



**The Change in Economy and Social Livelihood in the
Contract Farming System: Case Study Pong Hang Village
Moo5 Vang Hin Lad Sub District, Chumpae District,
Khon Kaen Province**

**การเปลี่ยนแปลงในวิถีเศรษฐกิจและสังคม
ภายใต้ระบบเกษตรพันธะสัญญา กรณีศึกษา หมู่บ้านโป่งแห้ง หมู่ที่ 5
ตำบลวังหินลาด อำเภอชุมแพ จังหวัดขอนแก่น**

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Abstract

The purpose of this study was to investigate the context of contract farming at Pong Hang Village including the social and economic adaptation under the process of contract farming system. The study employed the concept of community economy. In-depth interviews were applied through guided questions, with 23 key informants, who were concerned with issues in the village as well as household information questionnaires from 133 household representatives. The study was found that agricultural contract farming system was a collaborative management between the agricultural companies and farmers. The companies provided; materials such as seeds, fertilizer and insecticide, knowledge for cropping each type of plant and methods of marketing management. The farmers were responsible for the investment of their labor, land, equipment and devices. The companies and farmers signed a contract in advance that established the terms and conditions relating to the numbers and quality of products for sell to the companies. However, this contract farming resulted in an inequity between the companies and the farmers - the companies had an advantage over the farmers that they had been controlled production systems and markets system. Although the farmers were at a disadvantage, but in the fact

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companies did not force them into a contact; rather they compromised to solve the problem as an installment debt by reason of business. By these event was show that famers were maintained in their freedom to select to grown each kind of plants included with power to bargaining. Hence, the community adaptation was also change for maintain the relationship of their livelihood under the process of capitalism

Keywords: Contract farming, Capitalism, Social adaptation, Community economy

บทคัดย่อ

การศึกษานี้มีวัตถุประสงค์เพื่อศึกษาบริบทของเกษตรกรพันธะสัญญาในหมู่บ้านโป่งแห้ง รวมถึงการปรับตัวปรับตัวทางเศรษฐกิจ และสังคม ของภายใต้ระบบเกษตรพันธะสัญญา โดยใช้กรอบแนวคิดเศรษฐกิจชุมชนในการศึกษา จากการสัมภาษณ์เชิงลึกกับผู้ให้ข้อมูลแต่ละภาคส่วน จำนวน 23 ราย รวมถึงการใช้แบบสอบถามสำหรับตัวแทนครัวเรือนจำนวน 133 ราย ผลการศึกษาพบว่า ระบบพันธะสัญญาเป็นรูปแบบการจัดการร่วมกันระหว่างบริษัทกับเกษตรกร โดยบริษัทจะสนับสนุนปัจจัยการผลิตในลักษณะสินเชื่อ เช่น เมล็ดพันธุ์ ปุ๋ย ยาฆ่าแมลง ความรู้ในการผลิตพืชตามแต่ละชนิดที่ส่งเสริม รวมถึงการจัดการด้านการตลาด โดยเกษตรกรจะรับผิดชอบในการลงทุนด้านแรงงาน อุปกรณ์การผลิต และที่ดินเพาะปลูกเท่านั้น โดยทั้งสองฝ่ายต้องตกลงทำสัญญาระหว่างกัน เพื่อกำหนดคุณภาพ และปริมาณของผลผลิตที่จะต้องส่งมอบ อย่างไรก็ตาม ผลจากการลงนามในสัญญาบริษัทจะเข้ามาเป็นผู้ควบคุมระบบการผลิต และรวมถึงระบบการตลาด ซึ่งส่งผลให้เกษตรกรตกเป็นผู้เสียเปรียบ แต่ในความเป็นจริงบริษัทกลับไม่ได้เลือกใช้วิธีการบีบบังคับตามข้อตกลงในสัญญา เพียงแค่เลือกวิธีการประเมินประเมินในการแก้ไขปัญหา เช่น การผ่อนชำระหนี้ ทั้งนี้ก็เพื่อเหตุผลในเชิงธุรกิจ ซึ่งเป็นสิ่งที่แสดงให้เห็นว่าเกษตรกรยังคงมีอิสระในการเลือกผลิต และคงไว้ซึ่งอำนาจในการต่อรอง ดังนั้นการปรับตัวที่เกิดขึ้นจึงเป็นเปลี่ยนเพื่อรักษาความสัมพันธ์ในวิถีสวนชุมชนให้ดำรงอยู่ได้ตามแนวทางของระบบทุนนิยม

คำสำคัญ : เกษตรพันธะสัญญา ทุนนิยม การปรับตัวทางสังคม เศรษฐกิจชุมชน



Introduction

The globalization era vastly promotes agri-business and the free market system. This forces smaller, lower class farmers to disengage from the benefits of the free market system and in turn discourages the farmers from continuing their agricultural lifestyles. This decreases the current agricultural labor force and moves them to into other sections of production, which is currently being seen today. In order to turn this around, we can try to improve the agricultural system to result in increasing the farmers' incomes. However, major problems are a lack of funds due to the farmers not having access to financial resources, the ineffective use of productivity and the un-sustainable market price levels of agricultural production. Consequently these factors lead to the start of agricultural contract farming. By focusing on effective management of agricultural production and obtaining prices for the farmers that they can depend upon, they will be able to produce goods more efficiently and be able to earn a higher income. The pattern of agricultural contract farming may differ in its management style and be dependent upon several factors such as the production process, management process and the marketing contract agreement. The signing of a marketing contract agreement allows benefits to be distributed to both the farmers and the fund providers, which in turn results in a rise in the farmers' productivity and allows them to take greater advantage of market benefits. In Thailand, contract farming had a larger influence upon the agricultural production sector after the announcement of the sixth National Economic and Social Development Plan. That was aimed to combat the increase in global competition affecting the market by developing the quality and quantity of output. The results of these actions have a direct effect on global demand by using lower costs to compete with other countries. In order for this process to be successful, both the private sector and the government must take action with regard to investment and to support the expansion of agriculture within the community. Overall and in chronological order, the process lead to new crops being introduced such as sugar cane, pineapple and eucalyptus. By following these policies, the government was able to set up a project to coordinate with the Agricultural and Cooperative Ministry, financial institutes, farmers in the area and the private sector. The Agricultural and Cooperative Ministry assisted both the farmers and the private sector when they signed their contracts.

Moreover, the Agricultural and Cooperative Ministry linked with financial institutions such as the Agricultural and Cooperative Bank Ltd., to provide funds that the farmers could access as loans. The major objectives were to improve the effectiveness of productivity and decrease the risk of price fluctuation affecting the farmers. However, this project ran continuously and was improved until the eighth National Economic and Social Development Plan was announced in 1997. Contract farming became more influential in the agricultural structure because it was used as a tool within the National Strategy of the Agricultural Plan. This action allowed for the development of communities that could lead them to become stronger and be used as a base for creation of the country's income. To help to reduce poverty in Thailand, the model of contract farming was used as a concept for country-wide development of a future market. Agricultural product insurance and development of the agricultural structure could bring about an increase in productivity and create greater farmer income.

Pong Hang village is an example of a village that has used the model of contract farming since 2007 and was part of the tenth National Economic and Social Development Plan. Their chosen crop was sugar cane. These harvests were very suitable for the village's physical state and they received ongoing support from the companies in the form of seed, fertilizer and insecticide. Furthermore, this model of contract farming became the major source of income for the community. Labor transformation from the agriculture sector to other sectors declined which allowed local wisdom, within the community, to be passed on.

Purpose

The purpose of this study were to understand the context of contract farming at Pong Hang Village and to study social, community and economic adaptation after contract farming was introduced within the village.

Scope

The scope of this study is to focus on the history of contract farming, including community, economic and social adaptation after contract farming had been introduced in Pong Hang village Moo 5, Vang hin lad Sub District, Chum pae District, Khon Kaen Province from 2007 to the present time.

Concept and Theory

The Communities Economy was the model used in this study, allowing an alternative way of development by looking at it from a backward point of view – that being, the communities as bases. This paved the way for communities to become independent by using their own resources for their own development and so enhance their quality of life. This concept looks holistically at the economic, social, political and cultural environments.

Research Methodology

Research was conducted using qualitative and quantitative methods plus the review of literature and other documents. By using semi-structured, guided interviews with the twenty seven key persons, each aspect of study; such as the history of the villages, the context of the villages, culture and career groups, was recorded. Questionnaires were distributed to 133 households to collect data using descriptive analysis methods to obtain results.

Result

The study showed that contract farming provided a new production model for agricultural communities and changed the ways of community production to become capitalistic and dependent on funds and inputs such as technology from the fund providers.

Although this model is designed to improve the productivity in communities and to make them more effective, farmers must rely on the contract fund providers. This follows the findings of Santisombut (2003) that farmers are drawn into the commercial aspects of agricultural production which results in an increased dependency for the farmers. Moreover, they lose their power to control production, their rights to production output and their status, effectively making them employees rather than landowning farmers. In many cases, this continues unchanged today. The power of production and marketing is transferred to the funding companies with the farmer unable to claim or negotiate changes because the original contract outlines the agreement and is binding. Therefore, the farming community must adapt itself to the terms of the economic and social sectors once it is accepted that contract farming is to be a part of their community.

Background of Contract farming in Pong Hang village Moo 5

Founded in 1944, Pong Hang village and its land had been occupied by None Chard villagers. At that time, their agricultural production was rice tobacco and hemp. As Charles F. Keyes (1970) (Site in Tosakul, 2009) said, “The way of life in the Northeast was still one of production for consumption and they had little technology to use on their farms.” Regarding this situation, Pong Hang village had been little changed with rice, for consumption in the community, still the main crop produced while tobacco and hemp became the main commercial cash crops. Sadly, hemp production ceased in 1977 followed by tobacco production 1995 as it was replaced by cassava. In 2005, cassava production ended as the market price dropped, it was replaced by sugar cane in 2006. In 2007, the farmers in Pong Hang village had begun to be supported by the Mith Phu Vieng Ltd. sugar factory that provided sugar cane, fertilizer, insecticide and a market price insurance scheme for farmers who participated. This was seen as the first step towards contract farming in the community which expanded with the arrival of Mith Phu Kew Ltd in 2010. Sugar cane crops expanded in the village, in 2011. It can clearly be seen that the cultivation of plants in the community were adjusted only to suit the area’s physical conditions and by direct market demands, as shown in Table 1. That was represents that were extent of rice and home grown vegetables together with tobacco cultivated on the land since 1944. However, Tobacco production was reduced, being replaced by cassava and rice for sale at Chum pae Market with this leading to farmers concentrating on new crops such ashemp in 1957. In 1967, cassava was introduced into the community as a new crop, sticky rice followed in 1974.

It was found that almost all of the laborers in Pong Hang village had been going to Nakornsawan and Kampangphet provinces to harvest sugar cane since 1982, this experience allowed the introduction and cultivation of sugar cane in the village. The result ant boom in sugar factories opening in Phu Veing and Phu Kawe districts, led to interest in sugar and sugar cane related products in 2006 and stopped community laborers from travelling to other provinces to find harvest employment. In the initial period, the sugar cane was grown by individual farmers, but in 2007 the Phu Veing sugar factory attempted to introduce contract farming to the community and provided knowledge on sugar cane cultivation for farmers in the village. Because of this, sugar cane gradually came under the contract farming system.

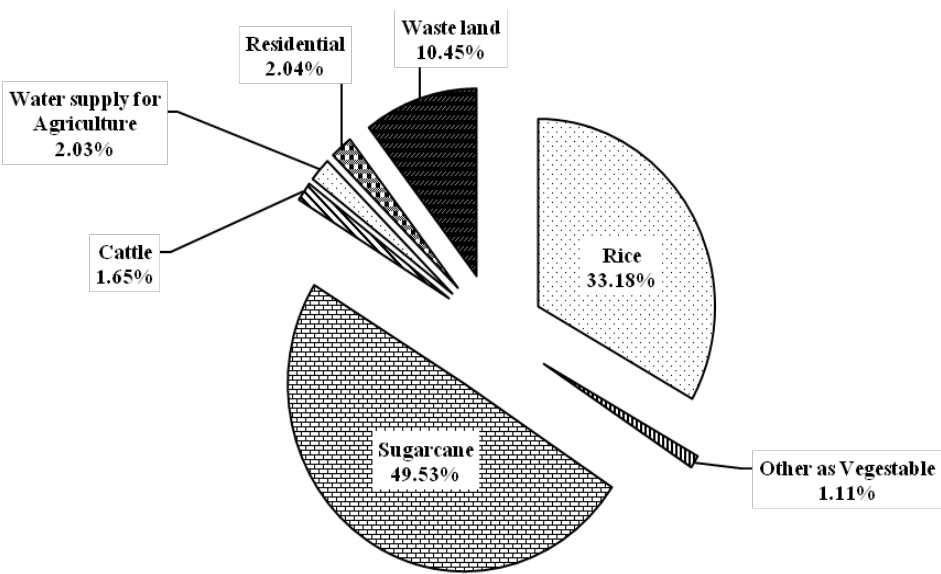
Table 1 Shows the annual crop of Pong Hang village since 1944 – Present

Type	Period	Replaced by	Purpose	Type	Period	Replaced by	Purpose
Sticky Rice	1944-Present	-	To consume	Coconut	1944-Present	-	To consume
Tobacco	1944-1995	Cassava, Rice	For sale	Local Mango	1944-Present	-	To consume
Cabbage	1944-Present	-	To consume	Saur Tamarind	1944-Present	-	To consume
Lettuce	1944-Present	-	To consume	Papaya	1944-Present	-	To consume
Kale	1944-Present	-	To consume	Jackfruit	1944-Present	-	To consume
Basil	1944-Present	-	To consume	Local monkey apple	1944-Present	-	To consume
Tomato	1944-Present	-	To consume	Custard apple	1944-Present	-	To consume
Eggplant	1944-Present	-	To consume	Cultivated banana	1944-Present	-	To consume
Shallots	1944-Present	-	To consume	Green Banana	1944-Present	-	To consume
Coriander	1944-Present	-	To consume	Bitter nut	1944-Present	-	To consume
Flowering Cabbage	1944-Present	-	To consume	Pine apple	1944-2001	Cassava, Rice	To consume
Garlic	1944-Present	-	To consume	Hemp	1957-77	Cassava, Rice	For Sale
Paprika	1944-Present	-	To consume	Cassava	1967-2005	Sugar cane	For Sale
Galangal	1944-Present	-	To consume	Sticky Rice	1974-Present	-	For Sale and consume
Lemon grass	1944-Present	-	To consume	Eucalyptus	1986-2011	Sugar cane	For Sale
Ginger	1944-Present	-	To consume	Rad Mango	1992-Present	-	To consume
Acacia	1944-Present	-	To consume	Oak rong Mango	1992-Present	-	To consume
Dok care	1944-Present	-	To consume	Fa run Mango	1992-Present	-	To consume
Lentils	1944-Present	-	To consume and sale	Kew sawei Mango	1992-Present	-	To consume
Pumpkin	1944-Present	-	To consume	Nam dokmai Mango	1992-Present	-	To consume Contract
Bergamot	1944-Present	-	To consume	Sugar cane	2006-Present	-	Farming
Lemon	1944-Present	-	To consume	Banana	2007-Present	-	To consume
Cucumber	1944-Present	-	To consume and sale				

In 2011, the studies showed that the model of contract farming had become popular in the village because individual farmers could rely on market stability and did not face the risk of price fluctuation. Furthermore, this led to farmers using more land for their cultivation and production as is such shown in Table 2. Moreover that can divided by the ratio of land used in community that show on Figure 1. The study was found that 49.53% of the total of community land was used by for contract

Table 2 Shows land use in Pong HangVillageat the present time.

Land used	Acres
Agricultural	486.48
Community forest	54.56
Residential	83.58
Total	574.62



■ Rice
▨ Other as Vegetable
▩ Sugarcane
▧ Cattle
▤ Water supply for Agriculture
▦ Residential
■ Waste land

Figure 1 The percentages of land usage in Pong Hang Village



farming of sugar cane, while 50.47% was used for other crops such as rice 33.18%, vegetables 1.11% and also livestock 1.65%, agricultural water supply 2.03%. 2.04% was allocated to community residents and 10.45% indicated to be waste land. This data explains that contract farming had a huge influence on the community once they became familiar with the concept of the contract farming system. 'This model has been important for agricultural production since the 1980s. It is a profitable model, which supports small farmers and their communities, leading to higher productivity and quality of life.' (Bello et al., 1998)

The outcome at Pong Hang village showed that the contract farming system had broken its way into production within the communities, especially when it was announced as a Strategy of National Agriculture Development in 1997 when the National Economics and Social Development Plan #8 was announced. This reform was a joint action between the government and private sectors. As a result, private companies carried the risk of price fluctuation on behalf of the farmers, allowing contract farming to play a greater role in community production as it continues to do today.

Community Economy Adaptation after Contract Farming was established in Pong Hang Village.

Contract farming in Pong Hang Village focused on sugar cane and took the form of written agreements which specified details of product output and quality. The company relied on social relationships with the communities such as the Headman of the village, or some of the farmer leaders to help introduce or invite the farmers to produce. The initial step of the contract would be for the headman of the village to allow the surveying of a suitable area for sugar cane plantation that could be promoted within the community. After identifying a satisfactory cultivation area, the second step by the headman of the village would be to invite the farmers to receive instruction on the sugar cane required by the sugar companies. The companies not only provided knowledge about the plants, they also explained the contract details and also provided seed, fertilizer and insecticide. The farmers that agreed to the contracts understood that all production would belong to the sugar companies. Because the commitments arising from the contracts created changes in the community economies of villages such as Pong Hang village,

farmers had to adapt themselves to the contract farming way of production and consumption as described below.

1. Mode of Community Production It was found that after the companies entered into a contract with the farmers in the community they provided material support for the farmers cultivation of sugar cane. The knowledge that companies provided helped especially in increasing productivity and improving product quality. It was found that 33.85% of households in the community had been approved for agricultural training, especially sugar cane cultivation, but 66.15% had not been approved by the companies. This did not mean that households that had not passed the agricultural training were unable to cultivate sugarcane. If we consider the households' experience in agriculture, the average time in the fields' was 28-29 years. Because they had extensive experience in agriculture, they could quickly learn by talking with farmers who had already received the training and so were able to fulfill the conditions required by the contract. Interestingly, it was observed that of the households that passed the agricultural training, 70.91% were able to increase their productivity, while 29.09% were not able to benefit from the training and there are various reasons for that. Some of the farmers claimed that as contract farming was not their major career, they did not pay much attention to the sessions, while others claimed that they went to the training because they were persuaded to do so by people whom they respected and so they could not refuse. These reasons explain why some farmers were unable to benefit from the company knowledge. Another important input factor was the labor force within the community and the results showed that household families were the major labor force providers in production. External labor was rarely used in production, as shown in Figure 2. The study was found that agricultural sector labor demand for the Pong Hang Village. Household members constitute a major part of the labor force, averaging around three to four persons per household. The study results show 50.37% of farmers used only their own household labor, 46.62% used labor from within the area, 0.75% used only external labor from outside of the community and 2.26% used both internal and external labor for their farm production. However, when considering the ratio of households that used both internal and external labor it was found that the ratio for internal labor was 46.67%, while the ratio for

external labor use was 53.33%. So from the information shown in Figure 2 it can be concluded that family laborers continued to participate in community production, while only a few farms used external labor. It was also highlighted that households would seek labor in their own village first, but if there was insufficient labor available

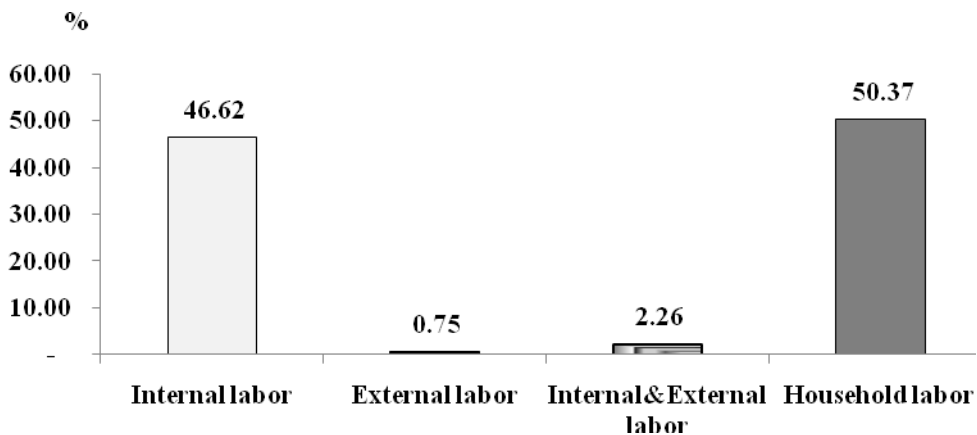


Figure 2 Shows the percentages of agricultural labor demand in Pong Hang village.

they would seek outside laborers. Moreover the study found that households were more comfortable working with labor from within the village than with labor from outside. Normally, households used labor from within their family but sometimes they would use labor from outside, depending on the kind of crops being grown, as shown on Table 3. It was found that Pong Hang village farms used labor from outside their families during June to January. This was dependent on the type of crop that was produced in the area, especially during Early June, October and November to December. In Early June, the first crops of rice and sticky rice were planted. October was the time for a new crop of sugarcane. From early November to December it was time to harvest the sugar cane, rice and sticky rice. Moreover it was found that if there was sufficient water on their farm they could grow a second crop of sugarcane in January. However, sugarcane was the most significant plant for contract farming with the average land used for sugar cane crops being 5.39 acres, yielding around 20.23-22.76 ton per acre at the set price of 700.00-850.00 Baht per ton. Thus, it appeared that after contract farming introduced itself into the communities, the farmers and the communities benefited in a number

Table 3 Present Annual crops for each plant and demand of labor in Pong Hang village Production.

Plant	Periods	Source of labor	Plant	Periods	Source of labor
Banana	Jan.-Dec.	Household labor	Garlic	Nov.	Household labor
Cultivated banana	Jan.-Dec.	Household labor	Ginger	Jun.-Aug.	Household labor
Basil	Jan.-Dec.	Household labor	Kale	Nov.-Dec.	Household labor
Cabbage	Nov.	Household labor	Lemon grass	Jun.-Aug.	Household labor
Coriander	Jan.-Dec.	Household labor	Lemon	Jun.-Aug.	Household labor
Cucumber	Jan.-Dec.	Household labor	Lentils	Jan.-Dec.	Household labor
Eggplant	Jan.-Dec.	Household labor	Lettuce	Nov.-Dec.	Household labor
Flowering Cabbage	Nov.	Household labor	Mango as Kew sawei, Nam dokmai	June-July	Household labor, Internal labor
Galangal	Jun.-Aug.	Household labor	Papaya	June-July	Household labor
Paprika	Jan.-Dec.	Household labor	Pumpkin	Jun.-Aug.	Household labor
Shallot	Nov.	Household labor	Tomato	Jan.-Dec.	Household labor
Sticky Rice	Jun.-Dec.	Household labor, Internal labor, External labor	Sugar Cane	Oct.-Jan.	Household labor, Internal labor, External labor
Rice	Jun.-Dec.	Household labor, Internal labor, External labor			

of ways in terms of production and marketing that were provided by the companies, for as long as they held the contracts. By this phenomenon, farmers changed their status from being the owners of outputs to becoming employees while also being dependent on the companies (Singh, 2005). This was the situation in Pong Hang village, those land owners who signed an agreement with the company had to accept the changes it brought.

2. Mode of Community Consumption This study found that community dependence on external resources resulted in the expansion of the community. In 1975, gravel roads were constructed between Pong Hang village and other neighboring villages. After these roads were constructed, transportation became more convenient and this allowed merchants, from nearby communities, to gain more access to Pong Hang village. Since 2007, the contract farming system had made its way into the village and by 2011 this had led to numerous changes in the way of life within the community, due to it becoming a major source of income, as shown in Figure 3. The findings in Figure 3 show that 31.80% of the total of the community's incomes were from agriculture, 31.09% was income from other sources

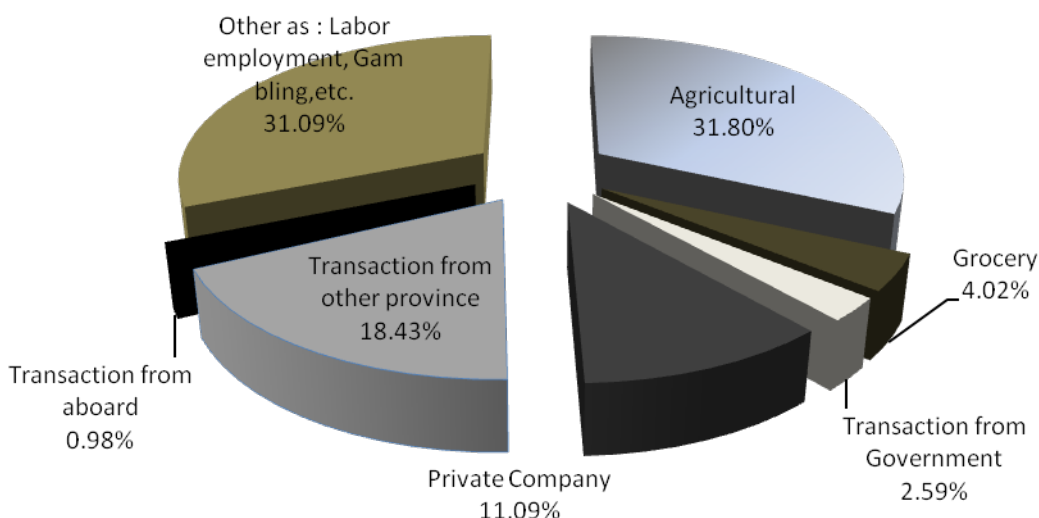


Figure 3 The ratio of income sources in Pong Hang village

such as employment, gambling etc. while 18.43% was money from family members who worked in another province or outside the area. Moreover, it was also indicated that more than 80% of agricultural income came from contract farming products such as sugar cane, tomato and watermelon. The data from picture 3 supports the reasons why contract farming systems are dominating the community's production. The farmers must spend more time in their fields and make sufficient income to cover their household expenditures, as seen in Figure 4. The result

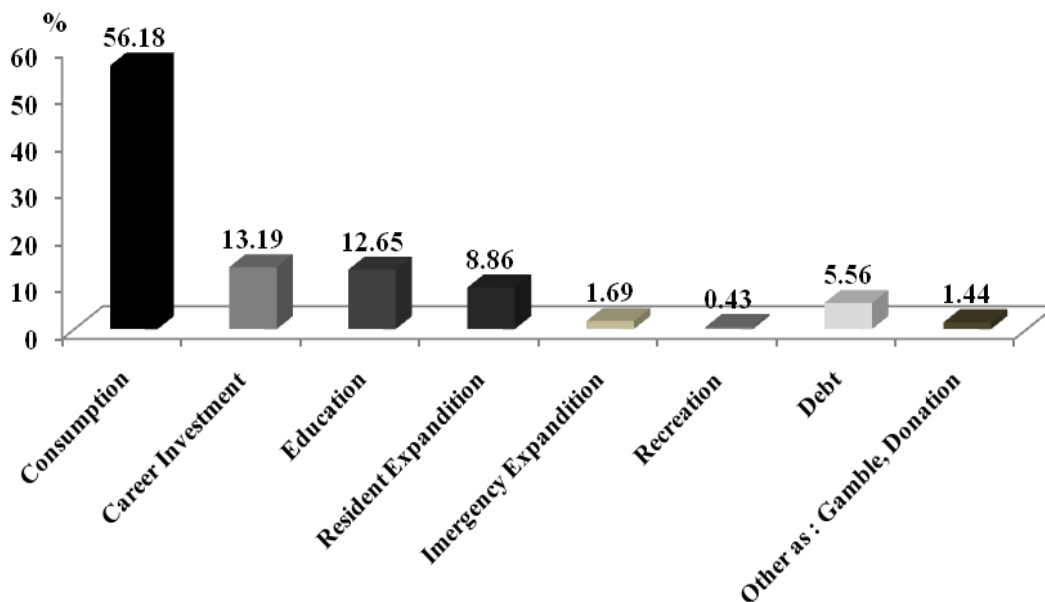


Figure 4 The ratio of village expenditure in Pong Hang village

in Figure 4 illustrates the percentages of community expenditure under the contract farming system. This made a deep impact on the community's way of life as they were now more dependent on external resources. The stated 56.18% is the total community expenditure on consumption, investment in careers is 13.19%, education is 12.65%, resident payments are 8.86%, debt payments are 5.56%, and lastly 3.56% was spent on other necessities. Investment expenditure on careers indicates another area of increased community dependency from outside. It was found that households with community investments used a whopping 82.20% on external resources, such as fertilizer, insecticide or gasoline as an investment in agricultural production. Only 17.80% were labeled as internal resources being, sugarcane, labor, and land for cultivation. Moreover, there was a rise in the numbers of motorcycles and pick up trucks selling goods such as food and household accessories in the community. For these reasons, it was more convenient for the community to purchase goods from outside. However, this made the community more dependent on the outside, leading farmers to spend more time on their farms. As stated previously, everything in the village can be seen as being connected to the contract farming system, since it has made lots



of changes to agricultural production, distribution and consumption in the area, especially in the areas of marketing and production that have fallen into the hands of companies who own the contracts. As a result, farmers became only employees and lost their power to bargain after signing the contracts with the companies. Therefore, communities must adapt themselves to the changes of the ways of capitalism for as long as the contract farming system exists and continues to be the major source of income.

3. Social Adaptation after Contract Farming was established in Pong Hang village This study shows that, after the contract farming was initiated, social adaptation in Pong Hang village, helped regular social relationships and participation in the village's activities. It was found that after 1982, when the new generation of laborers from Pong Hang village had gone to work outside the community, it was not only the agricultural sector that was affected but also the norms and traditions within the community. It was for this reason that some traditions in the community disappeared, such as the ceremony of household spirits. Until 2007 and after the community had embraced the system as a major part of their agricultural production, contract farming led farmers to spend more time at their farms which decreased their community participation. However, the households in the community tried to adapt to the change by rotating family members to participate in activities held within the community such as major ceremonies like Boon Berk Ban: ceremony of village for protection the bad things., Boon Bang Fai: ceremony asking for rain to cultivate., Boon Kao Sark: ceremony of the beginning of the harvest and an opportunity to thank the deities for a successful harvest, Boon Ka Tin: ceremony to offer alms to the monks, as well as agricultural production ceremonies in the village. For these reasons, it is very difficult for farmers to participate in all community activities as long as contract farming remains an important source for community income. However, the results of the interaction of contact farming and village culture can be seen in Pong Hang village, which has not been completely dominated by external influences as their traditional culture and way of life is still being practiced in the Issan norm such as "Heed 12 and Klong 14". Another example of social adaptation can be seen in the warm relationship between the people within the community as they go through participating and helping each

other in their daily lives. This can be seen in community activities such as Boon Berk Ban, Boon Kao Sark, BoonKa Tin. Moreover, they formed themselves into a carrier group to support their production and to help in solving problems in their communities. Two such groups that have emerged are a Savings Group and a sugarcane Group to support their financial investment in fertilizer and insecticide. Prior to the social changes impacting upon the community, education was largely dealt with in 1976 as the villagers set up a community school in Pong Hang village. Their reason for doing this was so that their children could have a better chance to pursue their education in the village, rather than spending their time outside. In 1983 the first televisions came into the village, followed by transportation improvements in 2002 and the mobile phone boom arrived in 2005, greatly changing not only the community, but also language, dress style and life style. Thai language became more prevalent alongside the Issan languages and new fashion fads, such as jeans came into play. These factors poured into the area before contract farming arrived in 2007 and continue to the present day. However, contract farming in the village can still be maintained as the main factor in the community's social change because it remains the main source of income. As shown on Table 4, the biggest emphasis was on social participation. The findings from Table 4 show that almost all villages participated in the events because it was considered a form of relaxation from the stress and tiredness of working. Moreover, it was found that some of the ceremonies were held during long holidays so that villagers working away in other provinces could return to visit their family. Examples of such ceremonies would be New Year and Song Kran. However, other ceremonies were rotated between family members who came to join in and included; Boon Kao Chee, Boon PhaVed, Boon Bang Fai, Boon Berk Ban, Boon Kao Pun Sa, Boon Kao Pa Dup Din, Boon Kao Sark, Boon Aok Pan Sa, Boon Ka Tin and Loy Ka Thong. The exception being the Boon Khao Khan ceremony as no villagers can join in as this ceremony is only for monks. However the study also confirmed that there was a change in the social lifestyle of the community members after contract farming was introduced and this was that the farmers spent more time on their own farm. During the vital months of November to December, work was abundant in order for the sugarcane and rice to be harvested. Farmers had to be ready for work at

Table 4 Annual activity in Pong Hang village and villagers participation

Activities	Objective	Villagers Participation
Jan. : New year	Celebration	Very High
Feb. : Boon Kao Chee	Making merit with a sticky rice grill Ceremony.	Medium
Mar. : Boon PhaVed	The sermon Story of Buddha.	Medium
Apr. : Song kran	Thai new year.	Very High
May : Boon Bang fai	Launch fireworks asking for rain.	High
Jun. : Boon Berk Ban	Ceremony of villages for protection the bad things.	High
Jul. : Boon Kao Pun Sa	Devote a candle.	Medium
Aug. : Boon Kao pa dup din	Devote good things to people who had passed away.	Medium
Sept. : Boon Kao sark	Ceremony of the beginning of the harvest and an opportunity to thank the deities for a successful harvest.	High
Oct. : Boon Aok Pan sa	Celebration of the Buddha's return to earth after spending one lent season.	Medium
Nov. : Boon Ka Tin	Ceremony to offer alms to the monks.	High
: Loy Ka Thong	Apologies to the river god ceremony.	High
Dec. : Boon Khao Kham	Activities of monks to consider what they did wrong in the past.	None

6:00 am sharp until 8:00 pm and they had no time for other crops. This period is another reason that supports the contract farming system due to the farmers spending more time in their fields and having fewer rest periods. Other factors, unrelated to the contract farming, such as raised education levels and transportation improvements took place while some community traditions disappeared, for instance an illness treatment known as the Pee Fa Dance disappeared in 2010 because the location of the village was not far from Chum pae Hospital. As such the villagers had more confidence in treatments that used modern medicine than illness treatment by the Pee Fa Dance. But it was contract farming and other factors such as modern life style and education that caused

changes in the community's local knowledge which began to decrease production of clothing and woven products. It was found that they were still being produced by the older generation, who were more than sixty years old, while the younger generation workers did not produce them as the benefit in terms of income was not attractive when compared with the income received from contract farming. Although they were able to learn to weave from their parents, they lacked the local knowledge to continue in the future as they lacked a person who was skilled in Ka-Jum (a person who can contact village spirits). It was found that this was because they did not have much time to participate in community activities because they had to spend their time at work on their farms.

From the previously stated points of view, it was seen that after the contract farming system arrived in the community, they adjusted their lifestyles by maintaining a community relationship so they could get along within the community economy. Although, in the present day, the households don't join in as many activities as they did previously, they still rotate a family member to participate every now and then to avoid tension in the relationship between the other people in the community and to maintain their current life style with Issan traditions such as "Heed¹², Klong¹⁴". Not only that, but they also benefit from career groups to assist with their production problems and make extra income for their family. This can be considered as community identification under the existing social structure. It was apparently shown that there was not only one powerful party, but the two parties needed to balance their power under the agreement between companies and community. The companies hold all the contracts and have the power to punish farmers if agreements are broken. However, the results found that they did not follow the contracts strictly and could be flexible in terms of debt relief or changes in the payment rates for products purchased. Luckily this reduces the conflicts between the firms and farmers because companies are quite dependent upon the farmers due to the fact that land and labor are important factors within the industry sector. If they have any problems within any of their links in the process, it severely affects the industrial sector, which tends to lead other companies wishing to form contracts with the same village. For this reason, it is recommended for farmers to officially sign contracts so that



the communities can undergo social adaptations that not only maintain relationships between people but also with the economic sectors in order to reap the full benefits available between farmers and the companies. That is the considered view of Popkin (1979) in the context of economic and social transitions in peasant communities to the capitalist system. "Peasants had their own way to handle problems, by maintaining their benefit of the authority to negotiate. This is acceptable due to the benefits going towards both parties. The farmers are not only protected, but their products are as well with the inclusion of sufficiency in their consumptions; thus increasing their productivity and benefits."

Discussion

Contract farming has benefited and changed the way of production in Pong Hang village. The farmers have produced commercial products and these have become the main income source for the community. Moreover, this development has led to farmers being more dependent on external resources for production and marketing. Although contract farming is the base model of production within the capitalist system, it does not make much of an indent in the social structures of the communities. At present, the traditions of the communities are still continuing, but they have evolved to provide a more suitable land use in cultivation and household labor within the production process and this is the distinguishing characteristic between the economy and social lives of farmers. Sometimes they use labor from outside of their family during the cropping and harvesting seasons. The contract farming system is modern agriculture using new technology, standardizing the production process and is an exact way to produce (Swain, 2009) but they are not able to make many changes to the community production mode when compared with the capitalist system. Farmers still have the freedom to produce their desired plant or crop. Farmers still grow rice, vegetables and keep livestock for their subsistence and use the surplus as extra income for their families. The community's traditional production still continues today, with a guarantee for the community's food supply. For these reasons, the contract farming system became the model for the main source of income for the community, but it does not change any sector in the traditional sense of life but followed the flow as seen in Pong Hang village.

The most fundamental thing is that the farmers have the freedom of the usage of their crops as well as not producing more than their labor can afford. As Nartsupa (1998) states “Capitalism has not revolutionized the way of production, trade and community seriously, nor has it replaced the communities traditional livelihood” as shown in Pong Hang village today.

Conclusion

Contract farming has changed the way of production within the Pong Hang village in order to create a more commercial level of production. They took the dependency upon external resources into the mode of production and marketing. While the contract farming system is a way of production within the capitalist format, it has not made much of a change within the sectors of social structure in the area. As recently explained, various amounts of product outputs within the communities are non-related to the farming system as they do not include the family. Rather there is a friendly characteristic of employment such as being a ‘friend’ instead of an employer and an employee. Another reason this model of contract farming is still performed with smaller farmers is in an attempt not to change them into firms or create anything ‘industrial’. This means that the community will not leave their traditions behind. Although contract farming remains the main source of income, farmers will still have the freedom to choose what to grow and how to grow it. For the social adaptation, although contract farming caused a reduction in community participation and some loss of local wisdom, there was rotation within family members to participate in community activities. To avoid creating tension within the people of the community, they promote the preservation of their local wisdom, such as traditional cloth making (fibers) and weaving which they have learnt and passed through generations from their ancestors. Although not produced for sale, as in previous times, they were produced for use in their households or for community activities. These points may confirm that contract farming has not made changes to the economic and social issues of the community. Moreover, it was found that companies were not strict in the terms of their contracts and did not concentrate on changing the community’s social life. Because the companies are still quite dependent upon inputs such as the labor force and the



land for cultivation, they will try their best to maintain the relationships between the people as well as to integrate many benefits mutually for the community and the companies, both economic and social in ways parallel to capitalism.

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