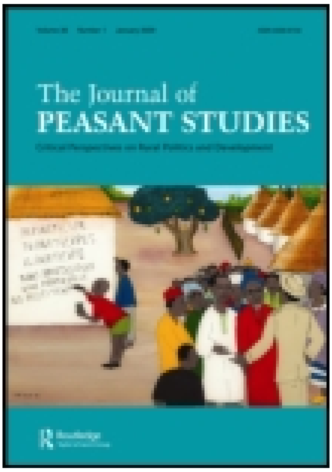

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Centering labor in the land grab debate

Tania Murray Li

Placing labor at the center of the global 'land-grab' debate helps sharpen critical insights at two scales. At the scale of agricultural enterprises, a labor perspective highlights the jobs generated, and the rewards received, by people who work in and around large farms. This approach guides my critical reading of the report prepared by a World Bank team that argues for large-scale land acquisition as a way to reduce poverty. Using data from within the report itself, I show why poverty reduction is a very unlikely result. I develop the argument further by drawing on research in colonial and contemporary Indonesia, where large-scale plantations and associated smallholder contract schemes have a long history. A labor perspective is also relevant at the national and transnational scale, where it highlights the predicament of people whose labor is not needed by the global capitalist system. In much of the global South, the anticipated transition from the farm to factory has not taken place and education offers no solution, as vast numbers of educated people are unemployed. Unless vast numbers of jobs are created, or a global basic income grant is devised to redistribute the wealth generated in highly productive but labor-displacing ventures, any program that robs rural people of their foothold on the land must be firmly rejected.

My contribution to this forum on the global 'land grab' is centered, counter-intuitively perhaps, on labor. It is a labor perspective that guides my critical reading of the World Bank's report on *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?,* which argues that large-scale land acquisition can be a vehicle for poverty reduction through three main mechanisms: the generation of employment for wage workers, new opportunities for contract farmers, and payments for the lease or purchase of land. In contrast to its optimistic master-narrative, I find that the weight of the evidence presented in the report indicates that poverty reduction is a very unlikely result. To further explore why this is so, I draw on research from colonial and contemporary Indonesia, where large-scale plantations and associated smallholder contract schemes have a long history. I then argue for a scaling up of the land grab debate, to consider the predicament of people who are displaced from their 'inefficient' farms in a context where the generalized capitalist system fails to provide them with an alternative livelihood or a living wage. In much of the global South, the anticipated transition from the farm to factory has not taken place, and it is nowhere on the horizon. Farmers who invest in the education of their children face a rude awakening when their offspring swell the ranks of the 'educated unemployed'. Unless this situation changes through the

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magical conjuring of vast numbers of jobs, or a global basic income grant that redistributes the wealth generated in highly productive but land and resource gobbling, labor-displacing ventures, any program that robs rural people of their foothold on the land must be firmly rejected.

1. How large-scale land acquisition can reduce poverty: arguments versus data

The *Rising Global Interest in Farmland* report (Deininger *et al*. 2011, henceforth RGIF report) argues that large-scale land acquisition can reduce poverty by making better use of underutilized land. An entire chapter of the report, and much of the careful data collection, is dedicated to the identification of parts of the world where there is potentially arable, non-forested land, producing below its potential, with very few people on it. Tables show the areas with less than five, 10, or 25 people per square kilometer, and the crops that could be grown there; maps show the 'maximum potential value' of output on each continent. Presented in this way, large-scale land acquisition appears to have several virtues: it could increase global production to meet demand; it could 'grow' national economies; it could supply food for the world's hungry masses (xiii); and it could do this without cutting trees (77). Further, low population density in the target areas means it could do all this while respecting the rights of the 'locals' by incorporating their land through lease or purchase, or by creating protected enclaves in which they can continue their lives much as before, if that is their preference (95–126). The element that doesn't emerge clearly on this list of virtues is poverty reduction, yet poverty reduction, the report insists, is the main goal towards which all development planning should be directed (131). In this section I examine two of the mechanisms by which the report attempts to make the link between land acquisition and poverty reduction: employment, and payments for the land, and I use data from within the report itself to draw a different conclusion.

According to the report, 'how much local populations can benefit will be determined to a large extent by the employment intensity of potential investments' (38), a topic to which the report dedicates a scant few pages (38–39, 64), though these are instructive. A key table (Table 1.6, 39) demonstrates that for the main crops targeted in large-scale land acquisitions, the number of projected jobs is very small: 10 per 1000 hectares for grains, 18 for soy, 20 for plantation forestry, around 150 for sugar, and 3–400 for perennials such as oil palm and rubber. The table also notes the dollar investment per job created—USD$200,000 per job in soy, and around USD$50,000 per job in grains or sugar—astronomical sums if the purpose of the investment is indeed job creation. But that is surely not the purpose. Some of the recent land acquisitions have been driven by the governments of food-importing nations seeking to secure a source of supply. Some have been made by speculators, aiming to hold land for future profits. In most cases, however, including most of the cases highlighted in the RGIF, land acquisition takes the form of an investment by a corporate actor bearing capital, and seeking profit. Such an investor operates in a competitive context that compels it to seek maximum profit on the capital it deploys. The attraction for investors is vast areas of free and virtually 'empty' land on which they can install the optimal technology-labor regime for profitable production. Indeed, the report makes this observation directly in the case of Sub-Saharan Africa, noting that there have been many failed attempts at large-scale production (23–25), but also some successes: 'Factors conducive to this were an ideal agro-ecological setting, low if any compensation for land, and cheap labor' (26). Production might succeed, but poverty reduction through employment or compensation for land is not an investor's concern. This is not an aberration caused by the lack of standards, a 'race to the bottom' as the report puts it (121, see also De Schutter, this volume). It is rather the routine outcome of capital's search for maximum profit. Conversely, states competing against each other to attract investors must be prepared to offer land at a competitive price, which often means free of charge, a move they justify with reference to other purported development benefits, especially jobs.

Grains and soy are suitable for mechanized production on mega-farms, and they are produced this way in North America, and also in Argentina, a case noted in the report for its 'near-industrial methods of quality control and production at low cost', managed by 'highly qualified agronomists' using land leased by corporations that pay high rent for land, making it advantageous for the landholders to cease their own production (33). They are also produced in this manner in Brazil, a case the report describes as problematic (17), because it fails to provide jobs in a country where many people need work. But it is, surely, the 'efficiency' and profitability of mechanized soy that constitutes its comparative advantage. A mega-farm of soy or grain can be managed by a single tractor driver and a mechanic. If investors were obliged by the government of Brazil to create lots of jobs, and more so if those jobs fell under Brazil's impressive labor legislation (World Bank 2008, 211), Brazilian soy would be much less profitable and investors would put their money somewhere else.

Alert to the problem of meager job creation in large-scale grain and soy farms, the report argues that highly mechanized, extensive, labor-dispelling investment should only be encouraged in areas 'where population density is low, the likelihood of in-migration is limited, and a vibrant nonagricultural sector can absorb expected future growth in the labor force' (91). The conditions under which there are few people needing access to the land to farm, now or in future, are characteristic of the global North but they are exceptional in the global South, so exceptional that one might argue the whole large scale land-acquisition for poverty reduction debate should die right there. But the report does not let it die. It keeps it alive, by identifying Brazil as a location with 22.1 million hectares of sparsely populated land suitable for soy production, 1.3 million for wheat, and 11.4 million for maize, none of them labor-absorbing (172–174). This is clearly a scenario in which Brazil's land is needed (for global production and corporate profit), but its peoples' labor is not needed to realize this production, nor are their needs for land or work factored into the equation. The report is silent on Brazil's landless peoples' movement, the largest and most active land occupation movement in the world, ample testament to the fact that a great many Brazilians really do want land to farm (Wolford 2010). Brazil is extreme, but it is not alone: there are dozens of other countries on the report's list of places with 'available' land suited for labor-dispelling crops (maize, soy, wheat) where the 'locals' might indeed need land or jobs, now and in future.[1]

Clearly, mega-farms producing mechanized grains and soy are the extreme example of limited employment. Sugar, oil palm, and rubber, currently attracting the attention of large-scale investors, do employ significant numbers of people, though in the case of oil palm, discussed at some length in the report, the estimate for the numbers of jobs generated is too high. The report claims that oil palm is 'highly

[1]See, for example, Kregg Hetherington's description of Paraguayan farmers attempting to fend off the cross border tide of Brazilian soy (Hetherington 2009).

labor intensive' (18), and employs 1.7–3 million people on six million hectares, giving a ratio of one person to two to three hectares (20). Although proponents routinely exaggerate the employment generated by oil palm (the Indonesian Palm Oil Board [2007, 21] claims that plantations employ five people per hectare), field data indicates that an established plantation uses only one worker perfour to ten hectares of land, depending on the efficiency and stage of production.[2] The employment ratio is even more dismal when viewed in relation to the opportunity cost of land allocated to plantation corporations but not used. In Sambas district of West Kalimantan in 2006, for example, 15 such corporations held 199,200 ha, and employed only 1944 people, a ratio of 1:100. In contrast, non-oil palm smallholdings in Sambas covered 80,000 hectares and provided livelihoods for 207,350 people (Milieudefensie *et al.* 2007, 20–21). If we exclude children, the per hectare employment ratio for working adults is roughly 1:1.

The second way in which the RGIF attempts to link large-scale land acquisition with poverty reduction is through recognizing the value of the land, and positioning the original landholders to gain a share of that value through rent or purchase. It also argues that poverty will be reduced when investors pay taxes or fees that enable local or national governments to supply infrastructure and public goods. To support these arguments, the report calculates the 'land expectation value' for perennial crops, defined as 'the imputed residual return to land after all other factors [e.g. labour, inputs] have been remunerated' (40). The result, shown in Table 1.7 (41), is a return to land per hectare per annum of oil palm of USD$4,800, plantation forestry in the range USD$1–8,000, and sugar USD$4–18,000, with the highest value in Zambia where the land is irrigated, and EU access yields a high price for the crop. Sugar in Mozambique produces a 'land expectation value' of USD$9,800/ha, yet investors are currently charged only 60 cents (40). These numbers indicate that when land is accessed free, or virtually free, the investor is making a huge profit, more of which could be shared with the landowners, who currently receive little or nothing in all the cases examined in the report, with the exception of Argentina (109). A different calculation in the report produces a more modest but still significant result: the corporations would have to pay a lot of rent per hectare (Table A2.5, 164) just to break even with the livelihoods lost by the people persuaded or obliged to give up their land to large-scale investors, i.e. not to actively impoverish them (108). Indeed, the break-even rents would be so high, in some cases, that the corporations would usually be better off leaving the farmers on their land, and engaging them in contracts (35). But how could the land values recognized in the report be translated into money in the hands of the poor? The report argues that better 'governance' mechanisms and fully developed land markets would oblige investors to pay up, but the reality is that investors are interested in large-scale land acquisitions *because* the land is free, or virtually free. If they had to pay for it at anything close to its imputed 'market' value, they would put their money somewhere else. Even if land tenure matters could be resolved to give them full legal security over the land and their investment—a problem to which the report gives copious attention (Borras and Franco 2010a, 512)—farming is still a risky business that ties up capital for long

[2]Two independent studies found that established plantations require around 84 work days per hectare per year, or roughly one person per four hectares (Friends of the Earth *et al.* 2008, 78). Highly efficient oil palm operations in Malaysia employ one person per 10 hectares, including the mill (Tunku Mohd Nazim Yakob, email 23 January 2009).

periods. In the global North, governments routinely subsidize their domestic agriculture. This is why governments in the South are willing to supply land free to investors in ways that fulfill official goals for increased production and economic growth, and unofficial goals of lining pockets, even though their ventures do not reduce poverty, and sometimes increase it.

To wrap up this section on the gaps between the report's arguments about the positive role of large-scale land acquisition in poverty reduction, and the data contained in the report itself, I want to highlight another striking set of statistics found in table A2.5 (164), which compares the returns to labor gained by smallholders working their own land versus wage work on large-scale farms. A sugar cane producer in Zambia can make six times more money on a one hectare smallholding than s/he could earn in wages working on the same crop. For maize producers in Sub-Saharan Africa, a five hectare smallholding nets them 3–10 times the income of wage employment, and the ratio for a two hectare smallholding of oil palm is 1:3. The conclusion drawn by the authors of the RGIF is that smallholders who have the possibility to produce and sell a commercially viable crop should not give it up to a plantation promising wage employment. This is surely correct, but there are further lessons that could also be drawn from these numbers: that the large-scale farms (*latifundias, haciendas*, plantations, etc.) that already exist should be parceled up into smallholdings through land reform; and in areas where population is sparse, government or donor-sponsored land distribution programs that settle people as smallholders on viable land, with a viable crop and proper support, offer them a far better pathway out of poverty than granting the land to large farms.[3] In the RGIF as in the other publications (Akram-Lodhi 2009), the World Bank tends to vacillate on the relative merits of large versus small scale farming in terms of productivity. But if, as the RGIF claims, the point is to reduce poverty, the report's own data about the generation of jobs, and returns to labor, point firmly away from large farms.

2. Large-scale farming and returns to labor: what we already know

The different ways capital, land and labor have been combined historically, and their effects in both reducing and producing poverty, have been described in detail and debated at length in this journal and others, although little of this scholarly work is referred to in the RGIF or in the related 2008 World Development Report *Agriculture for Development* (henceforth WDR). Clearly, I cannot summarize the contributions this literature could make to the current debate.[4] What I propose to do in this section is to draw on examples from Indonesia to further demonstrate why large-scale farming not only fails to reduce poverty, it actively produces it. Contrary to the report's claim that data on the impacts of large-scale land acquisition is lacking (140), this type of investment is not at all new. Sugar and rubber, for example, are classic plantation crops of the colonial period, currently expanding, and we know a great deal about the kinds of land and labor regimes with which they are

[3]Smallholder farming has its own problems, not least the new inequalities that arise through the 'everyday' processes of accumulation and dispossession among smallholders that roll on relentlessly, despite efforts to prevent them (Hall *et al*. 2011; Li 2010a; Bernstein 2010).
[4]For a concise introduction to this literature, see Bernstein (2010a).

associated. For relations between plantation capital, labor and smallholders in sugar production, a classic source is Sydney Mintz's *Caribbean Transformations* (1974); Filomeno Aguilar (1998) traces the sugar story in the Philippines. There are many studies of both smallholder and plantation rubber production in Malaysia, Indonesia, and Thailand, and good information on the way this crop is currently expanding in Laos (Baird 2010). Sugar and rubber, together with oil palm, are the target of investment by national as well as transnational capital, enabling us to set aside the heat generated by the concept of a foreign land-grab to focus on the issue of who benefits, and loses, from this type of large-scale agriculture.

A problem raised repeatedly by people at the receiving end of the large-scale land acquisitions examined in the RGIF report is that jobs were few, and they were often filled by migrants (69, and Table A2.2). This is not a coincidence. In Southeast Asia, plantations have routinely been bad news for the 'locals': their land is needed, but their labor is not. By selecting areas with low population density, managers can argue that labor is in short supply so they must import it. Significantly, the people whose land is taken over by the plantation are seldom employed there, a practice legitimated by the 'myth of the lazy native' (Alatas 1977, Breman 1990, 15–8), but more accurately a reflection of the difficulty of extracting consistent, cheap labor from people who still have access to patches of land in the vicinity, hence other options.

Colonial planters in Asia who imported vast numbers of workers from distant locales used various mechanisms to pass the costs of recruitment on to the workers themselves, usually by charging them for their passage. This sum, sometimes combined with a cash advance, constituted a debt to the company to be paid off through years of labor, and formed the basis of the indenture system (Breman 1990, 18–20). These practices are still in place. Indonesian oil palm workers recruited on contract from Java to work in Kalimantan must work for two full years if they want their passage home to be paid. If they abscond, they are vulnerable to harassment by police and other authorities as the company keeps their identity cards. Workers recruited through sub-contractors are vulnerable to late or non-payment of wages and other forms of entrapment and abuse amply documented in the ILO and FAO studies cited by De Schutter (this volume). Their vulnerability increases if they cross the border to work in Malaysia, where 'illegal' Indonesian labor supplies the principal plantation labor force. Studies of migrant farm workers on commercial farms elsewhere in Asia and in Sub-Saharan Africa identify similar problems.[5]

When long distance recruitment is uneconomical, or planters do not want to absorb the cost of maintaining their imported work force in lean times, planters set about constituting a labor pool in the vicinity of the plantation. The optimal configuration, from a profit-making perspective, is one in which labor is super-abundant, hence cheap and easily disciplined. Anne Stoler explores how this 'ideal' configuration emerged in Sumatra's plantation belt, where planters in the 1920s debated two different approaches to achieving this goal (Stoler 1995, 37). One approach, favored by the colonial authorities, involved importing families and settling them in 'agricultural colonies' that would help to relieve the problem of poverty in Java, while also furnishing labor for the estates. Planters objected that if the Javanese were given land, they would not be reliable workers, at least not in the

[5]World Bank (2008) 208, Rigg (2007), Mosse (2007), Rutherford (2008).

short term. Proponents countered that supply and control could be achieved most reliably by using agricultural colonies as instruments to produce an abundant and suitably needy population, through a strategy of deliberate impoverishment enunciated with chilling clarity by the Deli Planters Association:

> If it should be the case that the number of settlers increases as a result of having many children, gradually the land granted them will be inadequate to provide their subsistence—in other words, if a sort of overpopulation and poverty develops, then the surplus will have to seek work on the estates and thus the desideratum will be achieved—a local labor pool (1932, 15 cited in Stoler 1995, 214, n23).

As it turned out, the planters' deliberations were outpaced by world events (depression, war), and by the initiative of former plantation workers to take over portions of plantation land to form squatter settlements with the goal of farming independently (Stoler 1995, 40–46, 153–157). A generation later, by the time of Stoler's field research in the 1970s, the squatter villages had reached precisely the point described half a century earlier as the planters' ideal. The land they had acquired for use as independent cultivators was insufficient to sustain the increased population stuffed in the nooks and crannies between the plantations, hence they were obliged to work for the plantations but on adverse terms, as 'temporary' contract workers, further disciplined by means of piece rates, netting pay far below the official minimum wage. Their settlements had a superficial resemblance to peasant villages, but their function was that of a labor reserve, from which the plantations could draw as needed, but for which they took no responsibility (Stoler 1995, 157, 182, 190, 195). Control was embedded in the fierce competition for scarce work, in the tensions dividing migrants from 'locals', and in the repressive political conditions of the New Order which made unionization and other protest actions dangerous. It was also an outcome of the position of workers with one foot inside and one foot outside the plantations, for whom the clarity of the old confrontations—capital versus labor—had been undermined (Stoler 1995, 196–201).

Independent Indonesia's successor to the colonial-era land and labor colonies is the transmigration program that settles families from crowded Java and Bali on 'underutilized land' in the more sparsely populated islands of the archipelago. After the end of the New Order in 1998, transmigration received negative press, as production failures and ecological damage were exposed, grievances aired, and thousands of transmigrant families who had been placed in Aceh and West Papua were evicted by their unwilling 'hosts' (Li 2002). Yet the program did not die. Instead, it abandoned the old goal of helping the transported smallholders to develop mixed farms, and repositioned itself as the 'partner' of investors seeking free land and abundant cheap labor in order to grow industrial mono-crops. Indeed, its new investor-friendly mandate had already been set out in the late New Order 1997 Transmigration Law (Government of Indonesia 1997). The new program's founding assumption is that agri-business investors seek competitive profits, and they operate on a global scale. Hence the job of the transmigration department is to make the targeted regions into an attractive package for investors, by supplying labor and creating new towns with facilities that meet 'international standards' (Transmigration 2010). Regional governments in different parts of Indonesia also compete with each other for these investments, and prepare brochures designed to entice investors—and the transmigration department—by highlighting the tens or hundreds of thousands of hectares of 'underutilized' land that they have designated for agro-industrial development.[6]

The renewed transmigration program still grants land to the settlers, with the purpose of enabling them to enter into 'partnerships' with agri-business ventures, usually as oil palm smallholders on contract, a practice I examine further below. Here though I want to emphasize the continued role of the old transmigration program in constituting the planters' ideal of an impoverished labor reserve. A great number of transmigration projects that promoted rice production or mixed-smallholdings failed from a production perspective: the land was poor quality and lacked irrigation and other productive infrastructure. Even a productive farm of only two hectares cannot support the second generation. Field studies I have carried out in Sulawesi and Kalimantan confirm that 'failed' transmigrants and their offspring make up the bulk of the 'locally recruited' labor force on oil palm plantations, where they compete with the 'local' population, also desperate for work as they are progressively squeezed off the land. The potential for conflict between locals and transmigrants over both land and jobs is clearly very high, and more likely to be framed in ethnic or religious rather than class terms, a scenario that echoes the one that emerged on Sumatra's plantation belt a century ago. The net effect of these arrangements is that the land around the plantations is stuffed with people who must find work because they lack the capacity to reproduce themselves autonomously, but towards whom the plantation has no obligation, meeting the transmigration program's explicit objective: to attract footloose investors seeking maximum profits.

3. Contract farming, from a labor point of view

If the large-scale farm model that runs under the name plantation, hacienda, or latifundia, depending on the context, is so problematic from a labor point of view, what of linking smallholders to investors through contract farming? The RGIF is optimistic about the poverty-reducing potential of contract farming or 'outgrower' schemes, which link corporations that have access to capital, technologies, processing facilities, and markets with smallholders securely in possession of their own land. To realize these benefits, the RGIF report favors a laissez faire approach in which private investors make their own arrangements with smallholders, arguing that 'productivity- and welfare-enhancing transactions can occur without the need for active intervention by the state' so long as property rights are clear, and externalities prevented (34). De Schutter (this volume) is concerned that large investors will outcompete the smallholders, due to their superior access to cheap credit, better technology, and other facilities.[7] In this section I want to examine this issue of competition further, by taking the logic of private investment seriously, and looking at its consequences from a labor point of view. For an investor committed to a crop that requires a significant amount of labor (sugar cane, oil palm, rubber), whether production is organized in a large centralized farm or through outgrower schemes, profit still depends on cheap, abundant, disciplined labor. In a context where their profit is limited by competition in global supply chains (De Schutter 2009, 9), I would argue that they have no choice in this matter. It is against the prevailing capital-logic to expect private investors to take the lead in designing and

[6]See http://www.depnakertrans.go.id/microsite/KTM/?show=main [Accessed 9 March 2011].
[7]Michael Watts (1990) outlines many additional problems with contract farming.

managing schemes that reduce their profits in favor of the labor of their attached smallholders/suppliers. For this reason, poverty reduction cannot be left to corporations. It requires intervention by states and/or donors to set conditions in which smallholders and their workers can prosper. I will develop this argument by means of an empirical example that compares the distinctive labor dynamics of two oil palm smallholder contract schemes in the Indonesian province of Sulawesi, one of which was designed in the era of state and donor sponsorship, and one of which shows the effect of laissez faire. Both the schemes were run under the idiom of partnership, and they involved people defined as transmigrants (some 'local' and some from Java and other crowded islands). But the details of the partnership differed crucially in the returns to labor that the smallholders—and their landless neighbors—were able to extract. They also differed, correspondingly, in their profitability for the corporate investors.[8]

The first scheme, in the district of Morawali, was designed during the Suharto period, when the smallholder model was one in which transmigrants retained control over the two hectares of oil palm land they were allocated, managed the labor process themselves, and received payment monthly from the plantation company based on the volume of their product, minus deductions to pay off the costs of establishment. The obligation to develop infrastructure, prepare land, and provide management and processing services to the smallholders was the price the government extracted from investors in return for the grant of 'free' land.

This scheme had the usual, very serious flaws of all transmigration and plantation programs in Indonesia: it trampled the land rights of the local population. In this case, the plantation core was situated on forest land the locals did not dispute, but the company coveted the villagers' land, which was more fertile. The villagers were coerced to give up land to the plantation, a demand they finally conceded on the understanding that they would become the contracted smallholders (the 'plasma') attached to the estate's 'nucleus' or core.[9] They thought they would receive back the same number of hectares they gave up. Instead, the government allocated their land to transmigrants. A large number of 'local' households felt cheated of their land, and after a protracted struggle, a further 1000 or so received one hectare planted with oil palm, but the land was poor quality, and not everyone got the same (Sangaji 2009, 15). On this plantation, as on every other, there was a land dispute.

In contrast to the story about land, the story about labor at this site reveals some unexpected benefits of smallholder contract schemes, so long as farmers maintain the autonomy to organize production. Labor conditions were rough initially, when the newly arrived transmigrants were obliged to work for the plantation for little pay in order to support themselves for several years before their own oil palm started to produce. But over time, the contracted smallholders—transmigrants and locals alike—prospered with oil palm, and they started to employ their neighbors to do the

[8]My report is based on field research I conducted in 2009 together with Arianto Sangaji of the NGO Yayasan Tanah Merdeka and Sawit Watch. For more general discussions of the welfare implications of different smallholder styles and contract models in the oil palm sector see: McCarthy and Cramb (2009), Zen *et al*. (2008), Rist, Feintrenie, and Levang (2010), McCarthy (2010). See also the remarkable quantitative comparison of different smallholder schemes in Malaysia by Cramb and Ferraro (2010), cited in the RGIF report (36).

[9]On the symbolic valence of the terms nucleus and plasma, and for an overview of Indonesia's contract farming schemes, see White (1999).

work. In 2009, they were paying their neighbors Rp50,000 per day, double the minimum wage. Due to a relative shortage of skilled harvest labor, and also due to the kinship connections among villagers, the smallholders hired their workers on fixed monthly contracts for the bi-weekly harvest, and gave them additional contracts for tasks such as fertilizing. A couple working for an oil palm smallholder could make Rp2–3million per month, while the owner of two hectares in full production made about Rp4–5 million per month, after deductions to repay the company for the initial land development costs and other expenses. So wage workers were living quite well. The prosperity generated by oil palm also created a secondary economy for house building, consumer goods, and other services. Further, not all the land was taken by the plantation, so the local villagers were able to sustain an economy outside the plantation, with some rice, cacao, cattle raising, and so on.

The prosperity of the contract farmers, and the relatively high wages of their laborers, presented a problem for the plantation: unable or unwilling to compete with the wages paid by the contract farmers, they faced a problem of labor shortage. Their response was to try to attract workers by providing steady work on formal contracts, with reasonable pay (about Rp1–1.5 million including incentives) and good benefits (rice rations, free health care, annual bonus, pension scheme, etc.). Some younger workers—especially the off-spring of transmigrants, who would inherit little or no land and could not afford to buy any—were attracted by this package, and they found it sufficient to make monthly savings. But those I spoke to all planned to use their savings to buy land and exit the plantation, since they knew it could not provide them with a long term future. The company had only about 500 workers employed full time in the plantation core and in the factory, almost all of them migrants recruited from among the workers previously expelled from Malaysia, where they worked illegally, or directly from Java on two-year contracts. To supplement the small core workforce, the plantation relied on casual labor from the surrounding villages, but labor supply was a problem, costs were high, and the plantation managers were concerned that competition for casual labor would deepen as three new plantations were starting in the vicinity.

The second smallholder scheme, in the district of Buol, had the same flaws from a land perspective. It took over village land without compensation, allowed effluent to ruin downstream rice fields and coconut groves, and did not, initially, include any smallholders on contract. There were transmigrants all around the plantation, but they had no formal relationship with it. After protest, and upon request from local and transmigrant villagers eager to join in the oil palm boom, the company began to develop smallholdings but on a model very different from the one I outlined above. Its version of 'partnership' was the dividend scheme preferred by investors and increasingly common in the oil palm sector. Under this scheme, smallholders place their land in the plantation pool to be managed as a single block. The planters' rationale is efficiency: they argue that smallholders cannot be relied upon to apply fertlizer at the recommended rate, or to manage their holdings in a uniform and 'professional' manner.[10] Under this scheme, the smallholders play no role at all in

[10]Incidentally, this arrangement is also favorable to government officials, from village headmen upwards, who fraudulently enter the names of their family members on the register of households who have handed over land for development, and receive a share of dividends. In practice, they have no idea where 'their' land is located, and do not need to know, since they have no role in management. They use the scheme to obtain income without investing any land, labor or capital at all. I have encountered this practice at both Sulawesi research sites

farm management. Although in theory the dividend should compensate them for the value of the land, their weak bargaining position means that this is seldom the case (McCarthy and Cramb 2009).

In Buol, the dividend being paid in 2009 was minimal: Rp350,000 per month, a tiny amount when compared to the Rp4–5 million per month received by the contract farmers in Morawali, who retained control over their land. They did not receive any accounts from the company, and had no idea whether the dividend would increase in future years. More worrying still, the corporation had plans to expand its dividend-based contract scheme on thousands of hectares in the surrounding villages, inviting villagers to sign away control over their land in return for dividend income. My interviews confirmed that the villagers had little understanding of the 'partnership' contract, and no guarantee at all that the monthly dividend the company would pay them for the nominal product of 'their' land would be enough to live on. The main reason they were eager to join the scheme was the lack of infrastructure and low productivity of their land. These were conditions the government was not planning to change in their favor, since it had abdicated responsibility for 'poverty reduction' to the investor, and the company had no interest at all in changing, since the poor condition of the land in surrounding villages, and the lack of alternative work, operated entirely in its favor. Wages were, indeed, dismal in this area: piece rates for casual, contract work were far below the minimum wage, and even this work was scarce. This, in sum, is the reason why investors cannot be made responsible for poverty reduction: an impoverished population surrounding a plantation is the ideal situation for maximum profit. The last thing a plantation company needs is for the surrounding population to prosper.

Comparing the two schemes from a labor perspective clarifies why government intervention is necessary for contract schemes to work to the benefit of smallholders. Flawed as it was, the old transmigration program did channel a development subsidy to an impoverished target group and obliged the company to provide services to them, in spite of their 'inefficiencies'. When their crop flourished, the contract farmers made good incomes, and paid good wages. The new program, in contrast, favors capital. In Buol, three plantation corporations working with the transmigration program under its new, investor-friendly model have received an allocation of a further 50,000 hectares for oil palm development. Eighty percent of this land is granted to the corporations as their 'core', a massive allocation that takes up much of the remaining arable land in the district and places it in three sets of hands, under just one crop (Transmigration nd). Twenty percent of the land will be allocated to transmigrants, but they may never know which patch of land is theirs, as it will be placed immediately under company management through the dividend scheme. The transmigrants themselves, surrounded by a sea of oil palm and with no additional land of their own, will be captive labor. The result is an investors' dream—free land and abundant, cheap labor.[11] No doubt it will be highly productive and profitable.

and in West Kalimantan. The schemes also work well for absentees, who buy up land, place it under company management, and wait for their monthly checks.

[11]The 1997 Transmigration Law, revised in 2009, obliges the company to provide 'a guarantee of a sufficient income to live decently' (Government of Indonesia 2009, paragraph 14.3), but it is difficult to see how it could be enforced even in the short run, still less across several generations. Conversion of land to oil palm requires a radical restructuring of the landscape. There is no return to the status quo ante, and there is virtually nothing any government department can do about delinquent corporations, sustainability 'standards' notwithstanding.

But there is no way it can reduce poverty for the existing population, or for the newcomers set down in their midst.

4. Labor, land and capital: scaling up the debate

The RGIF follows the format Carlos Oya (2009, 597) identified in the WDR, one in which '(a) a statement of a win-win scenario, i.e. the opportunities that globalisation and agribusiness open up for the "poor", followed by (b) a caveat in the form of a reality check usually starting with a "but", which emphasises the challenges in achieving the desired win-win scenario'. The RGIF recognizes that large-scale land acquisition is full of risks, and enters many warnings about how things could, and in practice often do, go wrong. But it recommends nonetheless that large-scale investor interest in farming and farmland be encouraged, because the 'risks correspond to equally great opportunities' (142). The RGIF also follows the format I have elsewhere termed 'rendering technical' (Li 2007). It takes a complex political economic problem driven by unequal power, and parses it into components that can be addressed by technical means. The technical means, in this case, are drawn primarily from the toolkit of 'good governance': information, choice, prices, law, and transparency. Thus the formidable list of problems connected with large-scale land acquisition that are identified in the report—problems that derive from the capacity of national and transnational capital in cahoots with rapacious regimes to wreak havoc on rural peoples' lives—are reduced to 'weaknesses in the institutional and policy framework', technical issues that can 'be addressed in the short term' (125). This is a fantastic proposition. On my reading of the list on page 125, every action described as a technical fix would require the wholesale restructuring of the actually-existing power relations revealed in the case material presented in the report. It would take much more than examples of 'best practice', codes of conduct, regulations, environmental standards, documented title, or legally binding agreements to change this situation. Indeed, as the report duly observes, 'a range of significant social issues were generally not covered by any formal public standards—including all the key issues relating to livelihoods and equity' (124). The reason these 'key issues' are not addressed, I would argue, is not that diligent bureaucrats or teams of 'stakeholders' have been remiss in the task of formulating standards. It is because a guarantee of a decent livelihood, where it exists, is the result of hard-fought struggles that settle the matter on the terrain of politics, where social groups with different interests confront each other (Borras and Franco 2010b, 9, Borras and Franco 2010a, 509–510). Without such struggles, and such settlements, even the most assiduous regulatory regime has no purchase.

The idea that impoverished populations have a 'right to food' guaranteed by the UN Convention on Economic and Social Rights has the potential to get closer to the structural dynamics of impoverishment. It requires governments and other agencies to think beyond the particulars of a particular deal—does or does it not conform to regulatory standards—to consider its impact on livelihoods now and in future. This is the key difference between the principles De Schutter (this volume) proposes, and the ones adopted by the 'technical' agencies concerned with economic growth. De Schutter's emphasis on the long term is manifest in his thorough discussion of vulnerability, 'opportunity costs', and the huge risk of entering long-term land lease or sale agreements that foreclose land use options for future generations. But the rights-based approach is still limited to a technical fix: its tools are naming, shaming, and enjoining relevant authorities to be proactive in the protection of rights and redress of injury. It cannot change the political economic context that translates paper rights into real ones (Cousins 2009). This can happen, as I have shown in other work (Li 2010b), but in the cases where a 'right to food' has been recognized and translated into tangible programs (e.g. Euro-America's welfare systems, the National Rural Employment Guarantee Act in India), the outcome was the result of struggles in which different social forces contend.

In seeking to optimize the relations between land, labor, and capital, the RGIF report implicitly favors capital because of two underlying assumptions. The first is that capital, properly disciplined and rendered virtuous, is the key to economic growth, from which the greater good—poverty reduction—will eventually follow (Borras and Franco 2010b, 8, Borras and Franco 2010a, 512, Kanbur 2001). Two decades of World Bank work on land tenure and titling have been dedicated to creating a conducive legal environment (secure property rights, rule of law) so that investments will be encouraged to flow to rural locales and backward places that investors have thus far avoided because they are too risky. The RGIF report recognizes the risks to the people at the receiving end of these investments more fully than I have seen in other World Bank publications, and proposes steps to mitigate these risks as well. From risks abated, and challenges met, it expects poverty-reducing benefits to follow, though I do not find the report's arguments on this front convincing, for the reasons I explained above.

The second assumption that encourages the World Bank to favor capital is reflected in this report, but more fully explicated in the WDR: the assumption that the nations of the global South will, sooner or later, experience an agrarian transition similar to the one that occurred in Europe in earlier centuries, characterized by the shift from farm to factory, country to town, and for those who stay in the countryside, a transition from subsistence production to high value commodity production or wage work on large farms (World Bank 2008, 29).[12] Critical scrutiny of this assumption is a fruitful way to reframe, and scale up, the rather limited debate over the rights and wrongs of land transfers that is currently taking place. Since I have already explored this issue in the pages of this journal (Li 2009) and elsewhere (Li 2010b), I will offer only a brief summary of my argument here.

The WDR classifies the nations of the global South according to their position along an axis that heads resolutely along the transition path. Despite the WDR's recognition of a globalized regime of agricultural production and consumption, its framework for analyzing agrarian transition is national, as if rural dispossession and the generation of new jobs can be expected to occur within the same national frame, and unmarked, generic citizens have equal access to national jobs. According to the WDR, the principal task of governments in the 'transforming countries', a category that includes most of Asia, is to manage transitions out of agriculture for rural populations whose labor is surplus to the requirements of a more efficient agricultural sector. It recommends that rural smallholders unable to compete in higher value production should exit agriculture. In the transition language of the WDR, exit from agriculture is presented as a matter of overcoming 'a deep inertia in people's occupational transformation' (World Bank 2008, 26). For the old and new

[12]For critiques of this linear narrative from different perspectives, see Kiely (2009), Araghi (2009), Watts (2009), Akram-Lodhi and Kay (2009), Bernstein (2010b).

landless, the WDR insists, the way forward is wage labor in agriculture, in rural off farm work, or in urban areas.

Entering its customary caveats, the WDR recognizes that the obstacles to successful exit are formidable: wages for unskilled workers are very low (World Bank 2008, 202), and are hardly affected by increased labor demand (214). It recommends upgrading education and skills, and providing better information on job availability (218), measures that would surely be helpful to some, but cannot present a global solution. The proposal that 'in India, the low level and quality of education of most rural workers is mainly responsible for their inability to find jobs in the booming services sector' (36) surely overestimates the absorptive capacity of this sector, as if everyone with a suitable education could find work in a call center. Craig Jeffrey's *Timepass* (2010), on the lives of the armies of 'educated unemployed' in small-town India, explores the dismal prospects of young men from prosperous farming families whose parents invested in their education on the expectation of stable urban work, but who must compete in a job market where there are thousands of qualified applicants for every post. Indeed, India's remarkable economic growth of the past few decades has been virtually jobless (Dasgupta and Singh 2005). In Indonesia, competition from China casts a long shadow on manufacturing industries and their capacity to hire new workers. In many 'middle income' countries including South Africa, the job situation is dire (Bernstein 2010b). In far too many parts of the global South, a move to the city has not signaled a transition onwards and upwards, but entry into the fiercely competitive struggle for basic survival described in Mike Davis's *Planet of Slums*.

In the transition language of the WDR, the proposal that the 'real challenge is to assist the transition of the rural population into higher paying jobs' (World Bank 2008, 18) assumes that the jobs are there—only the transition into them is a problem. This is not an accurate assessment. The problems of unemployment and a pattern of jobless growth are widespread in the global South, and also in the North, as the reluctance of Euro-America's highly profitable and productive manufacturers to hire back workers conveniently shed during the recession amply attest. This is the context in which we must scrutinize the World Bank's contention that despite the many challenges in making the exit 'option' work for the poor, the intensified commoditization of agricultural land and labor, and the deepening of competition among smallholders will move nations along the transition path. Specifically, the Bank promotes land markets to 'transfer land to the most productive users and to facilitate ... migration out of agriculture' (9). But where will these people go, and what will they do? The Bank's prescription for the exit part of the transition is clear enough, but it is silent on the uptake end: the jobs people will move into, at a global conjuncture in which the distribution of jobs and possibilities for a decent life are radically unequal and becoming progressively more unequal, as capital finds new ways to maximize profit. This, I repeat, is not an aberration: whether capital is tiny or large in scale, it always seeks subsidies (favorable regulations, free land and water, externalizable costs), and pushes down on the price of labor, unless organized resistance and political settlements hold it in check. In the absence of national and global settlements of this kind, the argument that rural wage labor and outmigration offer a pathway out of poverty cannot be sustained. It has worked in some places, at historical conjunctures the contours of which have been well studied. But where the conditions generating work that pays a living wage do not exist, the idea that hundreds of millions of people in Asia and sub-Saharan Africa, notably those who have been, or are about to be, ejected from their 'inefficient' farms, could prosper by this route is a mirage.

Although De Schutter (this volume) argues that 'most actors' do not take the ejection scenario seriously because it is a 'recipe for disaster' that would intensify the marginalization of 1.5–2 billion acutely impoverished people, my reading of the Bank's RGIF report in conjunction with the WDR 2008 indicates that it does envisage this scenario, caveats about the need for protection, caution, regulation, and 'best practice' notwithstanding. Why else provide tables and maps advising investors where to find large blocks of potentially arable land, and calculate the dollar value of the production that could take place there?

Unlike many critics of globalization, I do not assume that rural people reject new products and labor regimes in favor of locally oriented production on small family farms. Far from being conservative or stuck in risk-averse strategies that favor crop diversity and self-provisioning, they are often willing to commit all their land to mono-crop production and migrate, if necessary, in order to profit from 'boom' prices. This pattern has been observed repeatedly in Southeast Asia since colonial times, often to the dismay of observers who argue that small-scale farmers should stick to food production.[13] Further, a compelling literature on 'deagrarianization' in Asia and Sub-Saharan Africa has shown that subsistence agriculture pursued in isolated villages is a form of life many rural people are eager to escape.[14] Hence the linear trajectory out of agriculture proposed by the Bank corresponds to a rather widespread desire, especially among young people, a desire often supported by their parents, who are willing to invest in their education and even sell land in order to help them secure urban jobs, although as I noted above the results of their investment often disappoint. Many rural people would like nothing better than to be part of the transition scenario described in the RGIF report (30), in which large farms 'emerge' as labor costs rise due to higher wages off-farm, but no such high paying, off-farm work is available to them, and even bad jobs are scarce.

As many studies have shown, and the WDR confirms, the poorest people exit agriculture on the least advantageous terms. They hone their strategies accordingly. When rural people mobilize collectively to resist eviction, or to reoccupy disputed land, or scramble to hold onto their tiny 'inefficient' plots, their desire is not necessarily to conserve an ancient way of life. More often, it is to back-stop economic strategies that involve family members seeking work far and wide, in a context where national economies, and the global capitalist system, fail to generate off-farm jobs that pay a living wage. In the absence of national welfare provisions, even a tiny patch of land is a crucial safety net. As De Schutter points out, land-claiming activities are often criminalized as squatting and vandalism. Some strategies pursued by rural people seeking to reclaim land and homelands through the eviction of migrants are indeed vicious (Hall *et al.* 2011), realizations of the kinds of 'social disintegration' Polanyi predicted. Ironically, while the 2008–2009 'land rush' was motivated by the desire of food-importing countries to secure their food supply, vast agricultural estates are extremely difficult to secure from persistent squatting, theft, blockade, arson, and other tactics pursued by dispossessed and land-short populations (RGIF, 104, Borras and Franco 2010a, 517–518). While oil wells and mines that are spatially compressed can be protected by military means (Ferguson

[13]See Hall, Hirsch, and Li (2011), Hall (2009), Li (2010), Elson (1997).

[14]See Rigg (2006), Bryceson, Kay, and Mooij (2000), Hall, Hirsch, and Li (2011), Hall (2009).

2005), this approach would be very expensive to extend to huge farms, and politically unpalatable. The legitimacy problem is especially acute where large land concessions are left unused since these areas, like conservation areas, are usually regarded by rural people as proper spaces for livelihood pursuits (Li 2007). The problem is amplified where the investors, or conservation agencies, are foreign, and push-back can be national as well as local; witness the case of Madagascar where a government fell over a massive land deal with the Korean corporation Daewoo. Policy changes, regime changes, and other political shifts will always make transnational investments vulnerable, whatever the legal instruments declare. In this context, the RGIF report's proposal that settling the borders between customary, government and other forms of land tenure can be done in a way that 'quickly covers large areas' (98–101), or what Borras and Franco (2010b, 8) call a 'one-stop shop' approach, greatly underestimates the depth not only of current claims, but the new claims that will arise in future as dispossessed populations assert their right to a means of livelihood, a right often embedded in national constitutions.

In my field research in rural Sulawesi, I have found villagers who have been pushed off the land very reluctant to accept the finality of their landless condition (Li 2007). They continue to make claims, sometimes politely and other times with force. When a farmer I interviewed who had been dispossessed multiple times posed the question 'where is the place that is really for us?' it was a real answer he demanded. What makes it hard for landless people to accept their *de facto* proletarian status is that there is no sign that they can move into a proletarian future. The truncated trajectory of agrarian transition in much of the global South, one in which there is no pathway from country to city, agriculture to industry, or even a clear pathway into stable plantation work that pays a living wage, is the crucial scale at which to review the land grab debate.

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