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Smallholder Bargaining Power in Large-Scale Land Deals: A Relational Perspective (Indonesia and the Philippines)

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Abstract

Which capacity do smallholders have to influence key decisions in large-scale land deals to their own advantage, in particular in their own localities? We discuss the bargaining power of smallholders vis-a-vis investors and state officials by exploring both vulnerabilities and potential strengths. We take a relational perspective, in the sense that we focus on the social relations through which smallholders may 'produce' power, access power resources, and profit from leverage vis-a-vis investors and state agents. Drawing on research in Indonesia and the Philippines, we discuss four types of relationships of smallholders which may substantially affect their bargaining power: (1) 'Horizontal' relations of shared interests and identity which are essential for collective action and power in numbers; (2) Tactical relations with state officials, politicians, and specialists in violence; (3) Relations with supralocal advocacy groups; and (4) Relations with investors within which smallholders may have some leverage; such leverage depends on how dependent the investors and authorities are on the smallholders concerned. The cases discussed in the paper cover small-scale landholders in different regions and power configurations: the Indonesian regions of post-conflict Aceh (Gayo Highlands), Papua (the major investment zone of Merauke), West Kalimantan (the vast oil palm district of Ketapang) and East Kalimantan; as well as the Philippine province of Isabela, the site of the largest sugarcane-based ethanol project of the country.

Introduction: A relational perspective on the bargaining power of smallholders

This paper[1] moves beyond a focus on structural vulnerabilities of smallholders in large-scale land acquisitions and considers, instead, the relative power and influence that smallholders may have in resisting, negotiating, or accessing large-scale agribusiness investments on their land – however limited that power may be. We build on the increased attention for the agency of smallholders (and other rural poor) in large-scale land deals and their role in shaping, contesting, and adapting to these investments (e.g. Hall et al. 2015). Despite deeply unequal power relations, smallholders and indigenous and communities are also "critical actors" besides "host state representatives, local and regional elites, paramilitary organizations" and the investors themselves (Wolford et al. 2013).

Here, we explore the bargaining power that smallholders may have in defending and advancing their interests when they are faced with investors who want to lease, buy, 'borrow', or otherwise acquire control of their land. With the term 'bargaining power' we refer to the capacity of smallholders to influence key decisions in the land-deal process to their own advantage, including the acceptance or rejection, as well as the (re)negotiation of (the terms of) a land deal. Though the broader power configurations are usually marked by an extremely weak and vulnerable position of smallholders vis-a-vis economic and political elites (as the vast land-deals literature shows), the micro processes on the ground show great variations. This is a good reason to put the magnifying glass on the opportunities and constraints to smallholder power. We do not aim to make a comprehensive analysis here, but rather to explore smallholder bargaining power from one specific angle.

We are particularly interested in the relational aspect of bargaining power. As Ribot and Peluso (2003) argue, the "powers" that shape people's ability to gain, maintain and control access to land and other resources, and to benefit from these resources, are "embodied in and exercised through (..) social relations" (2003: 154). By defining 'access' as "the *ability* to derive benefits from things," the authors point to a wide "range of social relationships that constrain or enable benefits from resource use" (ibid. 153). These relations are not only shaped by people's position in the political economy. People are also actively *investing* in social relationships that could help them gain, maintain, or control access on favorable terms, within the "specific political-economic and cultural frames within which access to resources is sought" (ibid. 163, 164, 167). Moreover, the authors stress the dynamic character of these power relations: "we see access relations as always changing, depending on an individual's or group's position and power within various social relationships" (ibid.: 158). For instance, "political relationships and alliances are critical to land access and exclusion," as Hall, Hirsch and Li (2011) argue; "state actors may award land to supportive groups, and NGOs and peasants' movements try to work together to increase their leverage in fights over land" (2011: 197). Smallholders' relations with state and non-state actors, then, shape their bargaining position in land-deal processes.

Similarly, where smallholders are involved in political struggles to fight dispossession or adverse incorporation, success depends to a significant extent on the type of relations they can mobilize: "groups that are able to galvanize broad unity within and between affected communities, able to recruit and mobilize influential allies from within their communities and beyond (including international actors), within and outside the state, and able to generate sympathetic media attention are

[1] This work is part of the research programme '(Trans)national Land Investments in Indonesia and the Philippines: Contested Control of Farm Land and Cash Crops,' which is financed by the WOTRO Science for Global Development Programme of the Netherlands Organisation for Scientific Research (NWO). We thank Suraya Afiff, Jun Borras, Buenaventura Dargantes, Gerben Nooteboom, Pujo Semedi and Ben White for their comments on an earlier version.

likely to succeed, even if just partially," Borras and Franco (2013: 1728) argued.

In short, we take a relational perspective, in the sense that we focus on the social relations through which smallholders may 'produce' power, access power resources, and profit from leverage vis-a-vis investors and state agents. More specifically, we are interested in the following two processes: First, individual smallholders with few resources of their own need to access crucial sources of bargaining power through their ties with other people and organizations. Second, within their relations with investors and state authorities, smallholders may profit from some points of leverage – some points at which investors and state actors are vulnerable to the actions and position of smallholders, or depend on them in certain ways. By considering these relations as relations of interdependency (though highly unequal interdependencies), we can also discern possible sources of smallholder bargaining power there.

Drawing on research in Indonesia and the Philippines, we discuss **four types of relationships** of smallholders which may substantially affect their bargaining power: (1) 'Horizontal' relations of shared interests and identity which are essential for collective action and power in numbers; (2) Relations with state officials, politicians, and specialists in violence who may offer smallholders support; (3) Relations with supralocal advocacy groups; and (4) Relations with investors within which smallholders may have some leverage; such leverage depends on how dependent the investors are on the smallholders concerned.

The first three types of relations are instrumental for smallholders to gain access to crucial **'power resources'** which can strengthen their bargaining position in land deals. Following key literature (Cotula 2009, Ribot & Peluso 2003, McCarthy 2010, Vermeulen and Cotula 2010) we can summarize these power resources as follows: (1) **Access to *land rights*** (state-sanctioned, customary, or informal) and **the '*capacity to claim*' enforcement** of these rights, i.e. the capacity to make actual use of these rights (Cotula 2009: 290). The 'capacity to claim' depends-- regarding state-sanctioned land rights for instance -- on landholders' "awareness of available rights; of know-how to navigate legal institutions and procedures (from land registration to court litigation); and of the confidence, resources, information and social relations to use rights and procedures in practice," among others (ibid.). Alliances with (sympathetic) state actors and politicians as well as with social-movement organizations and advocacy groups are important here. (2) **Access to *knowledge, negotiating skills, and legitimizing discourses*** that serve smallholders' interests in the face of land investments. The types of information networks and discursive networks in which smallholders are involved are an important factor here. (3) **Access to effective *means and repertoires of protest and bargaining,*** including **access to the means of violence**, or access to people who can effectively wield these methods (Ribot and Peluso 2003: 164). Ties with social movement and advocacy organizations are important with power resources 2) and 3). Relations with specialists in violence including militia leaders and guerrilla commanders are relevant regarding access to the means of violence. And (4) **Access to *power in numbers*** through solidary ties with fellow-smallholders which can be mobilized vis-a-vis investors and authorities to lend weight to their demands.

Besides, within their relations with investors and pro-investment state officials, smallholders may have certain points of leverage which may pressure the investors and state authorities to take the interests of smallholders (at least somewhat) into account. However limited this leverage may be, it is worthwhile to explore it further:

Points of leverage of smallholders vis-a-vis investors may include the following (based largely on Cotula 2009): (a) '*Reputational risk*' for the investor, "where reputational damage readily translates into financial losses, the investor may be under greater pressure not to act in a way that may undermine the earning power of its brand;" (b) '*Location dependency*' of the investor: "i.e. the need for the investor to access a specific location" because the desired resources are located there (Cotula 2009: 78). Together with (c) '*limited asset mobility*' (i.e., the difficulty for the investor to "demobilize assets and move activities elsewhere") this increases (d) '*vulnerability to local population activities'* such as sabotage and pilferage, which increase the costs to the investor. (e) Moreover, in case (foreign) investors lose the support of leaders and officials of the host state, this weakens the overall position of investors. For example, foreign investors may become a "*hostage*" to the host state "once the bulk of the investor's capital injection has taken place", or they may lose out against national entrepreneurs who are affiliated to national politicians or senior civil servants (ibid: 71, 78,-79, 304-05). And (f) a last point of leverage, is smallholders' access to economic resources outside of the investors' control (capital, technology, labor and markets) which can offer them "*viable economic alternatives*" and therefore a basis of independence and bargaining power vis-à-vis investors (Vermeulen and Cotula 2010). With little access to these resources, smallholders stand much weaker in the negotiation process.

Points of leverage of smallholders vis-a-vis state actors may include the following:

(a) Given "different state agencies" with "different agendas," smallholders and their representatives may make use of divisions within the state to link up to state officials supportive of their interests (Cotula 2009: 280; cf. Borras and Franco 2013). (b) To maintain political legitimacy, elected politicians may feel pressured to address local smallholder interests and grievances to some extent. And, as Hall (2013) noted for frontier areas in particular, "many local-level officials [who] will often be from the area (..) will need to reach some kind of accommodation with local people in order to do any governing at all" (Hall 2013: 57).

In the following pages we will explore these issues for each of the four types of relationships mentioned above. Extensive cases are provided by the authors' research projects. These cases cover small-scale landholders in different regions and power configurations: the Indonesian region of Aceh (Gayo Highlands, a region of 'post-conflict capitalism'), Papua (the major investment zone of Merauke) and West Kalimantan (the vast oil palm district of Ketapang); as well as the Philippine province of Isabela, the site of the largest sugarcane-based bioethanol project of the country.

But before we move on, we want to highlight one more point. For smallholders to forge and maintain relevant relations of 'power-resource access,' they require some room to manoeuver, some freedom to strike relationships and alliances independent of company or state control – in short, some social space to network. Such manoeuvring space is often limited for smallholders from the onset, but land-deal processes often constrain this space further, weakening smallholder bargaining power considerably. The pattern is well-known: investors forge strategic networks (through local brokers) from national to village level that envelop key authorities whose support is needed. Such networks, in turn, form a crucial power resource for investors. Savitri (2014) speaks of '*brokerage power'*. An extreme form of network control is the '*monopoly form*' of social relations surrounding land, as analysed by Tania Li (2014) for Kalimantan's corporate oil palm plantations. Li shows how companies seek control of the major social networks of smallholders and workers in the communities of operation: companies envelop the land and labor of villagers, seek to capture the authorities including the police (who also follow their own agendas), are able (or actively seek) to keep activist outsiders out, can co-opt local leaders and promote disunity in the community, and make sure that villagers only depend on the company's 'liaison officers' and 'coordination teams' for redress. Local state officials have little capacity to address complaints of villagers since their superiors, including the army and police chiefs, "are all in bed with the corporation" (Li 2014). Both Li (2014) and Savitri (2014) remind us to relate the dynamics of power in land-deal processes to the type of network control. This helps us to see more clearly *the openings available* to smallholders to forge tactical alliances with actors outside company control.

We start the discussion with the potential of smallholders to create strong units for negotiation and contestation on the basis of 'horizontal' ties.

'Horizontal' relations on the basis of shared interests and identity

Power in numbers based on intra-community alliances is essential for smallholders since investors often target the land of whole communities and negotiate with local landholders at village level and below. However, recent land-deals studies (and classic peasant studies) suggest the difficulty for smallholders to forge solidary ties for community-wide collective action and negotiating power based on shared interests and identities. "If there is one thing that the spectre of land grabbing has shown," argue Borras and Franco (2013), "it is that local communities are socially differentiated and consequently the impact on and within communities will likewise be differentiated, leading in turn to an array of diverse responses", from active resistance to active participation in the investment (2013: 1724). Class, gender, ethnicity, generation, and migrant/non-migrant status are all reflected in differential power and interests (cf. Bernstein 2010, Wolf 1969). Patron-client ties and village factionalism further crosscut class alignments (e.g., Alavi 1988, Kerkvliet 2009, Wolf 1966). In communities confronted by a (planned) land deal, "poor-on-poor conflicts" are common: conflicts between smallholders, for instance, for or against incorporation (Hall et al. 2015: 471).

Still, studies show the potential of at least three types of 'horizontal' networks that may form strong bargaining units vis-a-vis outside land investors: networks formed by kinship groups, by villages with some form of village land governance (which excludes outsiders),[2] and by 'indigenous' communities. All of these are "rooted networks" (Rocheleau and Roth 2007), rooted in place, land and territory. We us the term 'horizontal relations' very broadly here, as denoting relations between smallholders which may include people of unequal wealth, status and power, such as village authorities. By forming strategic alliances for a common purpose, smallholders may bridge social divides within their community and beyond, and foster a sense of shared interests.[3] A weakness of these negotiating networks may be that leaders/representatives may act without the consensus of the network members (e.g., striking a bargain with investors) and that the voices of women and other (marginalized) populations are less heard. We briefly discuss each of these three types of relationship below, illustrated by specific cases.

Extended families of long-term settlers with a solid status as the 'original people of the place' may form "relatively effective negotiating units in conflicts over land" (Knudsen 2012: 498). In his discussion of Philippine fisher families who successfully resisted displacement by beachfront property developers, Knudsen shows how the "kin-based house groups" of these established settlers (i.e. residential clusters of extended families living on or near the land they claim) may enjoy substantial local influence and legitimacy, as well as attraction as clients or allies for local elites, which gives them leverage. However, newcomers, non-kin and peripheral kin may be excluded from such settler-based negotiating units (Knudsen 2013).

In villages with (customary) communal land and with village jurisdiction over this land, the village assemblies that decide about the allocation of the land and the rules of access (barring outsiders, for example) can provide a basis for collective negotiation and contestation vis-à-vis outsiders. Such village assemblies usually include all heads of households (often male) in the community. If dormant, these institutions can be revived and provide a model for intra-community organization. Warren (2005) shows how on Bali several such communities successfully challenged new tourism investments during the *reformasi* period. An NGO-supported project of participatory community mapping of land and resources helped to "dynamize" the communities and "bolster internal solidarities," which enabled

[2] These villages have traits of the "closed corporate communities" described by Wolf for Java and Mesoamerica in the 1950s: "they maintain a body of rights to possessions, such as land;" they are "corporate organizations, maintaining a perpetuity of rights and membership; and they are closed corporations, because they limit these privileges to insiders (..)" (Wolf 1957: 2; referred to by Warren 2005).

[3] Cf. Agarwal (2015: 4) who discusses the creation of solidary links among rural women in India.

villagers “ to negotiate with powerful external interests on more equal terms, and in some instances to resist or revise the designs of state and private interests” (Warren 2005: 59). Similarly, in Chiapas, Mexico, the village assemblies that formed around communal or *ejido* lands are playing an important role in beefing up the bargaining power of villagers vis-a-vis outside investors. Many villages make sure to maintain the “*ejido* or community assemblies as the form of local government” that decides on transactions of village land. Consequently, “developers of tourism, agricultural and energy projects have had to negotiate long term leases with ejidos, rather than direct purchase, opening development plans to community scrutiny” (Rocheleau 2015: 712). In an oil palm expansion area of Chiapas, the ejido system has “partly prevented land grabbing “ as yet, as some community assemblies blocked investors’ land purchases for oil palm cultivation, stating that the land could only be sold to “ ’peasants, like us’ “ (Castellanos-Navarrete and Jansen 2015: 801). To counter the risk that community leaders are co-opted by investors, the “community scrutiny” of investors’ plans by village assemblies can play an important role. As Rocheleau mentions for Chiapas, “some ejidos have removed elected leaders who have entered into deals prejudicial to the community and its lands, and have refused to honor the deals” (Rocheleau 2015: 712).

In indigenous communities, the “rooted networks” of villagers are rooted not only in land, place and territory, but also in kinship groups (clans, tribes) that form governing structures for communally-held land. Both the strengths and weaknesses of these networks as negotiating units are apparent in studies on land deals. The following case discusses and illustrates both.

***Case 1*. Indigenous community networks and bargaining power: cases among Marind-Anim in Papua, Indonesia** [4]

In Merauke Regency, Papua Province, the Indonesian government initiated in 2009 the Merauke Integrated Food and Energy Estate (MIFEE) project, envisaged as a vast estate covering more than a million hectares, to be used for the production of food crops and biofuel feedstock by foreign and domestic corporations. Though plans have been adjusted downward since then, substantial investments have already been made. The land is the indigenous territory of the Marind-anim and other tribes. In the investment area discussed here, the Marind-anim are predominantly hunters and gatherers who also engage in non-intensive sago farming. Their customary land rights are acknowledged by the state. Investors who are granted a land permit by the District Head (*bupati*) of Merauke, have to convince clan leaders and tribal leaders to release the land to them for a substantial period of time.

The social relations of the ‘indigenous’ Marind-Anim tribal society seem, at first sight, conducive to a strong bargaining power vis-a-vis outside investors: The clan and tribal structure stresses collective (clan) rights to land, collective influence in decisionmaking, strong bonds of kinship (clan membership) and a system of tribal and clan leadership intended to represent the collective will. This is further strengthened by a shared culture and an ideology of indigeneity that stresses the Marind’s collective rootedness in the land. The villages in large parts of the targeted investment area are predominantly Papuan (few migrants in those places) with little structural economic inequality (at least before the investments). In short, these networks offer a good potential for solidarity, collective identity, and collective action. However, the power of these indigenous networks is, in many cases, undermined by the power of rival networks that are forged among Marind people by investors and their state allies in order to seduce and pressure the Marind to cede their land. The following two cases illustrate both developments:

Makaling village: collective rejection of a land deal:

In 2012, village leaders of Makaling, a village located along the coastline of Okaba sub-district,

[4] Source: research by Laksmi Savitri.

rejected a South Korean investment plan for a large cassava plantation on their lands. The Makaling village leaders (cult leaders, village head, and elders) mobilized the leaders of all coastal villages of Okaba (who had all been approached by the investor) to jointly decide on the company's request to use their land. At the joint convention of representatives of fourteen villages, all publicly vowed they would not give their land away but reserve it for the next generations. They perceived the planned land deal as a collective threat to their livelihood, as these communities depended more on farming and had less available land than inland villages. And in Makaling, a strong indigenous identity and pride rooted in the land had been kept alive by the village elders.

The power of resistance of these villagers was based on a strong indigenous network both within and across villages, which was actively maintained and expanded by village elders, village heads and cult leaders. Village representatives successfully appealed to the indigenous discourse of Papuan land as eternal and communal property of the Papuans, which legitimized the rejection of the land deal, countered the state's discourse of 'modernity and development' and offered a powerful sense of collective pride and self-respect. The support of two outside parties further consolidated these indigenous community networks. The head of the sub-district, who opposed large-scale land investments in the area and refused to sign any land transfer agreements during the 1,5 years he was in office (an exception at that time), helped to facilitate the rejection as well as the creation of solidary ties between the leaders of the different villages. An advocacy network of the Catholic Church (in particular the NGO *Secretariat for Justice and Peace* of the Merauke Diocese) organized information campaigns in the area on the devastating impact of investments on Marind villagers elsewhere in Merauke, which boosted the resolve of villagers to keep the investment out.

Such networks are vulnerable, however, and constantly under threat. In this case, the network of villages that had made the rejection vow is unravelling as companies are continuously pushing for access to the land. Several villages near Makaling have since accepted the land acquisitions by another company, either through the company's intensive CSR work or through state coercion (military operations after government accusations of 'separatism'). The sub-district head has been replaced by a pro-investment official who quickly signed a land-lease agreement between a large Indonesian conglomerate and a neighbouring village of Makaling. By 2014, this company gained influence over the new village head of Makaling and other members of the village elite, for instance when the company feted them on money and hotel stays for a Christmas celebration with the district head. The head schoolmaster of Makaling is currently operating as the pro-investment broker between the sub-district head and Makaling elites, seeking ways to undermine the community's vow to reject investments. Makaling village leaders are no longer united in their rejection stand.

Zanegi village: divided community, adverse incorporation

In Zanegi village, the investor MEDCO-LG[5] and pro-investment state officials were able to weaken relations of clan solidarity and tribal authority structures by developing a network of pro-investment supporters reaching well into the village. The investor used brokers – (former) government officials and mixed-blood urbanised Marind-Anim-- to negotiate with the clans, and these often opened a one-on-one negotiation with the heads of clans to avoid the process of the customary meetings, treating clan leaders to trips to the city and using other forms of persuasion. The brokers strategically linked up to the customs, language and ideology of indigeneity while at the same time pushing the agenda of

[5] In 2009, the state (in the person of the district head) issued a forest concession for 169.000 hectares in Zanegi on indigenous territory of the Marind-Anim to MEDCO-LG's subisidiary PT Selaras Inti Semesta for an industrial timber plantation. MEDCO-LG, which is predominantly Indonesian and 25 percent Korean, plans to stay for 60 years. The investor planned to first log over the area and then to plant it with acacia trees for wood chips and pellets as a source for bioenergy and paper.

investors and the market, promising 'modernity' and development. In return for their village land, MEDCO promised to realize this dream by providing employment, teachers, a church building, electricity (providing a generator), and free transportation to the city. By subsequently giving ‘gifts’ to clans in the form of cash and facilities (electric generator, roads, employment as daily wage worker in the company) the investor created ‘ritual bonds’ with the clans. The MoU stipulated that the clan landholders would be paid per cubic meter timber, that their sago gardens and sacred places would be protected, and that all villagers were guaranteed employment. In the following two years, most of the promises remained unfulfilled, while MEDCO was cutting away the forest. Collective protests by Marind-anim were answered with threats to cut off access to desired and scarce resources.

In short, the potential for assertive negotiation and collective action by Marind-Anim on the basis of solidary networks and shared interests and identity was severely undermined by the land-deal process itself. The community became more differentiated with Marind forming new, competing interest groups and factions. First, the pro-investment network which was created in the village by MEDCO, state officials, and their brokers through a system of rewards and sanctions eventually encompassed village and clan leaders, and others. Consequently, the community divided over the question whether to cede its land to the investor or not, and on which terms, with different factions perceiving the investment differently. The heads of clan landholders were singled out by the investor for negotiations, and contrary to custom the voices of other clan members were less heard. Young, educated Marind were ambivalent about the deal, for example, and worried about their future. Second, since customary land holdings are not yet mapped, Marind-Anim clans started to clash among themselves over rights and boundaries as the company offered to pay for the use rights to the land (in the form of payment for the timber) in particular when the company was ill-informed about the boundaries.

All of this weakened the bargaining position of the communities during the process of land-deal negotiations. This was further exacerbated by their lack of access to strategic knowledge, in particular on the land investment and its potential effects for them and on what they might bargain for; and access to the knowledge to negotiate forcefully in the language of the company. Access to authorities who could defend their cause in the negotiations diminished as state officials (many of whom are Marind themselves) became active supporters of the investor, whereas access to advocacy networks was weak at the time of the negotiations.

In the demands for renegotiation of the land deal, when people of Zanegi protested against the low timber price they received and the unfulfilled promises of the company, we see more unity in the community, as most people were confronted with the same conditions. But they had lost their main bargaining chip (their control over the land). Instead, they used one of the few powers still available to them, the power of disruption, when they almost burned down a company logger’s camp and made a protest demonstration at state offices.[6] The district head did delay his approval of MEDCO’s logging plan for 2012 until the price dispute would be settled, but many issues have remained unresolved.

The discussion above suggests the potentials but also great vulnerabilities of these horizontal networks as bargaining units for smallholders and as a basis for power in numbers. As networks rooted

[6] In Papua, disruption of company operations has become a standard part of the local Papuans' 'repertoire of collective action'. Also before the MIFEE project, at the time of mining and logging investments, the method used by "customary owners of the forest resources to make themselves heard and taken seriously was by conducting *pemalangan* (literally means 'putting a crossbar'), that is: to halt the activity of the company by seizing equipment, blocking the road, etc." and sometimes by taking company representatives hostage. "Some of those protests could be solved without significantly delaying the production, but there were other cases of permanent shut down due to the people's protest." (Sumule 2002: 5, fn.5)

in place, land and territory (with kinship and indigeneity as crucial bonds), they may carry substantial legitimacy and authority to decide on matters of local land governance. But these “powers of legitimation and regulation” (cf. Hall, Hirsch and Li 2011) may be easily undermined when (planned) investments produce diverging interests among smallholders, or between network ‘leaders’ and members, and the networks fall apart. Investors’ efforts at ‘network control’ in the targeted communities are crucial here. When horizontal networks are institutionalized -- e.g. in the form of *adat* village assemblies or meetings of clan leaders and members – these institutions may form a model for renewed community organization and a revived bargaining unit vis-a-vis outsiders in case of earlier fragmentation. However, given their rootedness in place and kinship, these networks may exclude smallholders who are marginal on either of these two fronts (recent in-migrants, distant relatives, e.g.).

Tactical relations with state officials, politicians, and specialists in violence

Smallholders may form potential vote banks for politicians and potential pillars of rural support for governments, in particular when they are many and when they are organized -- for instance in patronage networks, cooperatives, farmers’ associations, clan associations or informally in large family groups, and the like. As such, they may be in a position to make demands on politicians and state officials. Opportunities are influenced by the type of land regime (whether the land is state land or not, for instance) and the political regime (an electoral democracy or not, and the level of political decentralization). Moreover, in some countries the political legitimacy of the government closely depends on a land regime in favor of smallholders and/or other rural poor populations, which also offers rural populations leverage vis-a-vis state officials. These are often countries whose peasantries brought the ruling party into power (or whose independence movements had relied heavily on the peasantry) and where the peasantry still forms a substantial part of the population (Kerkvliet 1998); or countries where organized peasantries form a political threat to the state. In Chiapas, Mexico, for example, the state favored, “for political reasons,” organizations of smallholders over large investors in a vast government-initiated oil palm expansion program (Castellanos-Navarrete and Jansen 2015: 793). In this non-coercive program, organized smallholders could use their political clientelist position to negotiate favorable terms with banks and the government (ibid: 806).

In electoral democracies, smallholders who resist land deals may have leverage vis-a-vis elected politicians who need to respond to popular discontent (cf. Hall et al. 2015: 477). In India, for example, farmers who are massively protesting against the new wave of state-led dispossessions for Special Economic Zones “have made land acquisition an electorally salient issue for the first time in India’s history” (Levien 2013: 404). The issue of political legitimacy offered “an opportunity to exploit,” says Levien, since many SEZs were intended for upper-class real estate instead of employment-generating industrial estates. The farmers and their urban supporters eventually “forced a series of project cancellations, policy retreats and efforts at class compromise” by state officials, while “political parties are competing to present land acquisition bills with the most generous compensation rates to farmers” (ibid: 404, 400). The massive scope of the land dispossessions and the stark contrast between the state’s legitimizing narrative and reality, added to the political support for these protests.

Smallholders often use the ‘power to disrupt’ investor operations in order to pressure elected politicians to intervene. This is often the only effective recourse for smallholders when politicians are pro-investment and/or are co-opted by investors, and where protests are localized and small-scale. Thus, in Merauke, Papua (cf. case 1) the district head tasked to implement the Merauke Integrated Food and Energy Estate (MIFEE) was primarily bent on attracting investors. But faced with resistance and resentments of villagers toward the MIFEE program he also needed to secure his political position. He initiated a program of village development which actually consists of distributing money to each village through the village head. He also delayed his endorsement of a company's expansion plans until a conflict of villagers with the company over timber payments would be resolved. These are partial concessions which do not solve the structural vulnerabilities of local landholders and their points of conflict vis-a-vis the investors. But, for politicians, such concessions may be just enough to temporarily appease constituencies and safeguard a measure of political legitimacy, without jeopardizing their support for investors.

In authoritarian states, where smallholders have less leverage vis-a-vis state officials, clientelist appeals to state officials may still be effective for (some) smallholders. Such appeals may be based on shared ethnic, kin, and regional backgrounds. In Laos, for instance, villagers who resisted massive land dispossessions in state-sponsored plantation projects and who "were well connected politically," had the opportunity "to use such connections to get some, but not all of their land returned" (Kenney-Lazar 2015: 14). For example, three villages used their ethnic and kin connections to the Vice President of Laos to successfully reclaim their land -- their clientelist appeals beefed up by collective protest actions and appeals to their customary and official land access rights (ibid.). "Working *through* rather than *against* the legal and bureaucratic mechanisms of the state," concludes Kenny-Lazar for Laos, may offer protesting smallholders some chances of success (Kenney-Lazar 2015: 2; cf. McAllister 2015).

Brokers are crucial for smallholders to gain access to state officials. Where smallholders may earlier have depended on local (land)lords with a quasi-monopoly on access to the state (and its courts and police forces), by the 20th century the expansion of the state and market at the village level opened up "alternative channels of access to power" for smallholders, through "new brokers" such as "teachers, lawyers, politicians, or [peasant] union leaders (..) who are capable of mobilizing political and economic resources" on behalf of smallholders, as Singelmann (1975: 392) noted for Latin America. Who the specific brokers are will influence which access to power resources the brokers can provide (cf. Sud 2014).

Leverage vis-a-vis *local* state officials and politicians (at the village and municipal/district levels) is crucial for smallholders since these officials may have the capacity to advance, approve, block, or stall land deals in the localities, and to mediate on their behalf with investors and higher state officials. State decentralization has further increased their power. However, conditions for leverage vis-a-vis these local officials appear hardly conducive for smallholders. "In most agrarian settings," state Borras and Franco (2012), the local level is "where the political and economic power of dominant classes and groups is most entrenched, while the influence of progressive and radical allies of the rural poor is often most weak" (2012: 54-55).

Moreover, local state officials appear to have little maneuvering space to respond to villagers' legitimate demands in contexts where authoritarian states control most or all of the land and grant large land concessions to investors over the heads of local populations,. Schneider (2011) found in Cambodia that "local authorities support land grabbers because they fear state reprisals if they publicly oppose land grabs," and that local authorities are intimidated by influential elites, military and state officials, as well as by investors (Schneider 2011: 19, 20). Despite these constraints, the capacity of local state officials to stall an investment (when their signatures and support for actual implementation are needed) and their capacity to decide on the actual areas of coverage, has potential for smallholders. Kenney-Lazar (2015) notes how a village in Laos with a variety of "connections with government officials at multiple administrative levels" refused the request for its land "and this refusal was immediately respected by the district government and company, who left and went to look for land elsewhere" (ibid: 15). Possibly, the fact that these villagers shared the same ethnic background with most of the district government officials (in contrast to most of the population covered by this land acquisition project) worked in their favor as well (ibid.).

In certain local power configurations, smallholders may have a substantial capacity vis-a-vis local state officials and elites to claim enforcement of their land rights and of benefits related to investments in their land. These include cases of mutually beneficial arrangements between smallholders, local state officials and local investors, whose interests overlap – and who all share an interest in keeping large-scale investors out. For example, in a Philippine gold-rush area in Eastern Mindanao, Verbrugge et al. (2015) found that smallholders had successfully bargained for advantageous royalty agreements and other benefits with local small-scale mining entrepreneurs in return for the use of the smallholders' land. Elected village officials 'informally formalized' [7] the smallholders' informal land rights and royalty agreements with local miners, and municipal officials supported the small-scale mining sector vis-a-vis outside authorities. Key to the arrangement were overlapping interests and backgrounds of the various parties involved, with village elected posts dominated by landholding settler families, and municipal elected posts by "landowner-miner-politicians" who also collected rents from small-scale miners (Verbrugge et al. 2015: 92-96). When national state officials granted mining concessions in the area to large-scale corporate investors, local officials often sided with local smallholders to counter these concessions -- with mixed results (Verbrugge 2015: 150-52).

For poor people who *seek access* to new agribusiness ventures, the cultivation of clientelist relations with the persons who control such access may be crucial. Where governments actively support and fund large-scale agribusiness expansion, local politicians who can successfully access these state funds and implement these programs have a powerful source of patronage at their disposal vis-a-vis their rural constituencies. In such cases, rural poor may use clientelist ties with politicians to push for a favorable inclusion in such projects, as the following case discusses:

***Case 2.* Striving for access and incorporation through clientelist ties: a sugarcane expansion program in post-conflict Aceh (Gayo Highlands)**[8]

In post-conflict Aceh, former local leaders of the Free Aceh Movement (GAM) as well as of pro-government militia's (anti-GAM) have entered electoral politics and business and are using agribusiness expansion programs as major sources of patronage. Working to (re)gain control over people, territories, and resources, these political figures seek to attract both private and state capital to develop large-scale sugarcane, oil palm, coffee, and other enterprises within their jurisdictions. Competing with their opponents along ethnic/political lines, some also try to block investments that may favor their opponents. This is one reason why, in the research area in the Gayo Highlands (Bener Meriah district) the initial plans of Korean, Chinese, and Indonesian corporations to invest in a large agro-industrial sugarcane project have not yet materialized. Instead, the main funds for current sugarcane expansion in the area come from the national government as part of policies of post-conflict development and national food self-sufficiency.

Tagore, an anti-GAM militia leader (and former civil servant) who was later elected district head of Bener Meriah after the peace agreement of 2005, established himself as a patron controlling land, labor and state investment funds. Anticipating large-scale investments in the local sugar industry, he accessed state funds for a sugarcane nursery project on 50 ha. of his own land and recruited contract farmers for the project from the state-funded resettlement hamlet of Sisongo, a village of 'conflict refugees' which he had helped to establish. He had accumulated land primarily through purchase from distressed villagers who had fled the violence, with some local elite landholders (key actors within his political patronage network) acting as his local brokers.

[7] Verbrugge et al. (2015) refer to the process of 'informal formalization' (Benjaminsen and Lund 2003).

[8] Source: research by Mohamad Shohibuddin.

Landless and small farmers who could access the state-funded project through clientelist ties with Tagore were not, primarily, the pre-conflict farmers of the village. During the conflict many villagers (Gayonese, Acehnese, as well as mostly Javanese settlers from other parts of Indonesia) fled the area as it became a battleground of GAM and anti-GAM forces. Many smallholders chose not to return, in particular Javanese settlers who had been violently routed by GAM forces, and Acehnese who were, in this pro-government area, suspected of GAM sympathies. Living in refuge far from the village and without local support networks, many sold their land to Tagore through local brokers at very low prices, suffering an extremely weak bargaining power in these 'land deals.'

Instead, the one hundred people who got included in the sugarcane nursery project as contract farmers (in groups covering 10 ha. each) were primarily those who already depended on Tagore: 'conflict refugees' from elsewhere who were settled by Tagore in Sisongo village with government funds (Gayonese, Javanese, and of mixed ethnic background) as well as later in-migrants, plus some of his trusted supporters. Besides, several relatives and supporters of Tagore were also included in the list but never showed up, their funds diverted elsewhere.

There was, in Sisongo, a struggle to be included in this government program for agribusiness expansion, since many recent immigrants in the village had little or no stable access to land and capital. Political-ethnic affiliation and clientelist ties to Tagore defined who could access land and state funds through political patronage, as this village was strongly controlled by Tagore and (former) pro-government militia members. The patronage rhetoric was laid on thick: "even your parents never gave you this kind of assistance," government officials used to say.

The actual bargaining power of these clients/contract farmers was limited in their relation with Tagore, however. When they experienced a messy implementation of the project as state funds were siphoned off along the way, they received little support from their patron who had, some said, pocketed part of the funds. Most failed to reach their production targets. Heavily dependent on their patron for land, capital and possibly housing, their room for manoeuver was small. Though they used a discourse of entitlement and social criticism, they did not organize collectively to push for inclusion on better terms. Only a few of the clients, with more entrepreneurial savvy and bureaucratic know-how, were able to improve their conditions by cultivating individual ties with local state officials.

Where *access to specialists in violence* is concerned, it's primarily investors and state officials who have access to police, military, civilian militia groups, counterinsurgency units, private security services, and the like, to enforce their land claims vis- a-vis smallholders by means of threats and the actual use of violence (e.g. Grajales 2011, Hal, Hirsch and Li 2011, Li 2014, Schneider 2011, Woods 2014). In some cases non-state militias have become major landgrabbers themselves, such as the "narco-paramilitaries" in Colombia which have violently driven smallholders from their land on a massive scale (Ballvé 2012). The inability of smallholders to enlist local police and other state forces to protect their land rights is a most depressing fact in many cases.

Obviously, smallholders themselves can use the power of violence (or the threat of it) without recourse to external specialists (cf. Hall, Hirsch and Li 2011). But the ability to enlist such forces may enhance their bargaining power – unless it results in a repressive backlash. The presence of a rural guerrilla movement, for instance, with networks rooted in villages, may allow smallholders to enlist the help of its local leaders for acts of sabotage, arson, or other shows of force. The threat of further actions, and the perception of a larger movement that is committed to these acts, can add to the effect. Moreover, non-state militia forces with rural roots may, in some contexts, offer their services not only to elites but also to smallholders, as the following case illustrates.

Case 3. ***Smallholders enlisting the support of specialists in violence: a case from East Kalimantan***[9]
In the district of Paser in East Kalimantan, Indonesia, indigenous villagers claimed customary rights to land given out in concession to a Korean coal mining company, Kideco. The company stated it had a legal permit and subsequently enlisted the help of a local *ormas* to suppress villagers' protests. *Ormas* are literally 'community organizations' (*organisasi kemasyarakatan*), but in practice many are local non-state militias which threaten with or use violence on behalf of their own and other parties' interests (Bakker 2015). In return they (and particularly the leaders) profit from an enhanced network and reputation, and receive support in different forms. *Ormas* in Paser district are led and manned primarily by indigenous men (Dayak and other populations), though migrants from other regions may also join. The leaders are based in cities and towns, whereas the backing is rural and can be recruited by truckload for a show of force whenever needed.

In this case of indigenous villagers versus a coal mining company, the villagers managed to get a court ruling in their favor and they, in turn, enlisted the support of another *ormas*, one that specifically positioned itself as defending the rights of the local indigenous population. This *ormas* helped the villagers in maintaining a blockade that barred the company from accessing the land. The *ormas* that supported the company then chose to let the issue be, because of issues of reputation (maintain a good reputation with the population of the area) and cross-cutting family ties (one of the indigenous *adat* leaders who engaged with the protest together with the village-enlisted *ormas* was a senior, well-respected family member of the company-enlisted *ormas* leader; to defy the judgement of his family would be highly damaging to the reputation of this *ormas* leader, who was using his family's name to sustain his organization's credibility).

The logic of the *ormas* system is such, that villagers may enlist their support but so may their adversaries. *Ormas* leaders need to show that they can mobilize rural support, in order to be taken seriously by state and business elites (which means they cannot afford to alienate the rural population). At the same time, they need to show the rural population that they have access to business and other elites, and are in a position to influence them and make deals with them.

Following this system, it is not surprising that a deal was made with the company, whereby the company paid the village-enlisted *ormas* leader an amount to be distributed among the villagers and their leaders, with the *ormas* leader keeping part of it. Next, the company instigated a legal case against the indigenous leaders who claim the land, for obstructing company operations. The indigenous land claimants, in turn, could access legal aid through the *ormas* they had enlisted, which has links to a *bantuan hukum* (legal aid group). At present, the case is still undecided.

For indigenous communities in the area, *ormas* are not only specialists in violence whose assistance they can enlist, but also brokers and mediators vis-à-vis investors. In their perspective, the *ormas* show their worth by arranging that the company pays the communities (which is not necessarily seen as a pay-off), and the payment itself is perceived as a sign that the company acknowledges them. These cycles of pressure, harassment and payments can go on as long as all parties somehow benefit from them – but without the land conflict ever being resolved.[10]

To conclude the discussion above: in some contexts smallholders can enhance their "capacity to claim" enforcement of their land rights, or their capacity to claim benefits from an investment, through their relations with state officials and politicians (and to a lesser extent specialists in violence). The opportunities they have to do so, and with who, how, and with what effect, depend on the specific power configurations in which smallholders are involved, in particular the type of interdependency relations they are involved in with these figures of authority. We discussed different types of these

[9] Source: research by Laurens Bakker.
[10] Cf. Li 2014.

interdependencies above. Obviously, these need to be understood within wider structural contexts and developments, which is, as yet, beyond the scope of this paper.

Relations that link smallholders to supralocal advocacy groups

Advocacy groups can offer access to discourses, action repertoires, alliance networks, and the necessary knowledge and skills that can strengthen the bargaining position of smallholders vis-a-vis investors. Where smallholders are faced with hostile local state officials, supra-local advocacy networks may circumvent local authorities and pressure, instead, national state officials and the wider public to take local grievances into account. The positive potential of these links is illustrated by the case of Makaling village, Merauke (cf. case 1). Village leaders of Merauke accessed the supra-local advocacy networks of the Catholic Bishop and the Church-related NGO *Secretariat for Justice and Peace* of the Merauke Diocese. These organized information campaigns and offered villagers of Makaling strategic knowledge on potential negative effects of the investment. The NGO facilitated the showing of a documentary on the devastating impact of investments on Marind villagers elsewhere in Merauke, which further boosted the resolve of villagers to keep the investment out. The NGO networks also placed the urgent problems of dispossession and adverse incorporation of Marind-Anim in the MIFEE program on the national agenda.

But smallholders are faced with several challenges in their relations with advocacy groups. Here we discuss two of these challenges which were relevant in our research. First, a crucial missing link in relations between smallholders and advocacy groups is often a well-established network of (smallholder) activists at the village level who can voice local concerns and keep well-informed of actual developments on the ground. Such village-based activists (where authorities permit them) may form counter-networks to company-controlled networks and so may keep channels open for access to power resources independent of company control. The case of Zanegi village in Merauke (cf. case 1) suggests how difficult it may be for smallholders to develop such counter-networks when pro-investment state officials and brokers have already developed a pro-investment network in the village. In this case, the district head controls resources (money, projects, a better position in the state apparatus) with which he can continuously recruit people to his network – also at the village level, where village heads, clan leaders, teachers, and other influential persons can translate the pro-investment ideology in locally acceptable terms and create and maintain divisions among villagers in the process. A counter-movement would need to mobilize similar “brokerage power” to forge a counter-network deep into the village (Savitri 2014). However, advocacy groups in Merauke have, so far, been unable to build strong alliances at the village level and within local state structures, partly because they did not recognize the local factional power play of the pro-investment network (ibid.).

Moreover, there is the risk of a disconnect between the interests and aims of smallholders ‘on the ground’ and those of (other) activists based in provincial, national or foreign capitals who may have their own agendas. Such multi-scalar advocacy networks are actually ‘networks of networks’ and smallholders depend on adequate spokespersons and brokers to have their voices heard by higher-placed activists. The following section discusses one such case.

***Case 4.* A ‘disconnect’ between smallholders and advocacy groups: the case of a bioethanol project in Isabela province, the Philippines**[11]

In the municipality of San Mariano, Isabela province, a large bioethanol plant was put up by Green Future Innovation, Inc. (GFII), a Japanese-Taiwanese-Filipino joint venture, which tasked a domestic company, Ecofuel Land Development, Inc., to acquire some 11,000 hectares for the cultivation of

[11] Source: research by Lisa Alano

sugarcane, through 3-year lease arrangements or contract farming arrangements. By 2012, when the processing plant became fully operational, Ecofuel had some 1,100 hectare in San Mariano under contract and some 9,000 hectares outside the municipality, primarily through lease contracts from smallholders. A small percentage of the land is under contract farming by larger, commercial farmers. Smallholders with formal, informal, and customary rights to the land dominate numerically among the farmers in the municipality, though large commercial farmers and traders control economic and political power.

From the start, a local activist peasant organization together with its (inter)national advocacy network carried out a militant campaign to oppose the investment in the municipality. This organization undertook widely publicized lobbying and protest actions. It hosted an International Fact-Finding Mission on the investment in 2011, organized a dialogue with the provincial governor and state officials on the basis of the report, and initiated a congressional inquiry (through related representatives in the Philippine Congress) to investigate investment-related land conflicts, labor code violations, and violation of environmental regulations. The activists successfully placed the investment on the political agenda. Their actions also forced an investigation by government agencies on GFII's possible violations of environmental regulations with its processing plant.[12]

In contrast, many smallholders in the two research villages were interested to earn from the investment, not to reject it, and they hardly connected to the peasant organization. However, when these smallholders signed lease contracts with the company after village-based promotion meetings, they had little knowledge and skills to negotiate the contracts. Their negotiating power was weak. They would have profited from information drives to help smallholders make informed decisions, understand their rights in view of the lease contracts offered, and acquire the necessary skills for contract negotiation. Instead, the peasant organization was focused more on opposing the investment than assisting smallholders to improve the terms and conditions of their inclusion. The organization's campaigns may have served larger issues and agendas, but did not connect well to the practical concerns of smallholders at the level of the research villages.

Despite this disconnect, the militant actions of the peasant organization did increase the leverage of smallholders vis-a-vis the investor. The protest actions pressured the investor to guard against accusations of 'land grabbing' and contract violations. The investor is now quick to cancel any lease contracts on land that has multiple claimants or that is otherwise subject to conflict (the cases of 'landgrabbing' concerned local residents and outsiders who illegally claimed the land of several smallholders in order to lease it to Ecofuel). The actions also gave space for alternative narratives to that of the investor and the state. Finally, the mere mention of the militant organization sometimes works as a convenient leverage tool for smallholders vis-a-vis the investor, for example when smallholders want to call attention to abuses by company personnel.

Relations with investors: smallholder leverage

Relations of interdependency between investors and smallholders vary greatly by context and type of investment. Based on Cotula's 'points of leverage' as presented in the introduction, we can discern certain configurations which allow relatively more or less leverage of smallholders vis-a-vis investors.

[12] Since the processing plant started its run in March 2012, residents have been complaining of noise and foul smell coming from the facility. The company was hounded with allegations of fish kill and destruction of crops due to spillage of waste water from the compound. The temporary closure of the processing plant towards the end of 2012 is a source of debate, however. Groups campaigning against the investment claim that they successfully forced the temporary shutdown of the plant. Company officials, on the other hand, declare that it was part of the regular maintenance procedure that the company implements. Every year thereafter, the compound temporarily stops operation in the last quarter.

A worst-case configuration for smallholders would be one that combines the following: The land is state land (or the state can overrule smallholders' land rights, as in the case of Special Economic Zones). The investor does not require the permission of local landholders to acquire the land. The investor needs the land but not the labor (which may lead to the expulsion of smallholders). The investment is in perennial tree crops like oil palm or acacia, which necessitate the long-term lease or purchase of the land. The investor is a domestic investor, crony to authoritarian state leaders, and hence less vulnerable to reputational risk. The investor needs to invest relatively little in processing plants and infrastructure, and does not depend on one specific location; he can easily move elsewhere in case local smallholders become 'too demanding' (such as with timber concessions in indigenous forested areas). The investor has excellent relations with state leaders, local state officials, and local police and army forces, which limits the investor's vulnerability to local acts of resistance, including pilferage and sabotage. The case of Zanegi village, Merauke (case 1) has elements of this configuration.

A more positive configuration for smallholders, which may allow smallholders more leverage vis-a-vis investors, would contain the following elements. The land is not state land but is held privately by smallholders on the basis of official title or customary or informal claims, the latter recognized to some extent by the state and investors. Hence, the investor needs the permission of smallholders to acquire their land. State officials will not easily overrule customary and informal land claims because of countervailing forces (political patronage networks rooted in the peasantry; militant peasant organizations, a peasant-based guerrilla movement, among others). The investor needs the land and the labor of smallholders; the company has no interest in the expulsion of the smallholder population. The investment is in non-perennial crops like sugarcane, which does not require long-term leases or land purchase; this allows for the possibility of short-term leases where smallholders can renegotiate the terms of the contract with each renewal, or can decide not to renew the contract (or threaten to do so). The investor is a well-known western company that experiences high reputational risk (consumer activism is most militant in the western world). The company invests heavily in processing plants and infrastructure, and is considerably dependent on sufficient agricultural supply from its investment area to keep the plants running profitably. 'Location dependency' and 'limited asset mobility' (Cotula 2009), then, make the company particularly vulnerable to popular discontent, resistance, and disruptive actions in the investment areas. The (foreign) investor is unable to gain sustained support of state officials; power shifts at the top or at lower levels may switch state support to other (e.g. domestic) investors. Given tenuous relations with state leaders and local state officials, the investor cannot easily mobilize local police and army forces on its behalf. Finally, local smallholders have 'viable economic alternatives' (Vermeulen and Cotula 2010): having access to land, capital, and income sources outside of the investor's control, they are in a position to choose whether to offer their land and labor to the investor, or not.

Actual cases show great variations in the configurations mentioned above, with different combinations of elements that can either weaken or strengthen smallholder leverage. For instance, in Laos, investors that are fully "embedded" in the state by means of "corruption at all levels" can use the full power of the state to enforce long-term leases on state land and to have the peasants expulsed. But investors that "do not integrate closely or embed within the state (..) are required to engage with villagers on their own terms" and to negotiate lease, purchase, or contract farming arrangements with them (Kenney-Lazar 2015: 16, 17).

In the case of the San Mariano bioethanol investment, we can see some elements of the 'positive' configuration at work:

Case 4 (second part): ***Smallholder leverage vis-a-vis the investor***

The major investment in the bioethanol plant in San Mariano, Philippines (with a capacity of 200,000 liters a day) called for a large volume of sugarcane to supply the plant to recoup investments. The area was a rice and corn growing area with little or no sugarcane yet. Ecofuel went on a land-lease scramble and depended on willing smallholders and commercial farmers in an area where smallholders (with formal and informal/customary land rights) control a large part of the land. This dependency pressured the company to pursue a policy of attraction: The company acknowledged both formal and informal/customary land rights, supported by village officials who issued certificates of informal/customary land rights to facilitate the land leases. [13] Each smallholder had the decision-making power to decide to lease out her/his land or not. The company only leased areas of whoever was interested, and only after a rapid assessment by the company technicians; this allowed smallholders to lease out only the relatively unproductive parts of their land. Moreover, the company accepted non-contiguous plots of land, which further allowed many smallholders to keep the more productive parts of their farm to continue rice and corn cultivation.

These smallholders, then, retained a measure of autonomy from the company. The lease contract is only for 3 years, renewable, which offers the opportunity for a renegotiation in the near future. Ecofuel paid the full 3-year lease amount to smallholders in advance. Though the lease amount was relatively low in the first two rounds of lease contracts (PhP 5.000 to 10.000 per hectare per year depending on the location) the lump sum represented a substantial cash sum for cash-poor peasants (smallholders used the lease income for their children's education, to finance their rice and corn production, to buy appliances, for house construction or repairs, and to engage in retail trading). The company also offered employment as farmworkers to lessor households, though only a minority of these was willing or able to have members work as wage laborers in the canefields.

Though the Philippine (co)owners of the investor companies belong to regional agribusiness elites and are well-connected to state officials at the national level (including members of the Philippine Congress) as well as the municipal level (the Mayor of San Mariano and other municipal officials) the investors are faced with some countervailing power exercised by a local militant peasant organization and local networks of a communist guerrilla movement. The disruptive actions of these activists pressured the investor to take the interests of local smallholders at least somewhat into account.

Significantly, for San Mariano smallholders in the research villages, this leverage coincided with a low capacity to actually negotiate the terms and conditions of the land lease, as they lacked major sources of bargaining power on this score: access to strategic information (primarily monopolized by local authorities who were eager for smallholders to sign up); access to a 'rights' discourse that would support assertive negotiations; and access to a peasant activist/advocacy network that could have trained them in the skills of assertive contract negotiation. Most smallholders consented to the terms and conditions without negotiation.

However limited the leverage of San Mariano smallholders may be vis-a-vis the investor, it stands out in positive terms compared to other cases. For instance, in Cambodia, the extreme powerlessness of smallholders affected by a sugarcane plantation investment in Kampong Speu province appears related to circumstances different from the San Mariano case, in particular the authority of the state to grant vast land concessions and to allow the investor (in this case, a Cambodian senator and business tycoon with close ties to Prime Minister Hun Sen) to violently

[13] In case of customary or informal land claims, a certificate from village officials is sufficient for the company to qualify in place of a land title. This creates new vulnerabilities, however, since some influential people who have poor villagers' land in mortgage take advantage of this arrangement by formalizing their 'land claim' through village officials and then leasing the land to Ecofuel.

dispossess many smallholders in the investment area who had legal rights to the land.[14]

The *reputational risk* of investors can be a promising point of leverage for smallholders. Well-known western investors are most vulnerable to this risk, since it is primarily western advocacy organizations and consumer activist organizations that use the weapon of publicly shaming a company for its abusive policies on the ground. Smallholders need access to an NGO with international contacts to profit from this potential.

CSR policies, (limited) concessions to smallholders, and a communication line between company and villagers to 'settle' grievances, may all be policies by investors to avoid reputational damage and other 'trouble.' These are outcomes of villagers' bargaining power but may also affect their bargaining power in turn. In particular, such concessions to smallholders –which may benefit some more than others, and may not address the major grievances of part of the population-- may foster divisions in the community and so may weaken the horizontal ties of solidarity that are necessary to form a strong bargaining unit.

How all this may work out depends to a significant extent on who the investors are, and how they engage with local communities: whether the investors 'enforce' or 'negotiate' their position, as the following case shows.

***Case 5.* Bargaining power and reputational risk: changing villager-investor relations in Ketapang, West Kalimantan**[15]

Cargill Tropical Palm Holdings (CTP Holdings), subsidiary of American multinational Cargill, acquired some 60,000 ha. in the district of Ketapang, West Kalimantan, through several subsidiary companies of which 31,000 ha. are currently used (for oil palm).[16] One of these acquisitions was British-owned CDC in 2005, which was a majority owner of PT HSL (oil palm) operating a 25,000 ha. plantation in Manis Mata, Ketapang.

For smallholders in CDC's erstwhile plantation, Cargill is currently the last in a string of successive owners. Their leverage vis-a-vis each owner shifted with each ownership change. The first investor in the land was the Indonesian company PT Harapan Sawit Lestari (HSL) which was close to then-President Suharto. In 1993, it started an oil palm plantation on logged-over land that was also claimed by indigenous populations. Indigenous communities were virtually powerless vis-a-vis this company, which was assured of support by Suharto's New Order regime and its local state officials, and which worked closely with Ketapang's district head. The company ignored the indigenous communities' land rights, failed to remunerate them properly, and violently ejected them from their land with the help of police and militia when they refused to move. Other grievances of community members soon included burning and bulldozing crops to clear land, destruction of indigenous communities' livelihoods and traditions, desecration of graves, and air and water pollution. Jobs on the plantation frequently went to Javanese transmigrants who the company invited to settle.

Reputational risk was a non-issue for Indonesian investors during Suharto's reign, and the presence of advocacy groups was almost nihil because of repression. Community opposition was strong, but the opportunity for protest and bargaining were very limited. The company used government officials, police and militia to 'communicate' with the land users – a communication that

[14] See Borras and Franco (2011) and Schneider (2011).

[15] Source: research by Tania Salerno. Plus two other sources: 'The dispute between the indigenous community and PT Harapan Sawit Lestari, oil palm plantation Manis Mata, Ketapang district, West Kalminatan.' Walhi Kalbar and Down to Earth, 2001. And: 'Conflicts between community and British-owned plantation company in Kalimantan,' Down to Earth No 55, 2002.

[16] Cargill's two main holdings in this oil palm project are PT Harapan Sawit Lestari (PT HSL) and PT Ayu Sawit Lestari (PT ASL). The third, newer one is, PT Indo Sawit Kekal. These are controlled by the Harapan group, organised under CTP Holdings.

was marked by repression.

When the British CDC (Commonwealth Development Corporation) started investing in HSL in 1996, gaining a majority stake in 1999, it encountered "a mess" in company-community relationships, as a CDC employee later explained. The CDC, at that time a British government body, provided long-term cheap financing to the private sector in developing countries. As a government organization, it had to appease the critical British non-governmental sector.

But as the political space for claim-making opened up with the ouster of President Suharto in 1998, community protests increased and NGOs could capitalize on the reputational vulnerabilities of the company. CDC had earlier made concessions by initiating a cooperative scheme on part of the plantation. However, with local state officials involved, the cooperative was accused of corruption and unequal access, leading to petitions and open protests by community members. Moreover, CDC chose not to establish a direct communication line with local communities but to work through the regional parliament instead, which denied community members a strategic link with the company for effective negotiation to settle their grievances. A major unresolved issue was the demand for the restitution of land and the recognition of customary rights. As the regional parliament failed to address this issue, several communities staked out the land they claimed as their own, erected property signs, and cut down company oil palm trees in protest, eliciting police action in turn. Critical NGO reports started to circulate from Indonesia-based WALHI and UK-based Down to Earth. Pressure from the British public finally compelled CDC to pull out of the project. CDC sold the plantation project to Cargill in 2005.

When Cargill took over the plantation as part of a larger land-acquisition operation in Ketapang, it opted for a more direct involvement with the communities in order to smoothen relationships. As one of the largest agro-industrial conglomerates worldwide, Cargill depends on a positive global reputation and public image. It supports RSPO certification in the palm oil sector[17] and emphasizes its attention to CSR. Community members now have direct access to Cargill's CSR employees. Whenever there are tensions, Cargill's policy is to send someone to the communities to hear what they think and want, and to respond at least to part of their needs. 'Community relations officials' maintain contact with the local population and so present a 'human face' for the company, unlike its predecessors. Major local demands of land restitution and indigenous rights are not (fully) addressed, nor are the issues of health risks, pollution, and loss of indigenous culture. Rather, these are partly neutralized through the construction of schools, hospitals, roads and the provision of jobs.

Moreover, by opening a direct channel of negotiation with local communities, Cargill addressed the communities' need to be recognized by the company as a party to be reckoned with. Compared to previous investors, Cargill apparently receives the most support from community members and experiences the least resistance from them. Of course, there remain divided opinions amongst communities as well various levels of cooperation between communities and community members with Cargill staff.

Reputational risk has translated into villagers' bargaining power, but the companies' concessions to villagers also increased internal divisions. The previous investors which responded to local grievances and protests with coercion and the blocking of direct communication lines between local communities and the company (which weakened the communities' bargaining power) inadvertently increased unity within the communities to some extent – since grievances were widely shared and only few community members were beholden to the company. In contrast, an investor like Cargill that responded with a proactive CSR policy and the opening of a direct communication line with the communities to smoothen relationships, may have increased the negotiating power of community

[17] RSPO certification for palm oil production appeals to large customers of Cargill such as McDonald's, which uses it to boost its own image.

members within the narrow confines of the CSR network. But it also weakened unity within the communities as more people started to depend on, and profit from, the services provided by Cargill.

Conclusion

This paper argues for a relational perspective on the bargaining power of smallholders who are facing large-scale land deals. Drawing on our own research and that of others, we discussed four key social relations through which smallholders may ‘produce’ power, access power resources, and profit from leverage vis-a-vis investors and state agents. The discussion is certainly not exhaustive and should rather be read as an exploration. Rather than summarize the arguments above, we want to make a few points on the relational perspective here.

A focus on interdependencies, i.e. on relations of *inter*dependency between all parties involved in a land deal, can highlight points of leverage for smallholders. These may be the weak spots of state officials, politicians, and investors in their relations with smallholders, which the latter can capitalize on (e.g., dependency of politicians on their rural constituencies; reputational risk of investors; dependency of investors on the land and labor of specific smallholders whose rights to the land are acknowledged by the state). Such weak spots may look trivial compared to the vulnerabilities of smallholders, but with concerted action smallholders may take advantage of this leverage to press their claims more forcefully.

A network perspective can show how smallholders are linked to a great variety of actors, some providing access to power resources, others blocking or undermining such access. The strategy of many large investors to capture control of key parts of community networks (co-opting local state officials, local politicians, village heads, clan leaders, head teachers, and the like) shows the importance for smallholders to safeguard and develop networks independent of company control. These may take the form of counter-networks or alternative networks that can keep channels open for power-resource access. Besides advocacy networks, such alternative networks can also include, for instance, smallholders’ ties with clientelist politicians not completely beholden to the company, or ties with militia leaders who have their own reasons to extend smallholders some support.

A closer, systematic analysis of local power configurations is necessary to contextualize the key relationships which we discussed -- set within wider processes of structural change (which fell beyond the scope of this paper). Interdependencies between local smallholders, state officials and investors differ a lot by political regime and land regime, and by the histories of (land) conflicts in the areas in question. We suggested a worst-case configuration concerning the leverage of smallholders vis-a-vis investors, and a more positive one. This is just one way of dealing more systematically with variations.

Finally, the fluidity of the power relations in question calls for a processual approach. All cases discussed show that whatever bargaining power smallholders have in land-deal processes is constantly under threat. Horizontal ties of solidarity and support may fragment as interests and loyalties diverge. Ties with supportive local politicians may be cut off. A shift of village leaders towards support for the company can weaken local advocacy networks. An investor may sell off to a crony of the state leadership who sees no need in CSR and community appeasement. Besides such local dynamics, larger transformations will shape as well the nature of local interdependencies and the opportunities of smallholders to sustain and expand their bargaining power through supportive ties with other parties.

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