October and not expect to be repaid until the following September. If, however, the *ayni* is composed of days of labour during the *mit'a* on *cocales* it will be expected to be reciprocated much sooner. If this does not occur then the person involved will be exempted from future *ayni* exchanges. In practice, this seems rarely to occur as people establish *ayni* circles composed of close friends and relatives so long as they are considered good workers. Nevertheless, there were many occasions in the village whereupon in the evening ladies could often be seen with their daughters socialising in the centre of the village as an excuse for seeking to talk people into exchanging *ayni* with them.

Makipura

Makipura is essentially just wage labour paid by the day but with coca, cigarettes and lunch included. As with *ayni* the same rest periods apply. During the period of study the wages paid varied from seven to fifteen soles paid equally to both males and females, although it was generally frowned upon by the rest of the community if somebody paid more than the accepted basic wage of ten soles, as this would force others to have to raise the wages that they paid which might be beyond the means of some but was also in the financial interests of the wealthier peasants. The wages were far lower than those paid in the areas where coca was cultivated for illicit purposes. Generally, the *makipuras* would be residents within the

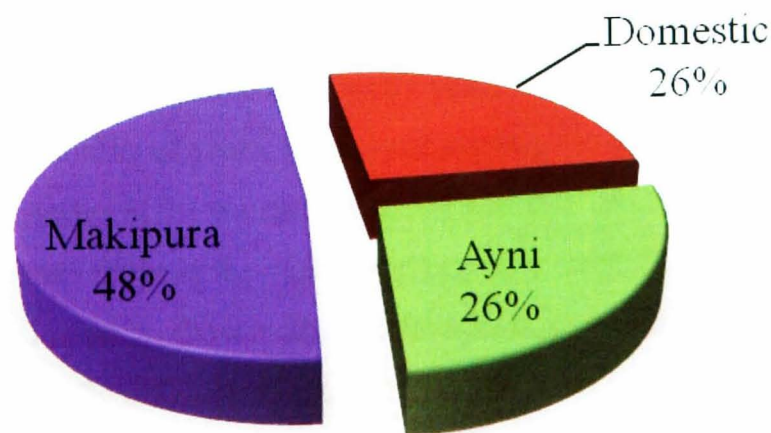
village but sometimes a lorry would arrive to bring them to other areas and in this way the *dueño* could ensure that the working day was slightly longer.

Labour productivity and labour relations in the mit'a

So as to gain an idea of the degree to which the above labour relations were utilised in Ccochapampa during the *mit'a*, and thereby an idea of the extent to which the local economy was based upon pre-capitalist labour relations as well as the comparative levels of productivity of each, it was decided to interview *cocaleros* as they brought their harvested coca for sale. In doing so, such data also highlights the degree to which figures based upon supposed average levels of production per hectare generalise over quite huge discrepancies. For example, it was estimated by ENACO that an average of 37 working days would be required to harvest a single hectare of coca, which would equate to twenty arrobas or 500lb (Soberón *et al.*, 2008: 89). However, from the levels of productivity equated from the data in appendices I and II, we see at the two extremes that for some it would take 159 working days to harvest 500lb of coca while for others the time need would be 49 working days. To harvest 500lb of coca in 37 days would require average levels of productivity of 13.5lb per person per day (lb/p/d). The average levels of productivity found in Ccochapampa were 6.8 lb/p/d, just over half of that estimated by ENACO. When analyzed in greater detail, these figures demonstrate the degree to which the labour relations used for the *mit'a* of coca were of a pre-capitalist type. The pie chart below demonstrates these finding more graphically.

Chart 1

Working days in the mita by labour type

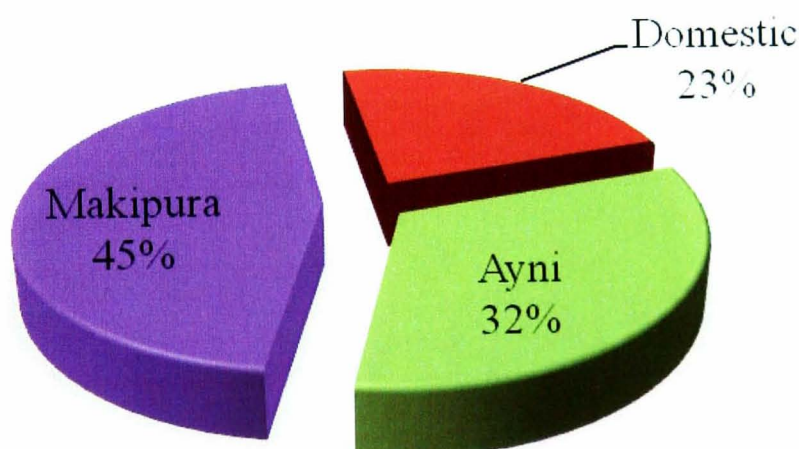


(Appendix I)

We see from the chart that it is quite evenly split in terms of capitalist labour relations and pre-capitalist, although *makipura* accounts for almost twice the amount of non-domestic labour as *ayni*. Wherever it was enquired as to why this was the case, the answer was always the same. Quite simply, because better paid alternatives were increasingly available either helping to construct the Camisea pipelines or in tourism. Indeed, many a complaint was made regarding the losses incurred by the *cocaleros* on account of Camisea's wages forcing them to have to raise what they paid in order to have any hope of attaining labour. It is quite easy to see why *ayni* is the preferred option for those who can get it. Although only accounting for 26 per cent of the work days, as we see in the chart below, 32 per cent of the coca that was harvested during the period of study was done so through the use of *ayni*.

Chart 2

Share of coca harvested by labour type



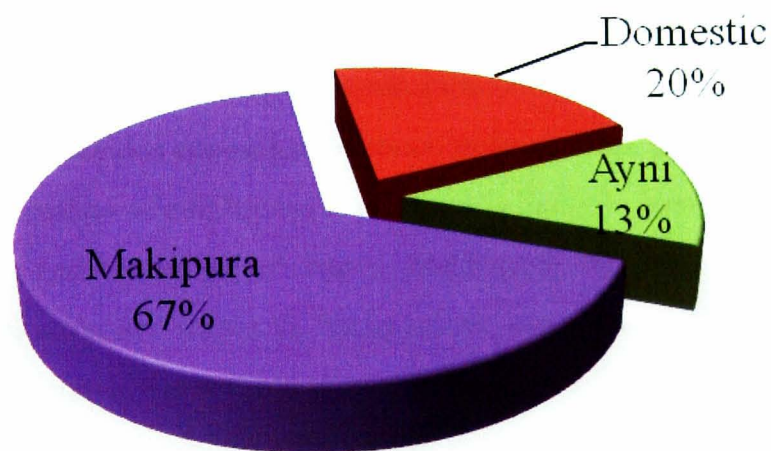
(Appendix I)

It is hard to imagine that the different levels of productivity were linked to anything other than the labour relations employed. Providing the *cocales* have been looked after to the same degree, a *cocal* peaks at three years of age and continues to produce at this levels by being pruned every three-four years until about twenty years of age. It will continue to produce for more than twice this number of years, but despite pruning the levels of productivity will decline. Similarly, *cocales* at the warmer and more humid level of the river Vilcanota should be more productive than those in the *altura*, and certainly more than those on the steep clay soils of the *laderas*. In reality, those with parcels of land by the river tend not to use them for growing coca as this is the only suitable area of the valley for growing citrus fruits. However, in both cases, while these factors are consequential for the levels of production for a given area of land, they make no difference to the speed at which the *matu* is gathered. As

such, these findings suggest that pre-capitalist reciprocal labour relations are far more productive than those involving wages.

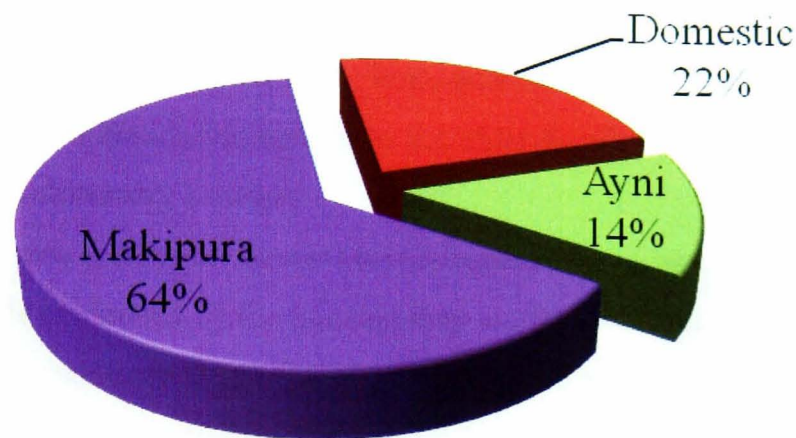
About forty kilometres away from Ccochapampa, down on the main road between Cuzco and Quillabamba, lies the market town of Huiro which is famous for its tea. It was decided to compare the data attained in Ccochapampa with that which could be gathered in Huiro. Lying on the main road, the residents of Huiro are much less removed from alternative sources of employment than their neighbours in the valley above them. We see in Huiro that a consequence of being more exposed to market relations and alternative sources of employment is a decline in the use of pre-capitalist labour relations. On no account does this appear to be a desired consequence as *ayni* and domestic labour continue to be more productive than *makipura*, although by nowhere near to the same degree as in Ccochapampa.

Working days in the mita by labour type



(Appendix II)

Share of coca harvested by labour type



(Appendix II)

In his famous study of the agrarian question and land reforms in Latin America, Alain de Janvry writes of only very 'isolated incidents' in Bolivia wherein there is a transition from the Junker path to agrarian capitalism to pre-capitalist relations of production (1981: 210). Although to a lesser extent than before the advent of other more remunerative sources of employment, La Convención clearly presents another example of such 'isolated incidents' and within the province this appears to be much more the case in areas further removed from these alternative sources of employment. Camisea is likely to continue providing alternative labour options for another couple of decades and thereby indirectly force local agricultural producers to offer attractive wages to obtain labour, especially in the absence of migrant labourers from the *sierra*, yet it is not out-with the realms of possibility that upon the completion of the Camisea pipelines the region again returns to an increasing use of pre-capitalist labour relations. In the meantime, so long as the prices paid by ENACO remain relatively stable, *cocaleros* in La Convención will continue to attempt to use pre-capitalist relations of production wherever possible so as not to incur the losses deriving from increased labour costs. Domestic labour determined by the Chayanovian labour-consumer balance will of course be prioritised but at certain stages of the agricultural cycle when there is a relative labour deficit *ayni* will be sought far more readily than *makipura*.

Village Politics: The *syndicato*

The FEPCACYL currently has about 170 bases affiliated to it. These bases meet monthly or whenever the need arrives to discuss issues of common concern. These can include communal projects, protests or objects of concern for which labour, protesters or debate are

required. The village meetings are chaired by a council elected annually by all participants in the meetings. People must be put forward as potential nominees by others but often those who are chosen gracefully decline their nomination on account of simply not having the spare time to do justice to the importance of the position. The meetings are mostly attended by the older members of the community, both male and female (although more of the former) and it is a continuous complaint by the older members of the community that the youth are not revolutionary enough.

The women are by far the most revolutionary and belligerent members of the community, as is evidenced by the fact that they are the most likely to take direct action. A couple of years previous to the period of study the local mayor in Santa Teresa had promised the residents of Ccochapampa that work would begin on a new road to the village. As this had failed to transpire one day the women decided that they alone would descend to Santa Teresa where they called the mayor out from his office and let it be known that if work did not begin within the week they would descend again and cover him in a sticky substance before emptying a sack of feathers over him and then marching him around the plaza. Work was initiated only a couple of days later.

Another issue that is the domain of the village syndicate is that of deviance from the communal laws. Every year in the valleys during the dry season a fire will be started accidentally on the slopes which quickly spread along that side of the valleys and devour people's *chácaras*. The community immediately rushes out and collectively work to stop the fire from encompassing more fields. The way to do so is to remove as much flammable material from the borders of a field as possible so that the fire cannot spread in that direction. This necessitates being able to 'read' in which direction the fire is likely to proceed but as the wind direction changes so rapidly this is a very difficult feat. When this occurred in Ccochapampa a village meeting was immediately held to decide what to do about the person who had accidentally started the fire. It transpired that this was the second occasion that this person had committed this offence and it was decided that they would be brought to the police station where they would doubtlessly receive a prison sentence if they could not offer bribes. As it happened, rather than wait for this to happen, the person absconded to Cuzco leaving his family behind to continue tending his fields. It appeared very unlikely that this individual would ever return to Ccochapampa.

Another theme for discussion is when the FEPCACYL wish to organise a large-scale demonstration throughout all of its bases and perhaps in coordination with other organisations across the country. This occurred in June 2008 when it had been decided that a nationwide strike was to be held to protest against the rising costs of living, unfulfilled

promises by García's government and eventually a multitude of local complaints such as plans to privatise water flowing from the sierra.¹²³ On Tuesday the 8th of July 2008 Peruvians held a 48 hour-long nationwide strike and according to some people in the village it was the first time that such a nationwide strike had been held. In the countryside the strike took the form of *bloqueos*. That involving the inhabitants of Ccochapampa and other villages within a 20 km radius took place in Santa María and actually ended by 3 pm on the Wednesday - supposedly because of an agreement between the leaders of the protest and the police, but it could just as easily have been because everyone was very tired by that stage having had no, or very little sleep. Nevertheless, protesters from the next *bloqueo* further up the road towards Cuzco did march into Santa María at 1:00 p.m. on the Wednesday to declare that they at least would be continuing their *bloqueo* until 12 p.m. that evening.

People from the villages trickled down to Santa María gradually over the course of Tuesday, with many not arriving until the late afternoon so that they could get as much work done in their *chácaras* as possible before hand. Furthermore, many stop along the way to have a couple of warm beers in the village shop as the *bloqueo* is strictly alcohol free which the vast majority stick to. By about four p.m. Santa María was busier than ever with the three main entrances and exits blocked off, as well as a side street that could be used to bypass the main exit for Cuzco. Most people sat around the step that continues along the length of the main street and forms an entrance into most of the shops. The main scene of activity was the exit for Cuzco where large rocks were placed across the road with flags positioned in the spaces between the rocks to form crosses. At the roadside women tended to enormous pots of soup boiling upon small fires enclosed by bricks. Perplexed tourists stared on helplessly, sipping cold beers and clinging to the hope that it would all end soon.

The hours passed consuming coca, smoking cigarettes, conversing about the political situation, joking and socialising with old friends from other villages and perhaps securing *ayni*. Nevertheless, in general villages tended to remain together, occupying the area close to where their food was being prepared which was also where they slept. It had been said that on the second day members of FEPCACYL would go from house to house in the villages looking for people not in attendance who would then be forced to attend and made to wear yellow paint on their faces as a punishment for not having done so voluntarily and instead placing personal material objectives above those of the community. By Wednesday no yellow faces were apparent but instead there was a meeting of the village syndicate to discuss various issues and compile a list of those households which had not sent at least one member (it being understood that one would have to remain to take care of the

¹²³ ENACO had already raised the price in 2008 that they had been paying for coca since January 2003 and as such demands for increased prices were absent from the protest, which is not to suggest that the *cocaleros* felt that they were being paid a just price.

house and children). Each of those added to the list were to be fined S/.15-20, which was the equivalent of two days wages.

Returning to Tuesday evening, at 5p.m. dinners were served and everyone approached the village cauldron with a utensil of some description that could be filled and reused later for the hot chocolate and sweet-bread. After dinner some people made preparations for sleeping while others manned the barricades. Everything appeared to be going very calmly, but gradually a rumour spread that some of the truck drivers were going to attempt to make an escape later. Meanwhile, some of the tourists had become increasingly inebriated and frustrated with the situation and began to argue with those manning the barricades. Some argued that they had a plane to catch and failed to understand that even if they did leave Santa María every village leading up to Cuzco was engaging in the same *bloqueos*. Furthermore, no individual could have granted them permission to leave as it could only occur if it was the decision of the majority who had no intention of making such allowances. Making such protestations even more pointless was that at the airport the workers were also on strike and so no planes were leaving Cuzco. Only one vehicle was allowed to get through the barricades as it was a taxi containing a dying old man but even this brought consternation to some.

As the tourists got increasingly inebriated, some took it upon themselves to march up to the barricades wielding bottles and stones and attempt to dismantle the flags and remove the stones, while others, who were even more inebriated, decided to stand with the Peruvians and shout at the other tourists. At such provocations, the situation began to get very heated. As neither side could understand a word of what the others were saying, anyone who could translate was eagerly sought and to do so required some very economical translations of the insults being hurled. The situation reached boiling point when the tourists had to be forcibly stopped from attempting to remove the flags. Towering over the Peruvian with fists clenched and chests puffed out it appeared that punches were about to follow but then one of the Peruvian youths used a stick to fling a burning tyre in the direction of the tourists who soon realised that all efforts at resistance would be futile and so returned to their beers to collectively sooth their bruised egos. Later that evening, following pleas from the policemen, it was agreed that the tourists would be allowed to pass through the barricade on foot and board a bus on the other side that they believed would take them to Cuzco, while everyone else knew that it would only get as far as the next barricade. However, their van would have to stay and thereby also their guide and driver who, as it transpired, had been the instigators of the whole fracas. It turned out that this, then, had been the reason that the tourists had been allowed to pass through because by doing so they would only get as far as the next town, while the driver and guide would be deprived of their customers/tips as a punishment for instigating the trouble. Afterwards, the atmosphere calmed down

considerably and soon a bottle of *aguardiente* had been produced that was being shared with the policeman in charge, a man from Ayacucho who claimed to be trying coca for the first time.

At daybreak breakfast was again served from the different village pots and Ccochapampa village syndicate leaders held the meeting in the street described above. As this neared its conclusion about twenty riot police began to make a formation in front of the police station facing onto the square with some holding tear gas canisters. Quite incredibly, almost every one of the protestors suddenly produced a small bottle of water as if they were old hands with the tear gas and knew exactly how to combat it. The police were under the command of a man in sun glasses who was not the same as had been drinking the night before (i.e. about six hours previously), although he stood beside him. Calls immediately went out over the Tannoy speakers by the protest leaders calling on everyone to assemble at the barricade to protect it. After about twenty minutes of this showdown the policemen were given permission to return to the station and no longer have to sweat in the approaching midday sun. Many of the peasants were jubilant and took this as a sign that the police were scared of them and had learnt from the last *bloqueo* when their attempts to break it up had been met by a hail of stones that had forced them to retreat to the station.

Almost as soon as the riot police had left another banner-carrying village from further up the road marched into town to declare that they intended to continue with the strike until 12 p.m. and urged everyone else to do the same. Then, just as quickly as they had entered they left, lunch was served, coca was chewed and some people went to wash in the river. At about 3 p.m. everyone piled into various vans returning to the village and the *bloqueo* in Santa María was over. Everyone was pleased with the proceedings although slightly aggrieved that there had been quite a high abstention rate. Upon returning to Ccochapampa, practically the whole village went straight to sleep.

Conclusion

In comparison with the inhabitants of the UHV and the VRAE, those of La Convención are much better organised and able to initiate political protest at the drop of a hat. Nor are they forced to choose between organisations competing for their loyalties. Although all *cafetaleros* in Ccochapampa are members of a village cooperative affiliated with the *Central de Cooperativas Agrarias Cafetaleras* (COCLA) this does not in any way prohibit them from also being members of FEPCACYL and even on issues that are not of common concern the two organisations work together. For example, if FEPCACYL needs to hold a particularly important meeting, such as when there was a dialogue table established with

important government functionaries (such as the Prime Minister, the Minister for Agriculture, the Minister for Energy and Mines, the vice ministers for Transport and Communication, the vice Minister for Education, three Congressional representatives, the Regional President of Cuzco and the President of ENACO) to debate the prices paid by ENACO as well as the composition of its executive board in 2008, the venue used was that of COCLA as it is larger. Obviously, this is a far cry from the mutual recriminations between organisations attempting to represent the interests of *cocaleros* in the VRAE and UHV. In 2008 FEPCACYL celebrated its 50th birthday and looks set to continue as the voice of the peasantry of La Convención and Lares for the immediate future, although the lack of participation by younger members of the communities is a serious concern for many.

Meanwhile, the *cocaleros* of the area look likely to maintain as their principal object of protest the prices paid by ENACO. On occasion it is threatened that alliances will be sought with *cocaleros* in the VRAE and elsewhere because the prices being paid are so low that they are the equivalent to eradication. In reality this looks unlikely to materialise and that instead the *cocaleros* of La Convención will be happy to protect their relatively privileged position in comparison with the other valleys where, although the money to be earned is greater, so also are living expenses, lawlessness, terrorism and military presence. As such, the cat and mouse dynamic between FEPCACYL and ENACO looks set to continue with ENACO functionaries disbelieving that the amounts of coca brought to them in the dry season are truly the full extent of the *cocalero*'s production, while attempting to grade the coca as sub-standard during the rain-season when there is a surplus. As long as the profit margins on the coca that ENACO industrialises remains at the levels at which they stand, ENACO is unlikely to be terribly upset about this state of affairs either.

In regards to transitions to capitalism it is one that is very distinctive. After reinitiating a unique hybridization of the *Grundherrschaft* and *Gutswirtschaft* 'paths' during the late nineteenth century, based upon migration from the nearby *sierra*, the contradictions initially contained within these feudal relations of production became too great as the *árrendires* experienced a process of *kulakization* that was founded upon coca but given great impetus by coffee. Upon the resolution of this contradiction, rather than space being made for the onset of the peasant-farmer 'path' to agrarian capitalism, the space was instead occupied by pre-capitalistic reciprocal labour relations translocated from the *sierra*. In recent years the incidence of *ayni* and migratory labour has experienced a decline on account of alternative employment opportunities. However, there is nothing to suggest that this is necessarily likely to persist in the long-term. Especially, given the indications above that pre-capitalist labour relations are actually more productive.

VIII

Conclusion

In a world of food price crises and unprecedented levels of hunger and malnutrition, it is hardly surprising that people are calling for increased levels of food production. However, as we have seen, there is already more than enough food being farmed to feed a much greater global population than that which currently exists. The fundamentally important causal factors behind these issues lie in the highly iniquitous manner in which global food production is distributed, which in turn derive from an overreliance on the invisible hand to efficiently and humanely direct resource allocation. When extra-economic factors intervene to affect the ways in which the invisible hand operates - such as through the rise in food prices via the increased transportation costs due to the price of oil going up on account of political demonstrations in Egypt - the utopian ideals of devout believers in the free market (as it exists rather than in theory) are laid bare in a harrowing manner.

Only by retaining a substantial degree of food sovereignty can countries hope to avoid the dire consequences wrought by this butterfly effect. But unfortunately, in order to keep wages low so as to make exports more competitive, countries have opened their doors to cheap subsidised imports and continue to maintain an urban bias in their developmental policies that is ultimately to the detriment of most sectors of society when it is manifested through the negative consequences of food import dependency. However, when times are good for the urban masses they are still increasingly precarious for rural inhabitants, who across the world have long constituted the poorest portion of the national population and who are now forced to compete with subsidised economies of scale in both international and national markets.

New Ruralities

It can no longer be considered that agriculture is immune to the monopolising tendencies of capital due to its unique relationship with extra-economic factors such as the climate and biology. Farming has become an industrial activity dominated by agro-industrial

TNCs. The 'Green Revolution', the 'Livestock Revolution' and the emergence and spread of CAFOs raised levels of production greatly, but also severely contracted the diversity of sources from which humanity now derive their plant and animal-based protein and calorific intake. Agro-industrial TNCs today set the prices of goods across global markets and by undercutting local producers look set to raise the degree to which countries experience agricultural trade deficits and therefore food import dependency. Meanwhile, the difficulty of remaining economically profitable by concentrating on exports of primary products in which countries hold a comparative advantage has been evidenced by the tropical commodities disaster.

The stages of the agricultural production process have been broken down and commoditised right from the seed to the supermarket shelf or fast-food counter. Each stage of the production process is dominated by only a handful of TNCs and via horizontal and/or vertical integration - as well as cross subsidization - TNCs now often control various stages of different products and in different countries. Meanwhile, a legislative framework conducive to these economic interests is comfortably maintained through political campaign donations and the operation of a revolving door between employees of Agro-industries and the relevant governmental institutions. This has been demonstrated since the 1980s debt crisis largely through the forced adoption of SAPs. Furthermore, through subsidies and concessions that benefit agro-industries almost entirely, they can now profitably sell below the costs of production and thereby further exclude the small farmers from the market while also ensuring that those that remain are dependent upon TNC-produced inputs such as high-yield seeds and fertilizer. The result for this 'surplus' section of humanity is generally migration to the urban slums and informal economy or for many to end it all *in situ*, often so that at least families can claim the life insurance. Meanwhile, the TNCs increase market share and landholdings and through multilateral governmental negotiations have laid stronger foundations to this uneven playing field.

This rising proportion of the national population living in the cities should in theory have raised the demand for rural produce and thereby the price paid until supply caught up. However, the urban residents instead chose to purchase imported and processed foods and so the potential gains to domestic farmers were lost and instead they became increasingly marginalised from the national agrarian economy unless they could find a niche in the export sector such as for coffee.

Peruvian peasants in the *sierra* found themselves by the late 1970s in an increasingly precarious position despite the agrarian reforms. As export-led growth of traditional primary produce (i.e. copper, silver, tin and coffee) stalled in the early 1980s, and manufacturing productivity declined, the available options for alternatives consequently contracted and as stagflation kicked in everything became more expensive.

The respite provided initially by the adoption of heterodox monetary policies - in terms of employment opportunities in manufacturing and construction - proved ephemeral and in any case did little to offset the increasing levels of food import dependency. Even the Agricultural Reactivation and Food Security Fund only placed subsidised price guarantees on crops generally grown by large-scale producers and then favoured those on the coast. As average per capita income levels continued to decline and precipitously once the economy entered into a period of hyper-stagflation, the allure of the one Peruvian value-added export that had not suffered a decline in its terms of trade needed little in the way of promotion.

Neoliberal reforms took full effect during the 'Fujishock'. Export-led growth became the order of the day, adjoined to a wider opening of the economy to imports and investments, currency devaluation, the dismantling of domestic price controls and public sector agencies, with land titling promoted to create a property market. Agricultural exports did well, especially those of the non-traditional type, but food producers for the domestic economy became further marginalised and rural poverty in the coast and *sierra* rose to consume two thirds of the population. Their difficulties will only be further deepened and made more apparent as the last remaining tariffs are completely disbanded over the next 5-7 years as promised in the FTAs that have been signed and those about to be. Furthermore, FTAs have also subsumed collective land rights bringing something of a rerun of the enclosure of the commons although with expropriated land now being leased to TNCs.

The 'new rurality' that greets people as they leave their homes in the morning is one in which they must attempt to derive the income that will put the food on their tables from a much wider array of sources, which is otherwise known as 'multifunctionality' or 'pluriactivity'. Labour rights have evaporated as the need for off-farm employment has risen, and the rural labour force has been feminised as women are perceived as more 'flexible' - namely they will work for less and cause less trouble for employers. Poorer rural inhabitants increasingly migrate to the cities to join the informal sector, while those who have the means will emigrate more than ever before. National economies are left dependent upon migrant remittances although freed of part of their 'surplus humanity' while towns and villages in the countryside are deprived of their younger inhabitants.

Marx, Lenin and Kautsky

This concentration of capital and displacement of the peasantry has long been noted by theorists on the left of the political spectrum. For Marx and Engels the spread of capitalist relations of production would simplify class antagonisms to a dichotomy between the bourgeois and the proletariat. Upon the abolition of serfdom, the peasantry were destined to

be enveloped within this dichotomy through the gradual expropriation of the majority from their means of production. This was unfortunately inevitable and constituted the painful 'prelude to the history of capital' (1906: 835).

Marx did recognise that the overall historical process of the expropriation of the peasantry did assume different forms in different countries and that the different phases did not necessarily occur in a linear manner. For instance, in regards to the pre-capitalist communal *mir* in pre-revolutionary Russia, Marx thought that it might be possible for the Russian peasantry to bypass the transitional stage of capitalism and proceed directly towards communism, although it would require a revolution to save the *mir* from the predations of the state and large landowners interested in the formation of the working and middle classes.

Writing just over a decade later in 1895, Lenin perceived the belief that the *mir* was egalitarian as Narodnik and set forth to demonstrate the unrecognised degree of social differentiation within it and the manner in which this was bringing the *mir*'s dissolution. Ultimately the Russian countryside was replicating the developments that had occurred in Western Europe. The division of labour was spreading through the peasantry who were becoming more proletarianized as a result and either clinging to their small holdings in abject poverty or engaging in *Landflucht*, much as we see today in Latin America and elsewhere. Thus the *mir* had simply served as a transitional institution before the onset of agrarian capitalism proper, as evidenced by the rise in large-scale capital-intensive agricultural enterprises. The peasantry would be left to differentiate into a minority of rural bourgeois *kulaks* and a majority of land-hungry rural proletarians.

Similar to Marx, Lenin also recognised the manifest ways in which depeasantisation would become embedded in different countries upon the dissolution of serfdom and divided the diversity into two principal 'paths'. When the landlord was successful in transmogrifying into a yeoman-like capitalist landowner the form taken towards agrarian capitalism was the Prussian or Junker path, which almost immediately condemns the vast majority of rural inhabitants to the ranks of the rural proletariat, or at best left them with meagre subsistence plots. When, through revolution or colonialism, it was the landlord class that were either confined to the margins or were entirely absent, the peasantry would be left free to gradually differentiate among themselves but would eventually become equally divided into a rural proletariat and a class of capitalist rural bourgeois. This route towards the same destination was termed the 'American path'. Many historical variants of these paths were considered with Spain, eastern Europe, the southern US and England deemed to be those most closely representing the 'Junker' path and western Germany, France, Catalonia the Low Countries and the Northern US representing the 'Peasant' path.

Kautsky pointed out that interdependency between small and large farms could emerge as the latter functioned as a destination for the relative and absolute surplus labour of

the former. Meanwhile, small farms served to dilute the principal impediment to the expansion of large farms by serving as 'production sites' of a labour supply, which in turn required that they remain productive enough to continue serving this purpose, even if this necessitated reaching the maximum levels of overwork and under-consumption. Chayanov termed this as the 'consumer rent' that peasants were willing to pay to avoid abject poverty and noted how it was far above what would have been considered rational from a capitalist economic perspective. For Kautsky, the 'refuges' within which the Western German peasantry continued to remain economically viable during the period in which he wrote - market gardening, viticulture, flax and hemp - were already in decline and if large-scale farmers showed any interest in producing these crops they would soon become ascendant within these markets and force the small farmers out.

Cocaine

Unfortunately, the above authors each appear to have been quite correct in their dire forecasts for the future of the peasantry. However, at the time they wrote a very important 'refuge' simply did not exist, nor was it even imaginable. The cultivation of illicit crops is the one last true refuges of the peasantry, given its legal impenetrability from the dictates of economies of scale.

The first Peruvian peasants to start producing coca for the emerging illicit industry in the 1970s were the largely forgotten spontaneous migrants to the UHV who had taken up Belaúnde's call in the 1960s to partake in the 'Conquest of Peru by Peruvians'. Production expanded over the course of the 1970s from 10,000 hectares to 60,000 hectares by 1979 and by the late 1980s would reach 280,000 hectares, by which time it had become Latin America's leading multinational industry and accounted for 95 per cent of employment in the UHV (Gonzales, 1992: 106; McClintock, 1988: 128). When the most profitable small agricultural enterprises of legal crops were annually earning \$600 per hectare, at the lowest level of the production chain in the illegal industry *cocaleros* were annually earning anywhere from seven to 13 times this amount, and these were the most profitable of legal agricultural alternatives (Dreyfus, 1999: 381; McClintock, 1988: 129-133). By 1993 coca was the source of 23-40 per cent of exports and 2-3.4 per cent of Peruvian GDP (Cabieses, 1998: 202-205).

As production rocketed in Colombia and Peruvian security forces became increasingly free from having to contend with *Sendero* for the support of the peasantry, the market for Peruvian coca for the illicit industry experienced a decline in the 1990s. However, with limited alternative options, the Peruvian response was to make the stages of

production more vertically integrated domestically while cultivation expanded into other more remote areas that were more difficult to police.

Once Plan Colombia was begun in earnest after 2000, prices in Peru gradually rebounded and over the past decade the hectares devoted to coca cultivation have grown by 50 per cent, with Peru recently reacquiring its position at the top of the coca producing international table. However, it is also quite possible that Peru is now the principal source of cocaine as well, which is increasingly directed towards expanding markets in Europe and elsewhere through Brazil and Venezuela. Today an estimated 500,000 people derive their incomes in Peru from the illicit industry and for many of those descending from the *sierra* to help in the harvest it is their first experience of wage labour. However, the foundation of the illicit economy is that of the independent peasant smallholder who attempt to rely on unpaid domestic labour for as many stages of the production process as possible.

Here, then, we see a 'refuge' within which, purely on account of non-economic but political and ultimately moral factors, the peasant pre-capitalist mode of production is very much alive and well, and has not been enveloped by either the Landlord or the Peasant paths to agrarian capitalism. Rather, on account of not being able to reinvest profits to expand levels of production, a cap is placed upon the degree to which social differentiation can occur. Contrary to the norm, profits are instead invested in off-farm activities such as restaurants, taxis or educating one's children in the cities. However, it is not here alone that coca is found to be a unique refuge within the Peruvian transition to agrarian capitalism.

Transitions

The principal reason for why eastern Europe, Spain and the southern U.S. embarked upon the 'Prussian path' to agrarian capitalism, whereas the northern U.S, western Germany, France, Catalonia and the Low Countries adopted the 'American path', was because of the types of feudal manorial systems that had existed upon the eve of their dissolution and the surplus extraction relations inherent in them.

West German peasants had far greater levels of solidarity than their Germanic brethren in the East and were less vulnerable to incursions by landlords, on account of the relatively late scattered individual settlement patterns of the latter. This gave rise to *Grundherrschaft* (west) and *Gutscherrschaft* (east) manorial systems either side of the Elbe that differed in the degree to which the lord's demesne was the principal site of production cultivated by labour-rent paying peasants (*Gutscherrschaft*), or if the land was instead rented out for cash or kind (*Grundherrschaft*). The decisive factor was whether or not one had control over one's own labour. If this was the case, then a greater incentive existed to

develop labour-saving devices, which in turn brings levels of social differentiation that eventually can no longer be contained by the feudal mode of production and therefore resistance is led by the emerging rural bourgeois and the peasant path to agrarian capitalism is followed. Meanwhile, in the eastern *Gutscherrschaft* manors this differentiation is inhibited so that upon the eventual (and later) dissolution of serfdom, the *Junker* landlords retained their ruling class hegemony.

In Colonial Latin America the *Gutscherrschaft* manorial system (or ‘capitalism from above’) was generally brought by the Spaniards to those countries that were relatively underpopulated and the lands were easier to encroach upon (Chile, Argentina, Uruguay and Brazil). By contrast, in those countries with a high labour/land ratio (Mexico, Guatemala, Ecuador, Peru, Bolivia) - unless there was a vibrant export market - the *Grundherrschaft* manorial system came to dominate, although much more slowly. Peru, however, was unique because there both systems operated with the *Grundherrschaft* manorial system dominating the highlands and the *Gutscherrschaft* manorial system dominating the coast.

Yet, as we saw in chapter IV, the coca plantations that emerged to supply the mines (during the country’s initial contact with private property and a monetary economy) were the sites of a very wide variety of labour relations including *camayos*, *mitayos*, *jornaleros* and *corpas*. The *camayos* were similar to the serfs in *Gutsherrschaft* manors but these were the only resident labour force and were unable by law to produce for the market. The *mitayos* and the *jornaleros* upon their return to their *Grundherrschaft* manors or communities were considerably enriched given that coca effectively served as a currency and was valued far more highly than gold or silver. Furthermore, nor was coca simply cultivated upon the landholdings of the Spaniards but also upon those of the *ayllus*. Therefore, within the neat delineation of the Peruvian economy into incipient capitalism from above on the coast and from below in the *sierra*, the interaction between the two systems in the *sierra* and the *ceja de selva*, as well as the communal enrichment by independent *ayllus* is somewhat obfuscated.

Following independence, coca again emerged to play a fundamentally important role in bringing Peru into modernity but not quite in the manner that had been hoped for in Lima. As western medical journals were filled with odes to cocaine as the new miracle drug that could treat all manner of ‘ailments’, exports of coca and crude cocaine came to constitute a desperately sought means by which the national economy could hope to escape from the financial malaise in which it had found itself after the War of the Pacific. Furthermore, unlike Peru’s other exports it was value-added which in itself was indicative of progress and hopefully a means of entering into modernity. However, through botanical piracy and a gradual realisation by the international community that cocaine was not quite the wonder-drug that it was once thought to have been, these hopes were eventually dashed.

Nevertheless, the idea of producing coca in La Convención on *haciendas* wherein rent was paid in labour, kind and cash appealed to so many in the relatively nearby *sierra* that in the latter half of the nineteenth century and the first half of the twentieth the Province's population exploded and became divided into *arrendires*, *allegados/ sub-allegados* and *habilitados/ tiapacoc*. When the social differentiation became too much to contain within the unique combination of elements from both the *Gutsherrschaft* and *Grundherrschaft* manorial economies, an agrarian revolt that brought the end of feudalism in La Convención and sparked land takeovers across the country was led by a rural bourgeoisie who had acceded to their position in large part thanks to the cultivation of coca.

La Convención is remarkable not only because the area was so dominated by *haciendas* that they had trouble even establishing a provincial capital as the land had to be donated and this gave rise to a border dispute; nor just because the *hacienda* system constituted a unique mixture of elements from the *Gutsherrschaft* and *Grundherrschaft* manorial economies; nor even that it proved to be the site that that would spark the end of the Peruvian feudal economy after four centuries of dominance; but because it was not a manorial system imposed upon people against their wishes but one to which they flocked and a very large reason for why was because they would be involved in the cultivation of coca.

What makes La Convención even more unique in terms of the paths travelled towards agrarian capitalism is that upon the emancipation from feudalism via 'capitalism from below', rather than the typical peasant-farmer path of social differentiation emerging, the preferred system of labour relations was (and for employers continues to be) pre-capitalist *ayni*. That this occurred despite the iniquitous manner in which the land was apportioned and the population being composed of migrants and their descendents from diverse locations who had not been given the opportunity to establish communities makes such a situation even more remarkable. Yet, as indicated by the data collected from Huiro, the degree to which pre-capitalist labour relations are used varies widely between towns and villages that share a relatively close proximity.

This reinforces a fundamental conclusion of this thesis, which is that grand narratives serve an important function in outlining the overall contours of a situation but can also obfuscate very significant discrepancies. If it is accepted that coca has long held disproportionately important economic and political roles during the gradual Peruvian transition towards agrarian capitalism - being the primary agrarian product upon which a monetary economy was introduced, feudalism was ended and today the peasantry are being saved from the full vagaries of capital concentration -, then, the fact that the labour relations employed in the cultivation of this single crop can differ so greatly in such a small

geographical region demonstrate the difficulties of making generalisations about a single crop, let alone many.

Coca and the Agrarian Question

On account of the uneven forms by which neoliberal globalisation has affected peasant farmers it has recently been widely acknowledged that the agrarian question displays much greater levels of complexity than it had once been given credit for and, as such, a diversity of approaches to it have emerged. Apparently there are now seven analytical frameworks with which we may now consider the contemporary situations surrounding the peasantry. Some, such as Byres (1986) or Brenner (1976; 1982), focus on changes in class composition. Using this perspective, when instances can be found within which the transition to agrarian capitalism has not been made, it is deemed that ‘imperialism reinforced pre-existing pre-capitalist class relations in an effort to sustain surplus appropriation by dominant class forces from subordinate classes, particularly petty commodity producing peasants’ (Akram-Lodhi & Kay, 2009: 266). This perspective can be labelled Agrarian Question 1 (AQ1). However, given that *cocaleros* are either cultivating a crop that is almost exclusively consumed in the Andes (with the exception of that used for Coca Cola - which is not cultivated in La Convención) or is refined into a value-added product against which a ‘War’ is being waged, it is hard to see what benefit for the imperialist metropolis is to be gained by the maintenance of pre-capitalist labour relations among coca farmers.

AQ2 is much more unilinear and holds ‘that imperialism, by introducing capitalist relations of production throughout the world, albeit unevenly and differentially across time and space, unleashed an inexorable, if contingent, dynamic process of labour commodification that is ongoing everywhere across developing capitalist countries’ (Akram-Lodhi & Kay, 2009: 266). Again, however, this perspective is difficult to square with the histories of coca farmers. Producers for the illicit industry are prevented from fully differentiating into a class of rural bourgeois and proletariat by the inability of the former to invest their earnings to expand production. Similarly, producers for the traditional market are also limited in their ability to expand production by the set number of people with the permission to engage in cultivation. Furthermore, as we have seen, just when it appeared that producers in La Convención were upon the brink of adopting the peasant-farmer road towards agrarian capitalism, following their destruction of the *hacienda* system and the highly iniquitous manner in which the subsequent proprietorial spoils were shared, they instead chose to revert back to the adoption of pre-capitalist labour relations. While perhaps waged-labour has gained in importance since, this is far from being considered preferable by

employers and to a large extent is a repercussion of the alternative earning possibilities represented by the Camisea pipelines and therefore contingent upon propinquity to them.

AQ3, as represented by Harry Bernstein (2009), posits that in a world of transnational capital flows, the agrarian question in regards to relations of production is rendered irrelevant to national boundaries and therefore nations. Within this perspective, the object of focus becomes instead the rural political struggles that emerge as a consequence. However, again, the cultivation of coca is not transnational but is instead contained within the boundaries of three adjacent countries. As we have seen, this was not the case at the turn of the twentieth century when botanic imperialism was rampant, but this is no longer permitted to be the case.

AQ4 as held by Farshad Araghi (2009) perceives the agrarian question through the 'world-historical interpretation' as much more cyclical. Araghi views the 1973 to present period of neoliberal reforms as approximating most closely the years of original liberal imperialism from 1834-1917, with the two being 'interrupted' by the intervening period of protectionist national developmentalism as a response to the emergence of socialism, fascism and anticolonialism. Consequently, 'global depeasantization is not a completed or self-completing process leading to the death of the peasantry. Social classes do not simply end or die; they live and are transformed through social struggles' (2009: 138). While this may well be the case, again this perspective holds little relevance regarding the cultivation of coca for in the first period cocaine was considered a wonder drug, Vin Mariani was promoted by Popes and royalty, and the UK engaged in two wars to ensure the Chinese continued to smoke opium. However, today rather than go to war so as to ensure that nations continue to buy our drugs, we instead go to war in the attempt to stop them from selling us theirs. Indeed, the contemporary 'War on Drugs' is the complete antithesis of the tenets of free trade.

AQ5 is put forward by Phillip McMichael (2009) wherein, like Araghi, the contemporary period is viewed as historically specific although not in a cyclical manner. As he writes:

The agrarian question, in history, cannot be generic, and needs to address changing political-economic conditions and changing problematic related to subquestions concerning land, urban-rural ecology, peasants, production and circulation, and reproduction ... The original problematic of peasant differentiation and/or disintegration has been replaced by a new problematic of dispossession and/or displacement (2009: 288).

As such, 'for McMichael the agrarian question is now about the terms and conditions by which peasant households and rural labour are reproduced when increasingly excluded from the corporate food regime' (Akram-Lodhi & Kay, 2009: 268). Again, however, this is a perspective primarily concerned with how the peasantry manage to survive upon the margins of the markets from which they are being increasingly isolated. As such, again we see little

relevance for *cocaleros* who dominate the markets within which they operate.

AQ6 and AQ7 concern two ‘subquestions’ as defined above by McMichael. AQ6 is put forward by Bridget O’Laughlin (2009) who holds that most would agree:

... that the agrarian question of the twenty-first century does not concern the transition from precapitalist modes of production to capitalism, but rather the position of rural people and agricultural production within global capitalism. The contradictions of contemporary capitalism have given rise to a renewal of non-capitalist forms of production, downward pressures on wages, informality and unemployment. The implication of this position is a radical rejection of all analytical oppositions: capitalist versus precapitalist, market versus non-marketed, traditional versus modern, formal versus informal. Each of these oppositions captures part of the descriptive empirical reality, but analytically they are – and this must be stressed – interdependent ... However, gender is implicated in all three aspects of of the agrarian question, whether class, politics or accumulation, although protagonists have not always been willing to recognize that this is so (2009: 190-191).

Failure to take gender relations into consideration necessarily renders any interpretation of the agrarian question as at best partial and at worst simply wrong. Furthermore, as pointed out, women play disproportionately important roles in organising and leading political mobilizations in the street and labour relations in the fields. However, this is the case across all sectors of the peasantry and cannot in any way be considered as specific to the unique, circumscribed, process of social differentiation inherent in the cultivation of illicit crops and even among cultivators of coca for the legal market where again the size of landholdings are limited as a consequence of the illicit market. Nevertheless, it is refreshing to see this recognition of the non-unilinearity of transitions towards full blown agrarian capitalism as evidenced by the reversion to pre-capitalistic labour relation in La Convención following the demise of the feudal *hacienda* manorial system. Unfortunately, it is not made clear to which degree this is viewed as a consequence of the financial interests of the imperialist metropolis in sustaining surplus appropriation in the periphery by further subjugating its populace as held by proponents of AQ1. Nor can the reversion in La Convención be considered as a direct repercussion of the contradictions of contemporary capitalism given that these labour relations were initiated in the 1960s.

AQ7 can be termed the ‘socio-ecological agrarian question’ as put forward by Weiss (2007) which seeks to highlight the manner in which agricultural economies have been systematically disarticulated from ecosystems, communities and even nation states through technological development, capital concentration by agro-TNCs and free trade agreements as considered in chapter II, and the calamitous repercussions that appear on the horizon. To quote his foreboding words at length:

In short, ever-greater agglomerations of capital are directing the uneven process of market integration, bringing sweeping social and ecological changes in global food production and overriding important concerns about equity, democracy and the locus of sovereignty, the well-being of rural communities, the place of agriculture in the fabric of different cultures, the impacts of farming on ecosystems, the space in the biosphere left for

other species and the treatment of domesticated animals. And yet in spite of the weight of these issues, as has been emphasized at various points, the struggle to build alternatives must contend with the fact that this trajectory has been widely ‘naturalized’; that is, it appears to many to be a good, inevitable or irresistible evolution, or all of the above. The illusion of inevitability is given strength by the fact that the rapidly expanding corporate webs directing the global food economy are at once undeniably bountiful, increasingly ubiquitous, boldly branded and yet remarkably opaque to most people, while the institutional fortification is hidden from sight and much attention, apart from the wide visibility of a few conflictive episodes, most notably Seattle and Cancún. This illusion also gains force from the theorized benefits of an integrating global market – centred on promises associated with increasing efficiency – that are echoed repeatedly in the corporate media, as well as from the tendency shared by the right and large segments of the left to see the demise of small farming as a historically progressive development, even if it might induce some social pain in the short term (2007: 162-163).

Weis goes on to criticise the manner in which it has come to constitute something of an accepted practice among authors deriving from all points on the political spectrum to portray the peasantry ‘as being at best relatively stagnant and at worst highly regressive and reactionary’ (2007: 172). Family farming is perceived as a historically outmoded form of production that is incapable of surviving through an era of transnational corporate capitalism and so there is little in the way of protest against the political policies - such as the US and EU subsidy regimes and FTAs - that continue to stack the cards against the peasantry leading the prophecies to become somewhat self-fulfilling. Weis argues that small farming must be retained as a means of reducing humanities ecological footprint and avoid metamorphosing into a ‘planet of slums’. He cites the 1994 Zapatista uprising in Mexico against the liberalisation of their collective lands - on account of the constitutional changes occurring through the creation of NAFTA - as an example of the peasantry engaging in overt and direct actions of resistance to their dismissal from the world agricultural stage (although one led by the urban intellectual Subcommandante Marcos). Nevertheless, he views resistance to the world food regime as emanating primarily:

...from a range of activism, research and advocacy organisations, critical scholarship, local and organic food networks, and most of all, farmers. Small farmers in developing countries are jumping scales of activism in new and powerful ways, with the best example being La Via Campesina, which has found common ground for alliance with family farm associations in the temperate world such as national farmers’ unions, the US National Family Farm Coalition and the European Farmers Coordination (2007: 181).

However, as James C. Scott noticed more than two decades ago, oppressed people do not always seek the limelight to indulge in their resistance to subordination. The *Weapons of the Weak* (1985) that Scott highlighted included foot-dragging, resting when the boss’ back was turned, pilfering, feigning respect, gossip and social ostracism. The cultivation of illicit crops must be considered as another, although, given the size of the industry, the number of people involved and the fact that a ‘War’ against it needs to be waged, it does not appear to be a weapon that can be relegated to arsenal inherent in ‘the small arms of class warfare’. This thesis tentatively attempts to establish an additional ‘subquestion’ to the agrarian

question concerning the legality of the crop being cultivated. As we have seen, relations of production, class formation, accumulation and politics have all been heavily influenced by the legal contexts within which the producers had been forced to operate. This is manifested by the great differences encountered in the paths towards agrarian capitalism encountered when comparing producers for the legal traditional market with producers for the illegal market. The former are engaged in a circumscribed variant of ‘capitalism from below’ while the latter switched from ‘capitalism from above’ towards a hybridization of pre-capitalist labour relations and waged labour.

Coca has long been surrounded by prohibitionists, however, this ‘legal agrarian question’ can only be considered to have been of particular relevance in recent decades. Previously, coca’s greatest relevance to the agrarian question concerned the manner in which it served as the economic basis for social differentiation within the *hacienda* that ultimately proved to be uncontainable within that feudal system. In the early colonial period coca’s principal relevance to the agrarian question lay in the manner in which it functioned as the medium by which the *gente originaria* were introduced to a monetary economy and the initial stages of the transition towards agrarian capitalism, both within independent communities and among people willing to descend to the estates in Cuzco. Consequently, we see that agrarian questions do change in accordance with the historical period within which they gain relevance. To a previously unacknowledged degree, during each coca ‘boom’ the peasantry have rapidly sought to fully engage and use the crop as a medium with which to counter the structures of oppression surrounding them. Conversely, it could also just be the case that coca simply is the *hoja sagrada* that many claim, but for more than simply cultural reasons.

Appendix I:

Labour productivity and labour relations in the *mit'a*
(Cochapampa: September – April [2008-2009])

Lb	H	DU	Ayni	Maki	Wage	Days	Y1	Y2	Lb/p/d	S. /p/d	Y
110		4x5		3x5	10	5	295	145	3.14	8.42	
50	Alt	1x2		6x2	10	2	134	44	3.57	9.57	2
35	Rio	1x1		8x1	10	1	94	14	3.88	10.42	40
49	Alt	1x1		10x1	10	1	131	31	4.45	11.93	10
36		1x1		6x1	10	1	97	37	5.14	13.85	
26	Alt	1x1	4x1			1	70		5.2	13.93	30
33		1x3	1x2	1x1	10	3	88	58	5.5	14.66	
23	Rio	1x2	1x2			2	62		5.75	15.5	20
121	Alt	1x1	10x1	10x1	15	1	324	174	5.76	15.4	8
29	Alt	1x1				5	78		5.8	15.6	
72		1x1	11x1			1	193		6	16.8	
30	Rio	1x1	2x1	2x1	10	1	80	60	6	16.08	10
25		1x2		1x2	10	2	67	47	6.25	16.75	
38		1x1				6	102		6.33	17	
104	Alt	1x4	3x4			4	278.5		6.5	17.42	20-35
13	Alt	1x1		1x1	10	1	35	25	6.5	17.42	10
40	Lad	1x1		5x1	10	1	107	57	6.67	17.83	5
68	Lad	1x1		9x1	10	1	182	92	6.8	18.22	15-20
41	Rio	1x1		5x1	10	1	110		6.83	18.3	4
83	Alt	1x2		5x2	10	2	222	122	6.9	18.53	30
56	Alt	4x2				2	150		7	18.75	3
14		2x1				1	37		7	18.5	
119		1x4		4+6+2 +1 ¹²⁴	10	4	319	189	7	18.76	
14	Alt	1x1	1x1			1	37.5		7	18.75	10
42	Alt	1x1	2x1	3x1	10	1	112	82	7	18.76	2
22	Alt	1x1	2x1			1	59		7.33	19.65	20
44	Alt	1x1				6	118		7.33	19.65	5
22	Alt	1x1				3	59		7.33	19.65	20
44	Alt	1x1		5x1	10	1	118	68	7.33	19.65	22
37	Alt	1x1	4x1			1	99		7.4	19.8	2
89	Alt	1x1	11x1	6x1	10	1	238.5	178	7.4	13.25	
120		1x1		15x1	10	1	322	172	7.5	20.1	
15	Alt	1x1	1x1			1	40		7.5	20.1	25
76		1x1	9x1			1	204		7.6	20.4	
23	Alt	1x1	2x1			1	62		7.67	20.6	
92	Alt	1x2		5x2	10	2	249	149	7.67	20.75	4
37		2x1				2	99		9.25	24.8	
130	Alt	1x2	6x2			2	348.5		9.28	24.89	5
166	Alt	2x1		15x1	10	1	445	295	9.76	26.17	20
40	Alt	1x1	1x1	2x1	10	1	107		10	26.8	6-8

¹²⁴ 4+6+2+1 indicates that on each of the four days of work there were different quantities of labour employed.

41	Alt	4x1		1	110		10.25	27.46	5
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Lb: Pounds of dried coca harvested

H: Height of *cocal*

DU: Domestic Unit Labor in terms of number of people by number of days.

Maki: *Makipura*

Y1: Gross Income

Y2: Net income after wages are paid

Lb/p/d: Average lb. of dried coca per *pallador* per day

S. /p/d: Soles generated per *pallador* per day

Y: Age of *cocal*

Rio: River level (about 500 m.a.s.l.)

Lad: *Ladera* (slopes) from 500 m.a.s.l. to 1500 m.a.s.l.

Alt: *Altura* from 1500 m.a.s.l. to 2500 m.a.s.l.

Appendix II:

Labour productivity and labour relations in the *mit'a*
(Huiro: September – April [2008-2009])

Lb	Height	D.U.	Ayni	Maki	Wage	Days	Y1	Y2	Lb/p/d	S./p/d
100	Alt	1x4	9x1			4	268		2.5	6.7
43	Alt	1x5		2x1	8	5	115	99	2.86	7.67
12	Alt	1x4				4	32		3	8
16	Lad	2x1				2	43		4	10.7
17	Rio	1x2		1x1	10	2	45.5	25.9	4.25	11.39
400	Alt	1x5		17x5	7	5	1072	477	4.44	11.9
15	Alt	3x1				1	40		5	13.4
5	Alt	1x1				1	13.4		5	13.4
20	Rio	1x1	3x1			1	53.6		5	13.4
32	Alt	1x1		5x1	10	1	86	36	5.33	14.3
57	Alt	3x3				3	153		6.33	17
38	Lad	1x1		5x1	8	1	102	61	6.33	17
10	Alt	1x1.5				1.5	26.8		6.67	17.9
7	Lad	1x1				1	19		7	19
21	Alt	1x3				3	56		7	18.76
107	Lad	1x3		4 x3	10	3	287	167	7.13	19.13
46	Alt	2x1		4x1	10	1	123	83	7.67	20.5
47	Alt	1x1	5x1			1	126		7.83	21
35	Alt	1x1	3x1			1	93.8		8.75	23.45
125	Lad	1x2		7+5	10	2	335	215	8.9	24
64	Alt	1x2	2+3			2	171.5		9.14	24.5
32	Rio	1x1		2x1	10	1	86	66	10.67	28.67

Lb: Pounds of dried coca harvested

H: Height of *cocal*

DU: Domestic Unit Labor in terms of number of people by number of days.

Maki: *Makipura*

Y1: Gross Income

Y2: Net income after wages are paid

Lb/p/d: Average lb. of dried coca per *pallador* per day

S. /p/d: Soles generated per *pallador* per day

Y: Age of *cocal*

Rio: River level (about 500 m.a.s.l.)

Lad: *Ladera* (slopes) from 500 m.a.s.l. to 1500 m.a.s.l.

Alt: *Altura* from 1500 m.a.s.l. to 2500 m.a.s.l.

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