PEASANTS GO TO TOWN: THE RISE OF COMMERCIAL FARMING IN KOREA

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During 60s and 70s, the agricultural sector witnessed a considerable increase of productivity along with a growth of manufacturing industry. Production process also underwent significant structural transformation, which resulted in the rise of commercialzation of agricultural products.

This paper attempts to document and offer an explanation for this rise of commerical farming and attendant change in peasant marketing patterns. The development of agricultural commercialization is found to have been associated with such factors as the growth of cities, the increase of the non-farm population, a considerable rise in the wage level of urban workers resulting from the sharp growth of industries in the 60s and 70s, a significant change in the food consumption pattern, the development of transportation, the technological advancement of farming etc.

To most observers the development of Korea in the 60s and 70s is rather closely associated with a phenomenal growth of manufacturing industry which, measured in GDP, sustained an increase rate of 15 percent per annum. But concomitant agricultural expansion remains largely unnoticed. Though not quite comparable in numerical terms, the agricultural sector also witnessed in that period considerable increase of productivity. While maintaining the increase rate of productivity at 3.5 percent per annum, the production process—or the mode of production, if you will—also underwent significant structural transformation. Peasants or peasant households now produce more than they consume; the production of surplus enables them to sell an increasing proportion of their products at the markets for profits. The growing concern with profit seeking has at the same time been reinforced by a gradual shift to the production of cash-crops intended primarily for sale rather than for consumption. This transition marks a turning point in the agrarian history of Korea in that the chronic concerns of the peasant with subsistence are giving way to those with profit seeking. In Redfield's terminology the Korean peasant is slowly becoming the farmer. In this paper, an attempt will be made to document and offer an explanation for the rise of commercial farming and attendant change in peasant marketing patterns.

Commercial Farming

With the land reform enacted in 1949, the colonial tenancy system was abolished, turning every peasant, at least in theory, into an independent small-holder. Previously, the majority of Korean peasants were landless tenants, cultivating other people's land rented at an exorbitant rate. They were forced to produce surplus products which were taken away in the form of rent by the landlords, and throughout the colonial period the average tenant's standard of living remained barely at a subsistence level. Agriculture became commercialized substantially during this period, but the peasant's input was only his labour, while the benefits accrued from it went almost exclusively to the landowners (Im, 1971). The average peasant participation in exchange of good and services was limited largely to the traditional periodic market where he was engaged in the barter trade

of his products for securing basic needs.

Only in the post-land reform periods, did the total agricultural growth come to mean the increase of peasant household income. In the sixties, for the first time since 1930, the peasant's cash saving—in substantial amount—was recorded. Furthermore, average savings ratios continued to rise for farm households in the seventies and this increase occurred for all income groups (Moon, 1979:157-170). If the peasant's savings resulted from the production of surplus products beyond the subsistence level, the surplus products too appeared to have changed the peasant's attitudes toward his livelihood. The peasant, as mentioned above, is now increasingly involved in producing for sale with a view to making profits rather than simply for consumption. In aggregate terms, the rate of commercialization of agricultural products increased from 24.3 percent in 1961 to 75.0 percent in 1980 (Kim, S.H., 1980:186; Lee, J.W., 1980; Kim, S.H., 1979:38-50). Commecialization has proceeded for different crops at varying rates and for different reasons. Peasants are still selling less than half of their grain products, mainly rice. Furthermore, most of the rice they sold is in the form of payment to the government for what they owe for the land they have been allocated at the time of land reform. They are also selling food grains mostly to the local agricultural cooperatives in compliance with the government rice procurement plan. On the other hand, the production of vegetables, fruits and other cash crops is largely market-oriented, and therefore closely associated with efforts to earn a higher cash income. Fruits have long been grown for urban consumption—91 percent of the total fruit product were sold at the urban market in 1961, and in 1975 the figure was close to 100 (Kim, S.H., 1980:186). The most significant change in this regard has been seen in the cultivation of vegetables. In 1961, only 30.3 percent of vegetable products went to the urban market, but in 1975, 80 percent did (Kim, S.H., 1980:186).

With the increasing emphasis on the production of cash crops, the importance of food grains—especially that of rice—is gradually diminishing. Rice accounted for 72.2 percent of the total agricultural output in 1947 whereas the proportion fell to 52.1 percent in 1975. In contrast, the proportion of the total agricultural output accounted for by both vegetables and fruits increased from 10.1 percent to 21.4 percent during the same period. Other products, such as special crops, silk cocoon and livestock, though still minute in proportion, are slowly growing in terms of their share of the total output.

It should, however, be noted that the diminishing importance of the food grains in the agricultural scheme does not necessarily mean that more peasants are devoting their efforts to producing only cash crops in lieu of rice. There is little evidence that such specialization in agriculture is taking place. In 1980, only 6 percent of farm households were categorized as specializing in the production of fruits and vegetables. Korean peasants are not likely to abandon rice production entirely (Kim, S.H., 1981). Even enterprising, business-minded peasants believe that it is safe to produce enough rice for self-consumption, and is too risky to turn rice field to dry land for producing only cash crops. At the root of their insistent retention of rice cultivation, one can detect their age-old concern with security and providing the staple in the family's diet.[1] At the same time current rural marketing conditions are such that specialization in production of single cash crop tends to be a vulnerable undertaking for the peasant (Kim, S.H., 1980:80). The typical peasant is not ready to replace rice completely with cash crops and opt for purchasing rice at the market with cash they made on other crops. At least not for the time being. As a small holder the representative peasant engages in the production of crops for sale in addition to the

1. The same point was made about Japanese peasants in the early period of agricultural transformation in Japan (Dore, 1960: 69-91).

production of rice for self-consumption.

Profit-seeking by generating surplus product is becoming a prominent feature of the agricultural endeavour of the independent small-holder. There is a mounting concern with growing the more profitable products or types of products; efforts are being made constantly to search for those products that are likely to bring in more cash income next year. Accordingly, the peasant is becoming a calculating businessman. A report prepared by the headman of a hamlet near Taegu city indicates that the village as a whole earned more from the sale of cucumber grown during the two month period in the spring of 1980 than the cash value of the total amount of rice they produced that year. While holding on to rice-production, ordinary peasants are searching more and more for alternative products of increasing their income—be it tomato, watermelon, strawberry, or mushroom. A remark commonly heard these days in rural areas is that rice-production alone will never increase peasant household income sufficiently to overcome the chronic poverty characteristic of the countryside.

The increasing tendency to grow cash products appears to be also reflected in peasant production capacity and attitudes toward agriculture in general. The market oriented peasant tends to be more aggressive in increasing products per unit of land by utilizing a variety of means. A survey conducted by an agrarian economist indicates that with a given amount of land the peasant who sold a larger proportion of his total products used larger amounts of fertilizer and pesticides, and consequently produced a larger output per unit of land and labour than the peasant who sold less (Park, 1969:196-208). While commercial production has thus come about as a result of production increase, or, more particularly, as a result of the production of surplus, it appears now that the peasant is producing more to sell produces at the market and that increases in commercialization and production are reinforcing each other.

Then, there is also 'big money talk', or what may be safely termed as rising expectations among market oriented farm operators. One farm leader took considerable pride in relating how much he earned in 1979 through *pyogo* mushroom cultivation and how much he expected to make next year, having added 10,000 more mushroom cultivators this year. The amount of cash income they quote is much higher than what they could ever make from rice production. But what is more important is the perceived possibility of making big money.

Conditions of Change

What are the factors explaining the development of agricultural commercialization and how did it come about at the hamlet community level?

A significant change such as agricultural commercialization usually occurs as a result of combined processes taking place within and without the rural community. The production of agricultural commodities for the urban market clearly reflects changes in the traditional way of farming, changes that take place in response to increasing urban demands for agricultural products. There are a number of factors responsible for this new peasant market movement. First among these factors is the growth of cities which is largely attributable to the city-ward movement of rural migrants. The rural outmigration in the context of urbanization has two effects upon agrarian economy. In the first place, a reduction of the rural population diminishes the population pressure on the already limited available arable land. In the second place, the proportional expansion of the urban population increases urban demands for farm products since the urban workers do not produce food themselves. The growth rate of the rural population was estimated to be 1.6 percent per annum (much lower than that of the total population -2.5 percent) during the

period 1955-1967, the size of the rural population increasing in that period from 13.3 million to 16.1 million. But from 1967 the absolute size of the farm population began to decline—for the first time in recent history—reaching 10.8 million in 1980. In 1967-1980, the farm population decreased at the rate of 3.1 percent per annum.

The direct effect of this reduction in the farm population on the agrarian economy was significant. Without the emigration of such magnitude of the farm population, the average farm size would have contracted to 0.56 hectares in 1980 from 1 hectare in the 1950's (Moon, 1979). As Moon points out, "the result would have certainly aggravated the difficulty inherent to the marginality of Korean agriculture, for nearly all the problems in the rural sector have their origin in the marginal scale of farming (Perkins, 1980:11-34)." Even if the farm outmigration did not have a positive effect on the man-land ratio, at least it prevented the acceleration of the marginality of Korean agriculture. The average farm size continued to remain about one hectare.

The non-farm population, mostly residing in the urban areas, increased from 5.3 million in 1955 to 27.4 million in 1980 accounting for 71.1 percent of the total population. From the point of view of agrarian economy, this change in the ratio of farm and non-farm population resulted in the development of a rapidly expanding market for those who ramained on the farm. The rise in ruban demands for food resulting from the increase of the non-farm population alone was in real terms more than 200 percent over the entire 20 year post-Korean War period (Perkins, 1980). The 592 billion Won estimated for non-farm food demand in 1975 in constant 1970 prices was equivalent to over 70 percent of the total gross value of crop production in that year (Perkins, 1980). The increase in food production during that period did not, however, match the increase in food demand.

Aside from the increase in food demand caused by the increase of the non-farm population there also was a considerable rise in the wage level of urban workers resulting from the sharp growth of industries in the 60's and 70's. This rise subsequently brought about an increase in the amount of food expenditure per capita. It is interesting to note that during the period between 1970 and 1980, the average income per urban household increased from ₩67, 705 to ₩120,693, yet the Engel Coefficients—the proportion of the total family expenditure allocated for food consumption—remained almost intact: it was 42.7 percent in 1968 and 42.1 percent in 1977, although there was a slight upturn in 1975, rising to 43.6. Two factors would account for the unchanging Engel Coefficients inspite of the rising income level of the urban resident. One is that the price of food increased more rapidly than the prices of all commodities: while the overall price index increased 2.7 times, the food price index rose 3.3 times. The other factor is that the average urban household spent more on food as its income increased. The tendency does not appear to vary among different income groups. One study (Sung, 1979:35-46) indicates that the Engel coefficient varied within the narrow range of 51-44 as the income increased from ₩30,009 to ₩200,000. Though significantly reduced, the same index for the household with the monthly income of ₩400,000 was still 34. In other words, food expenditure has been rising across most income groups.

There is also a significant change in the food consumption pattern itself, which reflects a change in the structure of agricultural production. The average urban household tends to spend more on non-staple items, such as fruits, vegetables, meats and fish, and less on food grains. In 1968, 60 percent of the food expenditure in an urban household was accounted for by food grains whereas the figure fell to 42.2 percent in 1977. It appears, therefore, that the increasing amount of food expenditure is closely associated with a rising consumption of non-staple food. In general, the diet of Koreans has improved considerably. In 1970, the amount of daily caloric intake was 2,370 Kcal per person whereas it increased to 2,599 Kcal in 1977 (National Agricultural Cooperative Federation,

1981:8).

One should also take notice of the development of transportation, namely, railway, highway, and non-urban roads, which made it all possible for the rural sector to respond to the mounting urban needs for farm products by reducing the physical distance between the cities and the countryside. From 1963 the government began to pay more attention to the paving of non-urban road. The construction of expressways to link major cities and regions was begun in 1969, and in 1975 the proportion of national intercity roads amounted to 44 percent (Keidel, 1980:112-159). This sudden ability to move freight and passengers at high speeds from many parts of the country to urban centers revolutionized cash crop farming for the areas most directly affected (Keidel, 1980). With the fast development of the nation's network of transportations, most rural communities are now entering the spatial boundary in which daily commuting to any one of the 14 major urban centers is possible.

But more directly the recent technological advancement enabled the enterprising peasant to utilize paddy fields during the winter for growing profitable vegetables such as cucumbers. With the introduction of vinyl greenhouses and the methods of early seeding, in particular, the dry field is increasingly being subjected to double cropping. The idle hilly or mountainous area is being reclaimed for horticultural products.

The foregoing account of the external factors seen as prerequisites for the development of agricultural commercialization is still only half the story. Given the ripening conditions —in fact, pre-conditions—for change, the peasant should ultimately be induced motivationally to respond to the change in environment. He should perceive the possibility of change and take the risk of initiating it. He rarely responds to the external stimulus spontaneously, however. There is a long record of government efforts aiming at injecting innovation into agriculture as part of the over-all development plan. From the early 1960s peasants were encouraged by local administrative offices at the county or sub-county level to try out new varieties of rice or potato; the rural development office promoted the cultivation of special cash products; the agricultural cooperative office encouraged farm operators to buy mechanized farm implements. Such moves to bring innovations into the production process inititated from the top and forced upon the hamlet have rarely been successful. The attempt failed initially, for which the explanation should be sought in the method of implementation itself which was highly bureaucratized. Correspondingly, on the peasant recipient's part there was a lack of trust in the government's attempt and intent. A government project in rural development is carried out by those government or semi-government offices at the bottom level of the administrative hierarchy. When an order is handed down to a lower office from the central office relating to a new project, say, promoting a newly developed potato strain, the local office is likely to consider it more bureaucratic action to be carried out rather than a practical measure that would benefit the residents of the community under their administrative jurisdiction. Officers in charge of introducing new seeds usually appear more concerned with doing their job of getting as many farm operators to adopt them as possible so that the statistics in their reports look good and they can report their accomplishments to the higher office. Considerations of career and promotion are, not unnaturally, primary with these officials. Even casual conversations with peasants in the field will reveal that in implementing new government plans of innovation, local officers are far more concerned with doing the amount of work allocated to them by the higher authorities, rather than with the welfare of the peasants. In many cases, government projects of rural development are enforced upon farm operators by the local officials, rather than accepted voluntarily by way of independently assessing the actual overall benefits that might accrue to new innovative measures. Local officials will be accountable to higher office, not to the

peasant, in carrying out their jobs. There has been little provision of subsidizing the peasant in case of failure. The peasant himself will be held responsible for whatever failure that might attend upon an innovation. Respondents will also relate their experiences of financial loss incurred to following the suggestions made by the government in innovative farming, be it adopting improved seeds, introducing new varieties of rice, growing special cash products; nor has the loss ever been adequately compensated by the government.

Any form of innovation requires individual commitment which, in turn, calls for certain assurances of positive results. In Korea, this assurance appears to be provided by the communal solidarity of the hamlet itself. Let us illustrate the process of innovative change.

An enterprising peasant in a hamlet may start growing a special cash crop, say strawberry, do well at it and seek to make the venture more profitable by allocating more land to it. Once a family in a neighbourhood takes a risk and succeeds in a new venture, other households gradually follow suit. The enterprising family gives out to those who follow whatever information and knowledge it has about producing and selling strawberries. A hamlet member is not expected to keep the secret of success to himself. As a neighbour he is supposed to share with others.

Another pattern in switching to cash crops is that a number of households get together and consult with knowledgeable persons—someone at an agricultural guidance center, the sub-county or county office, a local agricultural cooperative—and undertakes an innovative venture jointly.

One might wonder why several households in a hamlet do not try separately to raise different crops, find out which ones would be most profitable and then collectively concentrate their efforts. But this they rarely do. Individual venture makes one feel rather uneasy and insecure, and is not encouraged in the hamlet.

One interesting consequence of this innovative process is that hamlets sometimes produce more than what the wholesaler can take, and at those times the hamlets suffer a loss. Nonetheless, peasants now try different crops, and do it collectively. Their attitude in turning together to a specific cash crop is that if they can no longer sell their new products to the city, they will try something else. They feel confident in trying new cash crops. Innovation in this regard is gradually becoming a familiar aspect of farm life hamlet wide.

Emphasis on the diffusion of innovative farming through the hamlet social network should not, however, undermine still another factor which is in the background of this process, namely, the independence of the peasant cultivator by virtue of being an owner-operator. Before land reform the great majority of Korean peasants were engaged mostly in production of food grains, mainly rice, on other people's land. Payment of rent was made to the landlord with rice, which they then rechannelled through the grain market. While most landlords were eager to increase the size of their holding, thereby increasing their income through the increased rent, they showed little interest in participating in the actual management of farming for the purpose of improving productivity. Korean landlords were never entrepreneurs. As long as their own land guaranteed a fixed share of what tenants produced they appeared to be content with continous extraction of the rent. The conservatism that was prevalent among landlords also filtered down to their tenants. Tenants were not allowed much freedom in how they utilized the land rented out to them. They were merely expected to produce traditional staples to pay the rent and to survive. Being a cultivator of small-holding, the tenant remained at the subsistence level with their own share of harvest. In the event of crop failure his survival was at the mercy of his landlord. The landlord had more authority over his tenant than whatever the formal contract stipulated. Land reform transformed the tenant into an owner-operator in line

with the guiding principle, the land to the tiller. Ownership grants independence to the cultivator in his farming activities. What he produces is what he lives on. How he lives depends on what he does with the land. He is free to remain in poverty or to improve his livelihood with whatever means available to him. Indeed, there is mounting pressure for a higher standard of living, together with increasing competitiveness among small owner-operators. Independence by dint of new ownership enables the average peasant to respond positively to this pressure in a competitive environment, which lends support to the rise of commercial farming.

Marketing Channels and Conditions

Peasants involvement in the production of cash crops and subsequent marketing needs brought them in direct contact with urban merchants. The recent efforts made by government and semi-government agencies to increase agricultural production have not been matched by efforts to improve marketing conditions, to expedite the movement, for equitable prices, of agricultural products to the urban consumer. The peasants are largely left to their own devices for entering the urban market. But they seldom compete successfully with urban traders who control not only particular markets but the entire marketing operation. The problems that peasants are facing today in marketing their produces are thus both institutional and organizational.

The peasant may establish a marketing relationship with the urban merchant in either of two ways. He may go to the urban market himself to sell his produce to the wholesaler buyer or he may sell it at the point of production to urban traders who visit his hamlet regularly. Traditionally, the peasant trade with the urban merchant has been conducted in the latter manner. This method which is still widely practised, is known by many names, such as the green land transaction, the standing-tree transaction or the warehouse transaction. As the different labels indicate, this method refers to the 'pre-modern' way of selling produces directly to the urban merchant before they are picked up. Dry-land products such as vegetables, strawberries, or cucumbers are sold to the buyer as they are ready for harvesting, sometimes even before. Fruits like apples, pears, persimmons are sold when they are still on trees. Peasants may pick those products that can be stored, such as, onion, garlic, and sell them as they are stored in the warehouse. Both the peasant producer and the urban buyer settle on the quantity by a visual estimate of the items as they stand, without counting numbers or measuring weights and they negotiate the price for the entire field, tree or warehouse. This method of transaction is adopted by the peasant for a variety of reasons. First of all, in the absence of the system of stable price and standard measurement—we will discuss this topic in detail later—there is no guarantee that the peasant will get the kind of price he expects. From the peasants point of view, the method of rough estimate and informal bargaining will considerably reduce the uncertainty and risk attached to selling his produces at the current market prices as ready commodities. Given the method described above, the current market price change does not determine the price of the products negotiated between the seller and buyer. The peasant producer makes a quick calculation in his head whether or not the buyer is offering more than the cash input he made last year in producing his crops. His primary concern here is that he is making some profit, profit being defined in his own way, namely, the surplus after the amount of cash invested.

Safe and convenient as this method has been to the peasant on the whole, it has not instilled in him the proper marketing skills needed to take advantage of changing market prices. Usually he is not familiar with how the urban market works and his grasp of market information is almost always insufficient.

The prevalence of this method is also due to the small scale of farm economy and lack of adequate financing (or credit) system. For the cultivation of products that require large investments, such as high-priced fruits, the small holder tends to seek a private loan on a short term basis, as government loans are rather scarce. In many cases, especially in the regions near an urban center, the urban wholesaler becomes a money-lender by virtue of the fact that he is dealing with many peasant sellers on a continuing basis. The urban wholesaler frequently offers advance loans to those producers he has long been dealing with at a low interest or sometimes without any interest, but with the clear understanding that he would have priority in buying what the borrower produces next year. The money lender thereby increases his bargaining power in negotiating the prices of the borrower's produce, for no other reason than that if the borrower does not comply with the lender's expectation, he is not likely to secure another loan from the latter again. The urban wholesaler constantly tries to make a stable client out of a peasant seller by becoming a patron through money lending.

Two additional factors need to be mentioned in connection with the practice of this method. One is the inadequacy of the peasant producers storage system. Other than those products than can be stored, most farm products are easily perishable and require expensive storage systems. Typically a small-holder, the peasant cannot afford a warehouse of his own and usually sells his products immediately after harvest or, at least within the same year. This fact is clearly reflected in the seasonal changes in the prices of farm products. The price of, say, apples, is the lowest in October, shortly after the harvest and reaches the peak in July when the amount in stock is lowest. The other factor affecting the informal marketing practised by the peasant is the recent labour shortage in the rural sector caused by the massive city-ward migration of the farm population. The peasant may want to harvest, grade and pack his own products for marketing purposes in an attempt to increase profits. But the shortage of labour these days does not allow him to do that and this again forces him to adhere to the traditional marketing method.

Changing times have encouraged some peasants to look beyond the traditional ways. Some of them are now choosing the other method of marketing, which is to take his produces to the urban market himself and sell it to the urban merchant. This is a newly emerging method of marketing, adopted by the peasant to win larger profits than he could by the previous method. Peasants are increasingly becoming profit conscious, and are making every effort to increase, if not maximize, profits in marketing his products. There is, however, little opportunity for peasants to acquire marketing skills and little scope for exercising whatever native skills they may possess.

The existing marketing institutions are largely defective and are not designed for helping peasants in securing profitable markets (Kim, S.H., 1980:1981). There is no unified system of grading agricultural commodities. The peasant seller may get different prices for the same product from different wholesalers. The same wholesaler may also offer different prices to different sellers. The absence of a grading system may be attributed to the government's indifference to this issue, but also reflects the fact that the amount of commodities being small, the expenses incurred in grading may be too high. Besides, the urban consumer has been accustomed to select an item to his liking and negotiate the price with the retailer directly. This system of individual bargaining for every transaction makes grading almost a futile exercise.

The grading of agricultural products for marketing necessitates a unified standard of measurement. A product, say cucumber, may be graded as large, medium and small in terms of size as it appears to the eye of the wholesaler or the auctioneer. But under such conditions size is a subjective matter to one wholesaler or auctioneer, or "large' in one region may not be so to another person elsewhere. The unit of measurement too varies

from area to area, from stage to stage in marketing processes. Fruits may be sold to the wholesaler by the peasant producer in varying terms by weight, number, car load, number of box or any one or more of other standards, depending on where or at what stage a transaction is taking place. Both the metric system and the traditional weighting system are now being used concomitantly in the marketing processes. The need for standardization is perceived but not met. At the government instigation the National Agricultural Cooperative Federation has made numerous attempts at establishing a system of standard measurements for agricultural products without much success in implementing it.

Both the uniformity of grading and the standarization of measuring units require that government inspection to enforce the system be institutionalized. In Korea, regular inspection of agricultural products purchased by the government is assumed by the Ministry of Agriculture and Forestry, whereas general market commodities are occasionally inspected by the Agricultural Cooperatives on a selective basis. The commodities inspected by the authorities is not, however, treated differently from uninspected commodities by either consumer or middle merchants. Hence the inspection processes still remain on trial and have not yet reached universal acceptance in the agricultural market of Korea. The lack of government inspection of rural market commodities makes the transaction process uncertain and time-consuming, for products packaged according to regulations—that are hardly mandatory as yet—need to be inspected by the wholesaler buyer himself every time. Except for high-priced fruits, packaged products are not widely trusted either by the wholesaler buyer or consumer. When the wholesaler buys packaged fruits, the quality of the content is trusted only when the seller is trusted, the trust having been built on the basis of long-term acquaintance and dealings. When he buys from a stranger, the lack of that kind of trust more or less forces the buyer to inspect a large sample of packaged commodities resulting in what appears to him a totally needless waste of time and effort.

The lack of an unified system of grading, standard measurements, and inspection, also renders the market information system rather ineffectual and inefficient. The information on commodities exchanged at market A may not have the same meaning to market B in the same town, for the price of the same product may not be the same in the two markets. For a seller who deals with wholesalers at market A price, the information provided by market B may be useless. The usability of market information is therefore limited to one market, and sometimes even to particular sellers. There is no sign that objectivity and stability of the market prices of food products is likely to be established. Such deficiencies in marketing institutions, then, do not permit fair (or, more technically, perfect) competition between buyer and seller, leaving much room for haggling, negotiating on the spot, cheating etc., for the market information relating to current supplies and prices may not be fully applied to each transaction.

Apart from the structural deficiences in the system of market information, the peasant seller also suffers from the lack of official services to provide current information on prices. The local agricultural cooperative offices are responsible for collecting the market information and making it available to the farm operator. In performing this service these agencies have demonstrated a continuing structural inefficiency for which they have been under constant criticism. As for the wholesale market place, the central office charged with providing the current information on market prices of various products makes little effort to do so. The result of this inefficiency is that, most of the time, the urban merchants whom the peasant sells his products turn out to be the major sources of information.

In addition to the information-lag that makes agricultural commerce awkward, there are also physical difficulties in channeling agricultural products. Wholesale rural markets

are mostly located in the urban areas. The fact that they are situated in congested areas, occupying limited space, immediately creates the problem of sorting out the commodities as they come in. Sometimes, the peasant seller has to wait all morning or afternoon to sell his produce. Market facilities are small-scale ones, and moving around the produce results into a good deal of damage.

As a consequence of all these obstacles, the peasant agricultural seller, stands in a definitely disadvantageous position with the urban wholesaler. The wholesaler, with his ample financial resources, personal marketing organization, and long experience, very much controls the operation of the urban wholesale market. There are ample opportunities for him to take advantage of the underdeveloped marketing conditions to ensure his profits.

Emerging Peasant Market Movement

There is a growing awareness on the part of the peasant of the obstacles to his marketing efforts created by unfavorable marketing conditions and by urban merchants who manipulate them to their advantage. Hostility against the urban merchant is widespread among peasants, gradually being expressed as a collective sentiment. Peasants are now making concerted efforts to overcome the obstacles, the most striking of these efforts being to mobilize the entire hamlet as a bargaining unit. As we have noted before, the value of such joint efforts has been long realized by peasants. The shift from rice-cultivation to commercial crop production is proof of such self-conscious communal decision. That community spirit can now be seen working to create a strategy of joint marketing.

Unlike the way innovative measures were introduced into the hamlet in its collective efforts to promote productivity and commercial production, peasant schemes designed for improving market relations with urban merchants are too complex to be generalized easily. At this point, we can only present some representative cases of 'successful' hamlet market movements by way of illustrating the direction(s) of change taking place now—or to come.

The first case illustrates an attempt to maximize profit by combining the old and new medthods of marketing with improvements made on both.

In Yongdamri, 17 out of 25 farm households are engaged in the business of cultivating *pyogo* mushroom. At first, only five households began this new project on a small scale on the advice of the hamlet headman. Since this type of mushroom is grown on a piece of walnut tree stick, the scale of enterprise is expressed in terms of the number of sticks each household owns. In 1975, each house began with 2000 to 3000 sticks, in 1980 the number increased to 70,000 to 80,000. They now consider mushroom cultivation as the primary source of their family income. The hamlet headman is in charge of supervising the entire processes of cultivation as well as of organizing the sale of the produce. They either sell their mushrooms directly to the middle merchants who come around to buy them in the early spring when the mushrooms are in short supply or take them to wholesalers in a market in Seoul themselves during the rainy period in June when every household has to pick and dispose of it as there is no place to dry it. In the past the visiting middle merchants whom they relied upon for information on the prices of mushrooms were regarded as less than honest. A recent incident, in particular, helped the residents to change the method of negotiating the price of their product with them. In 1979, an urban merchant came around and offered ₩45,000 per Kwan (a traditional unit of weight), which was ₩20,000 more than what they had received the previous year. So they sold their products, not knowing that the current price in Seoul market at the time was ₩80,000 which the headman found out after the deal had been made. In

order not to repeat the same "mistake", he collects information on changing prices of the *pyogo* mushroom systematically. He constantly calls his friend—a merchant himself—in Seoul to inquire about the price, and to seek advice on when to sell. The hamlet headman then provides the information on current prices of mushroom to the resident growers so that they negotiate with the urban merchants to bring the actual price of their products close to the current urban market price. The residents also cooperate among themselves under the instructions of the headman by telephoning each other about the actual prices they received from the urban merchant so that he cannot manipulate the prices when he visits each household. When they take their products to the city themselves they do it jointly with the hamlet headman supervising the entire process of shipping and sale. The headman decides when it is a good time to sell. He then instructs mushroom growers to pick their crops and bring them to the spot nearest to the farm road leading to the highway. Then one of the growers loads them on a truck which the headman has rented from a trucking company for the group, and takes them to the wholesaler that the headman's friend recommends to him.

The next case is an example of the more organized planned method of selling peasant products involving a long distance shipment.

Hai-brak is located in Cholla Pukto, southern province. In 1964, the present hamlet headman introduced the vinyl greenhouse vegetable cultivation method, and persuaded other members to adopt it. His original idea was to utilize more effectively the idle manpower and paddyfields during the winter season. Using the vinyl greenhouse extensively, the entire hamlet is cultivating various vegetables that appear to be profitable—chinese cabbage, radish, zucchini, tomato, cucumbers, melon and watermelon—throughtout the year. The average farm size is a mere 0.75 hectare, but by growing vegetables the hamlet residents have been able to triple their household income in the past five years. Nowadays, following the headman's instructions and guidance, most of the households in the hamlet plan and carry out their farming jointly in an organized manner, growing the same products each year and marketing them through the channels established by the hamlet production team committee.

The hamlet marketing strategies have gone through two stages of evolution. At first, the hamlet had one of its residents stationed in Seoul, for a period of four months from February to May as its liason person doing market research and sending back regularly various sets of information relevant to marketing the hamlet's products. The package of information thus sent included 1) changing prices of those products that the hamlet was growing that year; 2) a list of other areas where the same products were also grown and shipped to the Seoul markets; 3) the time of the year when the highest price was paid for each product—be it tomato, strawberry or peach. The hamlet man in Seoul also explored marketing channels, and made arrangments with wholesalers for the same of the hamlet's products.

Recently, the team committee made arrangements with five wholesalers in the same market to provide selected items of products—tomato, chinese cabbage, radish, cucumber, melon, watermelon, and zucchini—on a continuing basis, and received a large sum of reserve funds for a long term contract—the length not specified. Part of the agreement was that the hamlet does not sell its product to other wholesalers under any circumstances. If any household in the hamlet should violate this rule, it will be fined by the team committee. The above mentioned liason officer is now delegated to oversee this transaction. His main concern is to monitor whether the price paid by the wholesalers for the hamlet shipment is close to the current market prices. If he thinks otherwise—i.e., less than the current price, he so informs the committee, which then reduces the amount of shipment by half in the next year. If any of those wholesalers continue

to underpay, the hamlet discontinues shipment completely, and finds other wholesalers, to replace them.

In order to maintain the reputation of this hamlet's products in the Seoul market the committee inspects the quality of the products of each household before shipment. The hamlet also jointly engages in sorting, grading, and packing the products. The hamlet must be confident that products from his hamlet enjoy a good reputation in Seoul and as long as the hamlet provides quality products, Seoul wholesalers will continue to pay a "good' price for them.

In the following two cases, the hamlets facilitate marketing schemes provided by the local agricultural cooperative office.

Moonmyong-Dong is a small community located 24 km from Taegu city (Kim, I.Y.) Till the last year of the 60's, the members of this hamlet mostly cultivated rice and barley, paying little attention to the production of cash crops. In 1971, the hamlet chief introduced cucumber cultivation, as it not only suited the topographical conditions of this area but also did not interfere with rice cultivation. In 1977, 86 out of 150 households were growing cucumber, producing better quality products. As the number of household and the acreage under cucumber cultivation increased, they inevitably came to face marketing problems. Inexperienced in marketing a large quantity of cucumber, the entire hamlet suffered a severe loss in 1975 caused by the middle merchant's price manipulation. Some of the methods used by the middle merchants in "thrashing off" of the price are: (1) At the early stage of spring harvest, the wholesale buyer pays a high price to one selected peasant producer, thereby luring other producers to him, and then thrashes off the price considerably during the peak period. (2) The wholesale buyer offers a high price for a high-grade produce which is usually in limited quantity, and a lower price for a middle or low grade produce in large quantity. (3) In order to induce sellers to bring their products to him, the wholesaler pays a high price for the produce sold by an influential person,—a farm leader—and then buy at a much reduced price from those who followed their leader. With that unexpected problem on hand, the hamlet headman consulted with the director of the sub-county Cooperative for a possible solution. The idea suggested by the director was to form a field cooperative marketing center. In 1977, with the help of the county Cooperative, a field cooperative marketing center was established in the chief's hamlet to handle all the products in neighboring communities in the same subcounty. Now, cucumber growers in each hamlet bring their products to the center to be auctioned by the auctioneer dispatched by the county Cooperative to urban merchants from nearby cities, including Taegu, Kimchon, and Oekwan. Marketing through field Cooperative centers not only saves transportation costs but also protects the member producers from the urban merchant's tricks. The center has been "working well", and in 1980, about 90 percent of the cucumber produced by the members was marketed at the Cooperative center.

Anchon specialized in tomato cultivation (Chung). As in Moonmyong-Dong this hamlet too is marketing through the Cooperative channels. Tomato growers—75 out of 120 households—have organized themselves as a farming group the hamlet unit of the Cooperative and sell their products through the Cooperative marketing center, utilizing the trucks owned and operated by the Cooperative, to the county Cooperative marketing center where they are auctioned off to wholesalers. In an effort to increase profits from the sale of tomatoes, with the name of the group on them. The manager of the sub-county Cooperative inspects the produce regularly to maintain quality control. The hamlet headman, also the chief of the farming group, is of the opinion that the quality of their tomatoes is well regarded at the county Cooperative marketing center and usually auctioned at a high price than the products from other areas.

Explanations

The list of such examples could be expanded, but even these few instances should suffice to show that peasants today tend to organize themselves on a hamlet basis in order to make marketing processes efficient and to strengthen their power to bargain with urban merchants. Present marketing conditions as they are manipulated by urban merchants to their advantage require peasants to organize themselves to protect their profits and the hamlet solidarity readily renders itself as an organizational vehicle. Consequently the development of small market enterprises and increasing contact with the outside world appear to reinforce hamlet solidarity rather than making peasants competitive (therefore individualistic) against each other.

This trend clearly appears to contradict what has been anticipated by those theorists of modernization from Adam Smith on who attribute the dissolution of communal solidarity and the origins of individualism to the growth of a market economy. What then made it otherwise in Korea? One can point to at least four factors: external reinforcement of inner-solidartiy of the hamlet, hamlet leadership, lack of inequalities and the smallness of peasant holding.

The inner solidarity of the hamlet has been strengthened by the contact with urban merchants who emerged as formidable foes and grave obstacles in the move toward increased profits. Today, the peasant's relation to them is increasingly taking the form of impersonal competition which, in turn, requires loyalty—even sacrifice—to the community. With the gradual opening of the community to the outside world, the ties of personal relationships, neighborliness and brotherhood within the hamlet community have become the more clearly juxtaposed by that of the hostility towards outsiders.[2]

External reinforcement of hamlet solidarity came from yet another direction. The hamlet as a structural unit has been well recognized by the government in their rural development projects. Government offices at any level have as a rule treated the hamlet as an solidified entity, not merely as an administrative unit—and entrusted the administrative responsibilities to the hamlet headman.

Most administrative decisions affecting the hamlet are made through the hamlet headman who constantly keeps in contact with the sub-county office and becomes a liason officer acting on behalf of the administrative oganization of the hamlet he represents.

The hamlet headman's position is a vital one insofar as he represents the hamlet to the government. He attends the monthly meeting of hamlet headmen in the sub-county office. He meets and deals with any official visitors to the hamlet, such as police officers, tax collectors, census takers, farm inspectors, the family planning officers and the like. He is asked to protect the hamlet residents from various external offices in matters of taxation, administrative inspection, the rationing of fertilizer, and the mobilization of manpower for public works. He negotiates with the internal revenue office to lower the amount of the tax on any of the households in the hamlet that may need this help, or with the local agricultural cooperative to make loans to the hamlet for the individual or joint farming funds. The hamlet headman is the focus of the hamlet and cooperative activities. It was thus only natural and inevitable that it would be the hamlet headman who would provide leadership in the new market movement. Whether a hamlet has an able leader with a capacity to deal with internal as well as external affairs has a lot to do with the welfare and prosperity of the hamlet.

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2. This point, originally made by William Sumner in his *Folkways,* is quoted from Robert K. Merton, *Social Theory and Social Structure* (Glencoe: The Free Press, 1957), p. 297.

If, in fact, the external factors rather strengthened the existing communal solidarity than undermined it, what then nourished cooperative unity internally in the process of development change?

The post-Liberation land reform terminated the age old land-tenure system which denied ownership of the means of production to the tiller and returned land to those who till it, thereby creating a genuinely egalitarian base in the agriculatural system. In an effort to maintain the initial reform ideology the government continued to enforce rather effectively the three hectare limit on landownership through legal restrictions on land transactions, and the prohibition of tenancy. The agricultural sector, therefore, failed to create a climate conducive to urban investors, thereby remaining untouched by the penetration of large capitalists. Consequently, relative equity in the scale of farm economy was maintained. Thus within the hamlet setting owner-operated units with a relatively narrow dispersion of farm size would be expected to balance the capacity of the system to respond to market incentives more uniformly and therefore collectively (Lee, E., 1979: 25-71).

Equally important in the process of the development of collective marketing methods was the smallness of the farm operation itself. While the ceiling to landowning was set at three hectares, the average size of farm land per household was only 0.9 hectares. The ordinary farm household operation therefore was not big enough to affect the market and to be inter-competitive within the hamlet commercial activities. Hence, there was no "powerful incentives to keep the secret of successful improvement to oneself (Dore, 1960: 80)."

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