Agricultural modernisation: key ideas and debates relevant to land tenure security

Extended synopsis

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Overview

Modernisation is a key ideological underpinning of state development policy throughout the Mekong Region, and it is also a basic rationale for regional economic integration. The drive for modernisation is particularly fervent in the post-socialist framework where lingering ideas of socialist modernity combine with a desire for "catch-up" based on a sense of missed decades of economic development. Aspirations for agricultural modernisation translate into land policy informed by key assumptions. These include the need for foreign direct investment to modernise agriculture, the advantage of large-scale over small-scale farming, that land markets will put farms in the hands of the most efficient producers, that backward farmers should become wage labourers, if necessary on land given over from subsistence to commercial farming, and that there is sufficient labour demand in the modern economy to provide jobs to those exiting unproductive smallholder agriculture. At the same time, some NGO programs are locked in an anti-modern mindset that is increasingly out of line with aspirations of many rural smallholders.

Key trends and dynamics

Agricultural modernisation is often view through the prism of large-scale land development schemes that present promising opportunities to countries with transforming economies characterized by a
significant yield gap and land availability (Deininger et al. 2011). But in fact, the issue is wider than this. Modernisation is quite prescriptive when it comes to smallholder farmers. An international consensus has formed between international development organizations, donors and recipient countries around the idea that small- and large-scale agriculture developments are not mutually exclusive processes. The prevailing ideology is that well-regulated large-scale land investment and production offers a basis to boost investment for agricultural development, to organize production of entrepreneurial and efficient smallholder farmers and to accelerate the inevitable transition of an inefficient traditional farm economy to a modern industry- and service-based urban economy (Deininger et al. 2011; Castellanet and Diepart 2015). The paradigm has been critically challenged by a number of organization and academics who have critically addressed the assumptions of the modernisation model. The debate has become highly polarised between proponents who see agricultural modernisation as the golden pathway to increased productivity and poverty reduction, and those who exclusively focus on the problematic and exclusionary land policies and practises that have emerged out of it.

The story of agricultural modernisation in the Mekong Region mirrors many comparative aspects from other parts of the world. This follows a pathway from political seclusion to an outward-looking neo-liberal-infused perspective that places cultivation practices into global value chains. Despite the diminishing contribution of agriculture to the GDP of regional countries, as industrial and service sectors increase, the exploitation of land for commercial crops has remained a keystone of national projects to rise up income ladders. Land tenure reform has been tied up in increasing agricultural productivity, whether to support food security or economic growth through agribusiness. Many farmers have embraced the change to industrial crops (Cramb et al. 2017) and the promises of economic betterment. Yet in doing so they take on new forms of risk, placed under the beck and call of the market, particularly price drops. Vongvisouk and Dwyer (2016) present the example of falling rubber prices in northern Laos, where trees in larger plantations go untapped as it is economically unviable, and farmers suffer under their contract arrangements with companies. The paper asks what could be done to protect farmers from market forces.

The conceptual discourse of land grabbing ties in closely with processes of agricultural modernisation, where loose legal framework and policy mandates have been exploited to take land away from smallholders and place it under the control of larger agribusiness corporations. Perhaps the most significant impact of agricultural modernisation relating to land in recent years has been the instigation of land concessions around the Mekong Region, most notably in Cambodia, Lao PDR and Myanmar. As a time-frame, large-scale land acquisitions can be seen to have accelerated from the 1990s onwards as socialist countries have opened up to global markets. Nevertheless, such practices may be traced back to colonial periods around the region, albeit in new forms of power and patronage, and with a belief in FDI to drive modernisation (Scurrah and Hirsch 2015).

The provision of land for industrialised agricultural production has a series of impacts. Conversion to cash crops is creating concerns for food security at both local and national levels, as land used for industrialised agricultural commodities supplants primary food sources. The labour issue is also important, remembering that even if agriculture has a diminishing relative contribution to national GDP around the region as other sectors develop, it nevertheless remains a vital source of employment and livelihoods to some of the poorest people. The alternative assumption that shifts to large plantations offers an alternative source of waged labour is also problematic, taking into
account examples such as Northern Laos where Chinese investors have brought in their own workforce rather than utilise a local population. A key question is thus whether the rural poor benefit from large-scale agricultural investments (Ngo and Chan 2010). A key critical frame of scrutiny here involves nuanced exploration of the exclusionary power of land relations under agricultural modernisation (Hall, Hirsch, and Li 2011). Various studies point towards the negative effects where smallholders are losing their land and resources, their livelihoods dented through unfair compensation or entry into precarious waged labour arrangements (Guttal 2011; Hall 2011; Kenney-Lazar 2012; Scurrah, Hirsch, and Woods 2015b). McAllister (2015) highlights how the application of the Land and Forest Allocation Policy in Northern Laos has facilitated land grabs for Chinese rubber concessions and urban elites. Local tenure rights are denied legitimacy, excluded in the face of commercial agricultural and speculative accumulation, at great cost for smallholding farmers.

Some of the most extreme forms of exclusion involve the poorest and most marginalised communities, particular those of ethnic minorities around the Mekong Region (Sturgeon et al. 2013). Bonin and Turner (2013) provide the example of Hmong and Yao farmers in Vietnam, and how agrarian transformations are impacting upon gender, family and intergenerational relations. The very fabric of social life is being influenced here, a frequently unconsidered consequence of modernisation processes. In particular, traditional farming practices, and especially shifting cultivation, are finding themselves under ideological attack, counter to the desire to capitalise land for increased productivity. Vilaymeng (2005) observes the impact of the Land Allocation programme in Huaphan Province, Eastern Laos, which has been utilised to stamp out shifting cultivation, which is perceived as an environmentally damaging practice. A similar trend can be seen with land policy in Vietnam, which has reduced shifting cultivation to try and improve forest cover (Jakobsen et al. 2007). Negative impacts are observed in terms of threats to labour opportunities and food self-sufficiency in the face of new income-generating modes of production.

The relation to forest policies is an important one when considering agricultural modernisation in the Mekong Region. This is particularly significant when considering how land made available for modernised agricultural practices has resulted not only in extensive dispossession for smallholders but also in the clearance of large tracts of forest cover (Davis et al. 2015; Gironde and Peeters 2015; Woods 2015a). Wester and Yongvanit (2005) cite the example of the Dong Mun uplands in Northeast Thailand, where the promotion of forest conversion to cash cropping has resulted in an influx of immigrants to clear land, beyond the control of forestry programs. New moderating agreements have since developed to avoid further forest loss. Knudsen and Mertz (2016) note how forest allocation policies (FLA) in Vietnam have not only increased tenure security for inhabitants within designated forest zones, but have also catalysed a shift towards specialised crop cultivation, with an increased access to credit, against the declining profitability and sustainability of shifting cultivation. Through its impact upon deforestation, land conversation for agriculture is deemed a core driver of carbon emissions in Vietnam, against which there are attempts to implement REDD+ (Pham Thu Thu et al. 2012). Indeed, the wider environmental implications of modernisation must be noted here, including erosion, soil quality, disruption of water sources, air pollution from burning, and landslides (Fox et al. 2014; Mao, Tongdeelert, and Chumjai 2008).

There is emerging evidence that large-scale land concessions are failing to contribute to national economic growth, as states around the region would hope. The moratoria placed on concessions in
Lao PDR and Cambodia in 2012 were partially motivated by such fears. As a result, questions should be asked about how the outcomes of a financialised agricultural sector, and how a regionalisation of investment in farming is playing out at national and local levels. Schönweger and Messerli (2015) use the example of coffee concessions in Southern Laos to suggest that the land being supplied is not being fully utilised or providing the high yields necessary to demonstrate tangible success in economic output. They recommend that more data must be gathered to observe the general success of such projects, to learn how to avoid repeating any failures, or to seek alternatives. Indeed, as more questions are asked over the viability of large-scale acquisition of land for agricultural investments, new emerging literature is looking towards more inclusive agribusiness models (such as those involving contract farming), where the costs and benefits of production can be more equitably shared between company and farmer (Scurrah et al. 2015). For instance, Byerlee et al. (2014) have conducted an extensive review of potential inclusive business models for agricultural investment in Myanmar using a typology of seven models. The study in particular draws upon comparisons with experiences in Thailand where agribusiness has been linked with poverty reduction. They assert the need for collective action, although the report warns against contract farming being the simple solution against large-scale land acquisitions.

Key actors and interests

State actors

As the region has opened up to global markets and value chains, state actors have been instrumental in facilitating an agricultural transition into cash cropping, frequently with the support of the international community. In a seminal text for the regional on top down economics, Deininger (2003) promotes government as a vital mediator to instigate land policies that promote growth in the agricultural sector and alleviate poverty for the rural poor. Consecutive Thai governments have installed policies and schemes to support the conversion of smallholder lands to cash crops, aided by credit obtained from the Bank for Agriculture and Agricultural Cooperatives (BAAC). As a reflection of such approaches, state policy has aimed for improved efficiency in agricultural production systems. Nguyen Van Suu (2009a, 2009b) notes how post-Doi Moi policy in Vietnam has looked towards intensified agriculture or conversion to industrial or urban needs. This has partially resulted in a reduction in the amount of land available for agriculture, with about 10% of this land converted to non-farm uses between 2001 and 2010 (Hirsch, Mellac, and Scurrah 2016). The shift from land- to labour-based productivity has allowed the younger generation to move out of agriculture to other sectors of employment.

Various research papers query whether the economic benefits of state legal provisions and government policy are truly looking towards equitable outcomes among actors. Scheidel (2016) asserts that under the claim of poverty reduction, the Cambodian government has used programmes of agricultural modernisation to capture and control large areas of land. This compares to the situation in Myanmar, where firstly the Farmland Law, and secondly the Vacant, Fallow and Virgin Lands Management (VFV) Law, both promulgated in 2012, have been deemed to favour the acquisition and control of land for modernisation practices at the expense of many users, including ethnic minorities (San Thein et al. 2018; Scurrah et al. 2015).
Agribusiness

Agribusiness includes a multiplicity of actors, from large companies directly possessing or managing land, to middlemen who act as mediators to smallholders in agricultural value chains. Increasingly, it can be seen that agro-food multinationals are setting the agenda for practices around the region, as states become more subservient to global markets (De Koninck and Rousseau 2013). They have a strong input into national policy mandates, price-setting schemes, and financial support systems from the production of seeds to the collection and processing of farming outputs. Woods (2015b) has provided an important view of the Charoen Pokphand (CP) Group organising contract farming for maize production in Shan State, Myanmar. As the company minimises its risk factor in the production system, the effects of an agrarian transition are reformulating socio-economic relations in the community level, benefitting some farmers while placing others in a precarious cycle of debt. Meanwhile, Dwyer (2013) shows how Chinese agribusiness, together with state collusion, has become a driver of displacement rather than a means to securitise land.

Farmers

The evidence of livelihood outcomes for farmers under agricultural modernisation is frequently critical. Many researchers place them as passive recipients of rural development, at the mercy of state and corporate powers (Rossi and Nan 2017). Expropriation of land for concessions to foreign investors, or conversion to other uses, demands a new household strategy that may not have been otherwise sought. Nevertheless, there is much evidence of smallholders actively engaging with and embracing a financialised agricultural system, converting to cash crops for economic return. When they do so, farmers are also increasingly exposed to the volatility of market prices (for inputs and outputs) and the higher level of credit needed in commercial agriculture makes them more vulnerable to over-indebtedness (Cramb et al. 2017).

Other actors

Consumer tastes are changing around the Mekong Region, particularly as an emerging middle-class brings new demands in food choice and quantity. For example, the growing demand for meat products in Thailand has instigated a rise in maize production in order to serve the processing of animal feed. This has not only impacted on land use within the country, but also the search for new regional production areas (see the example of CP in Myanmar above). The consumer is also a significant actor (whether as a direct lobbyist or targeted by NGOs to put pressure on companies) in debates over questionable farming practices (such as chemical use, the burning of land before planting a new crop, exploitative contractual arrangements, and debt). This can involve other players such as religious, conservation, and royalist groups.

Key contestations and debates

Modernity is a highly polarised ideological field in the Mekong Region, and is seen to play out within the field of agrarian transformation. Theories behind modernisation policies perpetuate the myth that smallholders and their traditional practices are backward and maintain poverty rather than contribute to national growth (Scurrah and Hirsch 2015). Nowhere is this clearer than in the attitude of national governments to practices of shifting cultivation (Hirsch and Scurrah 2015), varying from
suspicion to legal prohibition. Various studies suggest that agricultural modernisation, rather than improving the well-being of farmers, in actuality is failing in terms of increased productivity, and contributing to extended poverty and inequality (Evans et al. 2011; Haggblade et al. 2014; Marsh and MacAulay 2001; Michigan State University and Myantutes Center for Economic and Social Development 2013). Rather than modernisation acting as a catalyst to a wide range of socio-economic developments, it may instead further issues of food insecurity (Diepart et al. 2015) or rural unemployment. It remains a question as to whether smallholder interests can be retained in the face of large-scale investments (Cramb et al. 2017).

Many NGOs and academic studies have challenged modernist-informed assumptions on which regressive land policies and practices are based. Yet some NGO programs themselves are locked in an anti-modern mindset that is increasingly out of line with aspirations of many rural smallholders. Debate continues as to whether the formalisation or recognition of land rights account for improvements in agricultural productivity, for example through an ability to use land as collateral to gain credit, and securitizing access and usage of that land. There are certainly many voices that promote this notion as a means for land to catalyse rural development and poverty reduction, increase yields, with a formalised administrative structure reducing land disputes (Cambodia Development Resource Institute 2007; Deininger 2003; Kemper, Luu Viet Ha, and Klump 2015; Newman, Tarp, and Broeck 2015). The case of the land titling programme in Thailand is well-known as a supposed model for giving farmers options to invest in and modernise production systems (Chankrajatg 2015). Hare suggests that the limited effects of Land Use Certificates (LUCs) in Vietnam following the 1993 Land Law, are less down to a misplaced ideological approach but due to the absence of supporting institutions and conditions (Hare 2008).

Quy-Toan Do and Iyer (2008) question the case of Vietnam by suggesting that increased investment in agriculture by farmers in Vietnam is more due to increased security of tenure rather than increased access to credit. Nguyen Van Suu (2004), through research in Bac Ninh Province, is more critical in arguing that new land tenure systems, and the desire for industrialisation and modernisation have actually resulted in greater land inequality as the process has been monopolised by cadres at the local level. This chimes with evidence from the Central Highlands, where the arrival of Kinh migrant workers to participate in a coffee boom have monopolised land use, resulting in both rapid deforestation as well as the marginalisation of ethnic minorities who participate in shifting cultivation practices (Meyfroidt, Vu Tan Phuong, and Hoang Viet Anh 2013).

The systematic mustering of data to back up these challenges remains a key task. In part this is because the debate manifests as one of values as much as one informed by facts. Challenges to anti-modernist discourses come from two main directions: developmental state and commercial programs that accuse NGOs and others of wanting to keep countries and rural people in poor, backward circumstances; and academic studies that identify gaps between communalist, subsistence-oriented programs for ethnic minorities, on the one hand, and aspirations of many rural people for economic advancement within and beyond agriculture on the other.
Key differences and commonalities among CLMV countries
Throughout the region, national policy formations have in some form followed the notion of ‘turning land into capital’, a conceptualisation with profound effects for the modernisation of agricultural production systems. This reflects processes in a post-conflict neoliberal context whereby the state has aimed to gain control of land distribution and productivity (Diepart and Dupuis 2014; Woods 2011). The timing however has varied depending on the specific political developments in each country. For Vietnam and Laos, a top-down promotion of modernised farming practices can be traced to the period following 1986, when political restructuring and reform led to an opening up to regional and global markets, and away from socialist isolationism. Cambodia soon followed suit from the mid-1990s onwards, looking towards plantation cropping. For Thailand, having avoided a communist uprising and aligned with Western-based capitalism after World War II, agricultural development commenced from the 1960s onwards. Finally, the recent political history of Myanmar represents a more extreme case of conflict and isolationism, with the country only starting to open up to the outside world in the present decade.

The agricultural systems of all countries in the Mekong region have witnessed the prevalence of a diverse range of cash crops (such as rubber, sugar cane, cassava, maize, oil palm). Rice remains a dominant crop, albeit one that undergone a shift from subsistence production to that of a marketed commodity. Nevertheless, there are geographical specifications of modernised practices as different crops have curried favour in certain areas of the region. Therefore, one can identify certain trends or crop booms such as coffee in the Vietnamese Central Highlands, sugar cane in Cambodia, or banana plantations in northern Laos. The marginalising effects of large-scale plantations upon traditional farming practices, and particularly affecting ethnic minority groups, is a narrative that is found throughout the region. Similarly, the issue of land use is often placed against environmental concerns, particularly the conservation of forest areas, pitting government departments, and state and civil society against each other.

Key links and interactions across borders and across scale
Large-scale investments in agriculture between regional countries remains a key frame for analysis. On the whole, there is a directionality in FDI from China, Thailand, and Vietnam, towards Cambodia Laos, and Myanmar. Important work conducted by MRLG has pointed towards a further clustering of certain crop developments through bilateral investments. These include China in banana and rubber in Northern Laos, Thailand in sugar cane in Cambodia and Laos, China and Thailand in rubber in Myanmar, and Vietnam in rubber in Laos. Large-scale concessions have been strategically placed in border areas to facilitate transportation back to the investor country. Woods (2015b) looks at the example of Chinese subsidiaries of CP expanding maize production systems to set up contract farming in Myanmar. Although CP is a Thai-originated company, output is transported to China, for processing into animal feed and usage in a meat production system, primarily poultry farming. Cross-border interactions also operate at smaller scales. For example, Beban and Gorman (2017) look at Vietnamese farmers crossing into Cambodia to lease land, with the benefits captured by local elites.

Key reform issues and strategic openings
- It is vital that the base assumptions associated with modernity are backed up by firm evidence concerning the impacts of agrarian transformations, rather than assuming positive shifts in
production systems. Similarly, data to the contrary should be used to challenge the commoditisation of farming into cash cropping.

- It is necessary to create at least a level playing field to allow smallholders to compete with larger enterprises on an equal basis, and share any benefits emerging from agricultural modernisation. This includes a sharing of the risks involved in switching to new crops, lessening the chance of farmers falling into debt or suffering from environmental hazards associated with new production techniques.
- More is needed on the ground to support civil society and educational programs that challenge fact-free claims of modernity-oriented policy initiatives
- Dialogue and debate must be supported within civil society on ideological bases for programs and their compatibility with farmer aspirations

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