

# Moral economies and markets: ‘Insider’ cassava trading in Kon Tum, Vietnam

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**Abstract:** *Vietnam’s uplands have been increasingly integrated into commodity production for global markets. This paper focuses on the role of the cassava trader in connecting upland villagers as cassava producers to an emerging global cassava market. In Vietnam’s Central Highlands, ethnic minority villagers engaging in a mixed economy of subsistence and cash crop production still practice communal resource use and reciprocal labour arrangements – customs associated with the (contested) notion of ‘moral economy’. In this context, traders have strategically traversed the insider–outsider divide, enlisting trust and reciprocity to extend the patron–client relationship between traders and villagers. In the absence of state support for upland communities, these traders have embedded themselves within village social relations through the provision of multiple goods and services, including loans. Villagers turn to these traders during times of hardship through degrees of mutual dependence in often unequal trade relations. The ‘benevolence’ of the traders, however, is an explicit strategy to legitimise their economic benefits. The relationship is deepened because traders fill a vacuum in state services by providing technical support to farmers cultivating cassava. Beyond benefiting themselves, in their status as community ‘insiders’, traders promote market penetration into the uplands with associated social and environmental implications.*

**Keywords:** *commodity, patron–client, smallholders, state, traders*

## Introduction

In Southeast Asia’s uplands, commodity markets have a long tradition, connecting uplands to lowlands and to global markets (Nevins and Peluso, 2008). Commodity markets have the potential to transform local livelihoods, social relations and landscapes through changing labour arrangements and the influx of capital, amongst other influences (Li, 2014). The expansion and deepening of commodity production have typically gone hand-in-hand with broader-scale agrarian transitions that have accelerated the rural shift from semi-subsistence to industrial, commercially oriented production (Tomich *et al.*, 1995). The underlying drivers for this broad transition include state power, authority and regulation over land, as well as markets and infrastructure that penetrate the region’s few remaining frontiers, all of which combine to make agriculture, labour and land-based resources increasingly

market-oriented and regionally interconnected (Hall *et al.*, 2011). This paper will examine the role of the trader as a key broker and catalyst for market expansion in one such frontier.

In recent years, cassava has become an important boom crop in Vietnam, characterised by rapid export-driven expansion and implicated in forest loss as part of a frontier scramble for land. Increasing global demand for cassava has driven the expansion of cassava production, enticing upland smallholders, many of whom are ethnic minorities, to invest their land and labour in cassava cultivation. Next to Thailand, Vietnam is now the second largest cassava exporter in the world, earning about \$US1.2 billion from cassava exports in 2014 (AgroMonitor, 2015). Local varieties of cassava traditionally grown for food have been replaced by commercial hybrid varieties used for industrial purposes such as animal feed, starch and biofuel. In the context of intensifying commodity production in the Vietnamese

uplands, local producers find themselves negotiating an ambiguous middle ground between expanding market relations, trade and weak state support. Such factors have combined to significantly impact local social relations of production and exchange in these once remote frontier areas.

The relationship between traders and farmers is an important but under-explored facet of market practices and outcomes (Nevins and Peluso, 2008). Traders often serve as middlemen (Rigg, 1987) or brokers at the interface of 'different social or life worlds, knowledge and power' (Mosse and Lewis, 2006: 10). In the face of limited state support, these brokers may cultivate patron–client relationships to reduce 'the unpredictability of state efforts at intervention and control' (Mosse and Lewis, 2006: 11). In this paper, we explore the mechanisms through which cassava traders connect farmers in Vietnam's Central Highlands to global markets. In this locality, ethnic minority villagers traditionally undertook a mix of subsistence and market engagement based on reciprocal social relations, or degrees thereof, echoing Scott's so-called 'moral economy' (1976). However, the recent cassava boom has seen a shift to more specialised commodity production. Our analysis of this rapid shift uncovers how cassava traders have strategically inserted themselves within local social relations in order to maximise their profits by enlisting villagers in increased cassava cultivation. Specifically, these locally based traders have utilised trust and reciprocity, often cast as elements of a 'moral economy', while also providing a range of goods and services, including interest-free loans, seedlings, and technical and financial advice to villagers. In the context of limited state support for livelihoods and social welfare in the uplands and attempts by government authorities to curb the spread of cassava cultivation into forestlands, villagers turn to traders during times of hardship. Trust, reciprocity and benevolence are strategically used by the traders to legitimise their economic power vis-a-vis the villagers. Traders have thus positioned themselves to exploit gaps left by the Vietnamese state in order to maximise their profits; local farmers meanwhile benefit to a much smaller degree from their role in the cassava chain. The consequence for upland communities is deeper integration into the global cassava market, with the attendant risks and benefits that might bring (Mahanty and Milne, this issue). We argue that the traders mirror

elements of a 'moral economy' in order to gain market power through a patron–client relationship with villagers facilitate the rapid expansion of cassava production and determine the terms of trade. In doing so, they bridge the often cited insider–outsider divide between traders and producers (e. g. Scott, 1976; Ohno, 2009).

The next section reviews past research on commodity markets in Southeast Asia and the dynamics of market expansion. The third section outlines our fieldwork methodology, the history of ethnic minority settlement in the Vietnamese Central Highlands and cassava production in our study sites of Hieu and Po E communes. The fourth section examines the dynamics of the villager–trader relationship and how the social relations of cassava traders have facilitated the expansion of the cassava market in the uplands region. The fifth section discusses the role of the state in fostering the relationship between cassava traders and upland villagers. The last section summarises the key findings of our study and concludes the paper.

### Commodity markets, traders and smallholder relationships in Southeast Asia

Southeast Asia has had long-standing connections to global markets through extended trade networks for various commodities (Dove, 2011; Reid, 1988). The commodity networks have come to connect upland people with wider networks within their countries and beyond through the movement of labour, capital and technology associated with the production, processing and trade of various commodities. (Hardy and Turner, 2000; Michaud and Turner, 2006; Salemin, 2011). In this paper, we consider how contemporary markets for cassava overlay and extend these historical patterns and transitions.

Peasant communities remain the largest demographic group in rural Southeast Asia (Hall *et al.*, 2011). Historically, scholars have broadly defined the rural peasantry as composed of households that are largely subsistence-oriented, with food production being primarily for their own consumption (Bernstein, 2010). Dove (2011: 5) notes further that the peasantry will practice 'extensive agriculture – including swidden cultivation in ... region[s] of low population', continue to draw on practices associated with 'moral economy' (such as reciprocal labour exchange and resource

distribution), while also engaging in new market opportunities. Discussions continue over the extent to which such societies are being 'depeasantized' with their 'moral economy' experiencing 'rupture' in the face of neoliberal globalisation (Araghi, 2009).

Social relations and networks mediate resource access and shape farmers' economic outcomes (Berry, 1993; Granovetter, 2005). Granovetter (2005: 33) finds various reasons for this. First, social networks affect the flow and the quality of information. Usually, market information is difficult to verify, so farmers believe known sources more than impersonal ones, even though more novel information may be accessed through new relationships. Second, social networks have the ability to reward and punish farmers, affecting their behaviour and practices. For example, violation of customary norms on resource use may exclude those that transgress from the community. Third, trust or the confidence that people will do the 'right' thing lubricates social networks. According to Granovetter (2005: 34), the extent to which social networks shape farmers' livelihoods depends on factors such as social norms and network density, which can affect how likely it is for social sanctions to be applied if norms are transgressed. He further notes that the social embeddedness and interpersonal relationships of economic activity shapes price and loyalty (Granovetter, 2005: 38). In short, a critical nexus exists between social relations and economic activity, most particularly in transitioning peasant settings.

Scott (1976) elaborated several significant dimensions of local social-economic relations within the rubric of the 'moral economy'. He suggests that the economic activities of peasant households centre on degrees of reciprocity, obligation and risk mitigation, rather than profit maximisation. Scott (1976) collectively framed these attributes as a 'moral economy' of subsistence-oriented peasants, with such enduring features as reciprocal relationships between kin, villagers and patrons. Outside of kin networks, villagers establish reciprocal relationships with more powerful and resource-rich patrons<sup>1</sup> such as landlords, local officials or traders to gain support when needed. Patronage relationships have a dual dimension of loyalty to the patron – 'to be at his beck and call for many services' (Scott, 1976: 28) – in exchange for protection. In other words, elements such as trust and

reciprocity help to maintain a level of codependence between patron and client. Thus, Scott's 'moral economy' involves connected elements of reciprocity amongst peers as well as patron–client relations.

Because of Scott's treatise, the concept of moral economy has been criticised as overly unitary and simplified. Schrauwers (1999: 105) notes that a moral economy 'obscures or ignores the mutualistic links between moral and market economies and their co-emergence under colonial tutelage'. Popkin (1979) proposes that peasant's choices remain rational and shaped by deliberate calculation. Dove (2011) argues that in a peasant household, subsistence and market-oriented activities go hand-in-hand, and that peasant society is now well connected to national and international markets (also see Li, 2014; Nevins and Peluso, 2008). In Thailand, Walker (2012: 13) finds the 'deepening penetration of capitalism into the countryside', with peasants directly engaged in global markets through commodity production. Chatterjee (2008) suggests that because of the substantial socioeconomic changes unfolding in rural society, the notion of moral economy is losing relevance as a descriptor of peasant society. With the establishment of markets for capital, labour and other commodities, the livelihoods of the peasantry diversifies in line with villagers' aspirations for new opportunities, desires and upward mobility (Chatterjee, 2008, also see Rigg, 2005; Walker, 2012). In short – as noted in the 'depeasantization' thesis (Araghi, 2009) – rural social relations are dynamic and rapidly shifting as farmers become commodity producers for intensifying markets that extend well beyond national borders.

In this mix, it remains important to understand the processes and mechanisms of social change. Several scholars have noted enduring elements of moral economy in the context of agrarian change. McElwee (2007), for example, finds that despite Vietnam's deep integration in global agricultural commodity markets, villagers continue to base decisions on crop production not solely on market price and productivity but also on what they like to eat and what they have grown historically. Elden (2012) notes the continuing relevance of the moral economy framework in understanding rural resistance in different places. Instead of viewing it as an obstacle to the commodity market, Schrauwers (1999) finds that enduring systems of reciprocity are now facilitating production for

the market, enabling the mobilisation of household labour for market-oriented production. This suggests that under particular circumstances, some elements of moral economy may endure in and shape market-oriented production and engagement. The configuration and quality of certain relationships amongst market actors, notably between traders and smallholders, may be particularly important in shaping market practices and engagement (Nevins and Peluso, 2008; Tugault-Lafleur and Turner, 2009). Rigg (1987), for example, finds that in rural, Thailand traders have often played multiple roles through which they gain bargaining power and can extract benefits from farmers. The relationship between trader and smallholder is not only exclusively economic and centred on commodity transactions but is also embedded in complex historical, social and structural relations (Schoenberger and Turner, 2008; Bush, 2004). Also relevant is the ethnographic study of brokers and how they operate at the interface of different systems of knowledge to establish socioeconomic and political connections with different groups while translating intervention ideas locally (Mosse and Lewis, 2006). Mosse and Lewis (2006) suggest that brokers may also address various local gaps in state services and presence, an idea that is explored in our analysis.

Our paper uncovers the role of patron–client relationships between traders and villagers in a cassava boom. Specifically, we highlight the historical and political dimensions of these relationships in a resource-constrained environment, and how gaps in state provisioning and presence are seized by traders to establish patron–client relationships for their own economic gain.

## Study methodology and socioeconomic background of the study area

### *Methods*

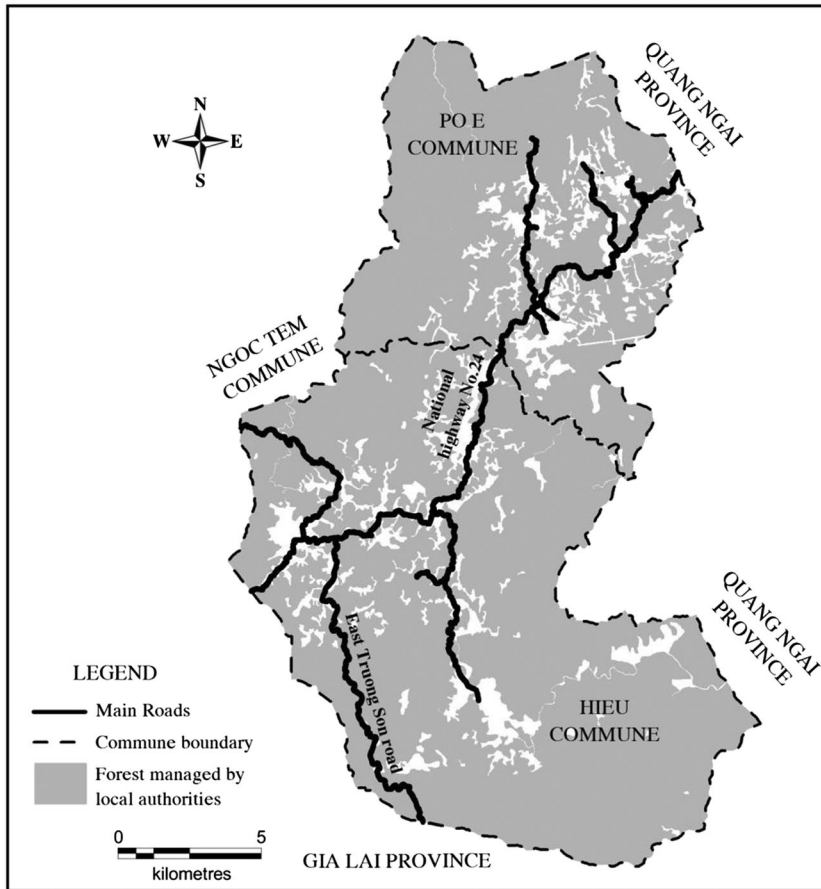
Our analysis draws on fieldwork undertaken between 2012 and 2014 Hieu Commune People's Committee, in Hieu and Po E communes, Kon Plong district, Kon Tum province in Vietnam's Central Highlands (Fig. 1). This research comes out of a larger study on forest carbon schemes in the area. During this period, the first author (To) made five visits to the field (some 60 days in total) to conduct a stratified survey of 127 households in Hieu commune. The survey

focused on household livelihoods, swidden and other land use practices. In addition to this, To undertook 20 in-depth interviews with selected household heads to gain more detailed insights into household access to land, labour and capital in relation to cassava production. In-depth interviews were also conducted with five household heads in Po E commune bordering Hieu, for comparative purposes. To also held four in-depth interviews with cassava traders living in both communes. We paid particular attention to the largest cassava traders, a couple living in Po E commune, who purchase about 80% of the cassava from Hieu and Po E. These trader interviews provided insights into the formation and expansion of the cassava market in the uplands region and the traders' role in facilitating the current boom. The in-depth household and trader interviews also provided insights into village social relations, particularly reciprocal labour exchange, and the relationships between villagers and cassava traders. While in the field, To also observed villagers' practices in terms of cassava cultivation and traders' activities such as cassava weighing and purchasing. In order to understand the role of state actors and agencies in the uplands, To held semi-structured interviews with 24 officials at the province, district, commune and village level, primarily with those responsible for cassava production and processing and for forest management. Our study also draws on secondary data to understand the broader Vietnamese and international cassava market

### *Socioeconomic background of the study area<sup>2</sup>*

Over the past half-century, human population and economic activities in the study area have undergone significant changes, largely driven by external factors of conflict and state economic and resource use policies. The following background stems from a historical analysis derived from our multiple interviews with officials and farmers at local level, as well as secondary sources.

Kon Tum province in Vietnam's Central Highlands has recently experienced a cassava boom. The province has 39 000 ha of cassava plantations and hosts eight large-scale cassava processing companies (Kon Tum Department of Agriculture and Rural Development, 2014). Hieu commune in Kon Tum is one such growth



**Figure 1.** Hieu and Po E communes, Kon Tum Province

centre for cassava production. It is amongst the poorest communes in Kon Tum's disadvantaged district of Kon Plong. Currently, the commune has a population of about 2700 people, with 650 households in 11 villages; 56% of the households are classified as poor (Hieu People's Committee 2014).

In Hieu, MNam and HRe people (of the Xo Dang ethnic minority group)<sup>3</sup> account for 96% of the commune's population (Hieu People's Committee 2014). Based on our interviews, Xo Dang villages remain organised along clan lines, with about three to four main clans residing in each village. The social structure of Xo Dang is matriarchal and matrilineal, where husbands move to live with the wife's family after marriage and contribute to their production and exchange activities. An extension to the family's house is then built for the couple. This 'long house' custom ties family members from three to four generations together to work collectively on the family

land. Amongst and between clans, villagers maintain strong social ties, particularly through labour exchanges for activities related to crop production and house construction. These labour exchange practices amongst Xo Dang villagers reflect their enduring reciprocal relationships.

Enduring customs of reciprocity are also seen in village-level land sharing practices, particularly swidden land. Newly married households with little or no land are often given or loaned land by their parents, relatives or neighbours. Despite this practice, our interviews suggest that many of them still lack land. Villagers practice reciprocal labour exchange for a range of cultivation activities such as land preparation, weeding and crop harvesting. During cassava harvesting season, for example, it is common to see a group of 7–10 villagers who are friends and relatives working on the same swidden plot. When the group completes the work, they move to work on another member's field. This process

continues until the cassava of all the group members has been harvested.

Elderly respondents suggest that the Indochina war (early 1930s–1954) and the American war (1968–1975) caused villagers in Hieu to temporarily lose their strong connection to their land, because of their frequent movement to Quang Ngai, Kon Tum's neighbouring province, to avoid being caught up in the conflict. The establishment of the Hieu commune People's Committee in 1962–1963 marks the beginning of a formal state presence in the area. The villagers were governed by the commune People's Committee, albeit loosely; they worked their own paddy fields and did not have to pay tax. As before, they hunted wild animals and collected non-timber products in the forest for their own uses.

Hieu villagers learned swidden practices from HRe people<sup>4</sup> in Quang Ngai, for whom cassava was the staple swidden crop. When the American war ended in 1975, the Xo Dang villagers moved back to Hieu commune where they set about clearing land near their homes and grew cassava again, mainly for food.

Local livelihoods changed substantially when the state established an agricultural cooperative in Hieu in 1977. Under the cooperative, the villagers' paddy land became cooperative property, yet their swidden land remained under their control.<sup>5</sup> However, similar to other parts of Vietnam (Kerkvliet, 2005), collective farming in Hieu did not work as villagers could not survive on the portion of the harvest they received from the cooperative. This pushed them to rely on their own swidden land, and cassava quickly became the second most important food crop after paddy rice. Eventually, with the dismantling of cooperatives in 1986, cooperative paddy land was distributed to households, each receiving an average area of about 0.5 ha. No land remained to distribute to any households established after this initial land distribution. Although the era of cooperative farming strongly affected the reciprocal relationships amongst the villagers, it was unable to completely erase it. Villagers still exercised their labour exchanges with their friends and relatives, particularly around activities related to swidden cultivation.

The arrival of the Mang La State Forest Enterprise (now Company) in Hieu in 1981 challenged villagers' traditional claims to the forest. As the state granted the company the right to the whole

forest around the commune, villagers' swidden plots in the forest became illegal. However, as the company mainly focused on timber harvesting, swidden farming continued informally. Today, each household in Hieu has about three to four swidden plots in the forest, totalling about 1 ha. However, newly established households with labour constraints often do not have enough swidden land. Land shortage has been a major problem for many villagers in Hieu. Our survey revealed that 45% of households in Hieu lack land for cultivation, which is one reason for the widespread poverty observed in the commune.

The most recent change to land use practices in Hieu has occurred in the past five years with the acceleration of the cassava boom in the uplands region. In Hieu, the area devoted to cassava cultivation reached 850 ha in 2012, up from below 100 ha in the early 2000s (Hieu People's Committee 2014). The cassava production area lies near the main road, making it more convenient to transport the harvest. Today, hybrid industrial (inedible) varieties of cassava comprise 80% of the commune's cassava harvest. It is during the last decade and a half that traders, through their relationships with villagers, have facilitated the rapid expansion of cassava production.

### **The role of cassava traders, social relations and the state in the cassava boom**

#### *Profile and background of local cassava traders*

Although they account for only 4% of the total population in Hieu (Hieu People's Committee 2014), Kinh ethnic majority families who have migrated to the area have played an important role in the commune. None of the Kinh in Hieu engage in farming, but work as salaried school teachers and commune officials; others live near the two main roads (National Roads 24 and Dong Truong Son), which is an advantageous position from which to turn their houses into shops. It is in this context that many Kinh have emerged as successful cassava traders.

During fieldwork, we interacted particularly with two cassava traders – a married Kinh couple whom we call Thanh (the husband) and Lan (the wife) – who had built a successful business and had come to dominate cassava trade in the area.<sup>6</sup> The couple currently live in Po E commune,

which borders Hieu. Originally, Thanh was from a poor lowland family in North Vietnam but his family moved to Ba Vi commune in Ba To district of Quang Ngai province under the government-funded programme for the establishment of New Economic Zones in the uplands.<sup>7</sup> In Ba Vi, his family settled in a HRe village and opened a small shop that sold daily necessities to villagers. Over time, Thanh picked up the local language and developed a strong network with the traders in the district as well as the villagers. He transported fish, eggs, monosodium glutamate and salt to the area, which he would exchange for villagers' honey, mushrooms, medicinal plants, and sometimes timber.

Thanh's partner Lan, also a lowland Kinh, was born in Ba Vi commune in 1978. Her family moved to Ba Vi commune when her father acquired a job with the Ba Vi commune People's Committee. After completing Grade 10, Lan quit school and, like Thanh, opened a small shop to sell simple products to HRe villagers in her village. Lan also learned the local language from villagers.

Thanh and Lan married in 1998. The couple then moved to Po E, 25 km away from Ba Vi, where Thanh already had strong relationships with several villagers. In Po E, they bought a plot of swidden land from a HRe family and built their own house, where they opened a shop to sell and buy products from villagers. Located beside National Road 24 and close to the headquarter of the commune People's Committee, their house serves as a local socioeconomic information hub for villagers and officials alike, a marker of the couple's brokering role in the community.

The couple has now registered with the commune People's Committee of Po E, formalising their right to live in the area. Registration with local government has turned the couple's legal status from that of an outsider to a local. Their motivation for doing so, in Thanh's words, was to 'culturally and socially harmonise with the villagers'. In addition, becoming 'local' has provided the couple with some other crucial benefits as they are entitled to government loans with favourable interest and some tax exemptions for their business earnings.

#### *The traders' business model: debt bondage, trust and reciprocity*

Living in Po E, the couple has deliberately invested in building relationships of trust and

reciprocity with local villagers. Becoming 'local' and embedding themselves within commune social life and reproduce the couple's social bonds with the villagers. These bonds have been instrumental to the couple's success. Running the shop, the couple allow villagers with no cash to exchange or buy goods on credit: 'The villagers did not have money, so we can wait for some time before we get it back,' said Lan.

In Po E and Hieu, where there is no alternative source for quick credit, the couple fill a critical role, providing a source of ready cash for villagers during emergencies. Villagers regularly borrow money from the couple for wedding, funeral and hospital costs, with loans ranging from 0.5 to 2 million VND (\$US23–95) per household. The couple do not ask for interest; rather, by providing the finance interest-free, what they acquire back from the villager is a 'close relationship'. Over time, this has created a relationship of debt bondage between the couple and the villagers. The level of debt across the village is quite extensive, as noted by one villager in Po E: 'All households are in debt with Lan and Thanh.' Debt helps to bond the villagers closely to the couple, fortifying the business relationship between the two sides.

As their relationship with villagers has tightened, the couple have expanded their business via the custom of reciprocal labour exchange. Cash rich, but with limited land holdings and labour, the couple buy calves from the villagers, while leaving them with the selling family for tending. 'We support each other in ways that villagers usually do,' Thanh told us. When the couple sell the animals, usually after 1.5–2 years, they share a portion of the sale proceeds with the caretaker. The couple also raise breeding pigs and sell piglets to villagers on credit, later buying back the adult pigs. According to Lan 'We rely on each other to sustain our lives.' This kind of collaboration between the two sides helps consolidate their reciprocal relationship and build trust. Such social relations are essential for maintaining and expanding the traders' business and retaining their monopoly over the local cassava trade.

The villager–trader relationship has been further strengthened by the information and advice provided by the couple to the local villagers. Their store has become an information hub for villagers, where they seek advice on anything from how to protect their animals and poultry

from disease and extreme weather to what food they should prepare for their children in school. Villagers also ask the couple to buy them medicine, clothes and books for their children. Reflecting on their multiple roles Lan said, 'We have become free service providers to the villagers ... like what the government staff do in other areas.' The service is far from free. However, as it provides the couple with cheaper access to locally produced commodities through their trading monopoly.

Over time, debt bondage, trust and mutual collaboration between the couple and the villagers has facilitated a patron–client relationship that provides the traders with substantial power to set the terms of local trade. The couple help villagers with selling products and provide credit, loans and advice. In return, villagers sell their products such as poultry and non-timber forest products to the couple. Villagers also surrender their labour and time to help the couple when needed. Next, we will discuss how this patronage relationship and its use of social relationships of trust and reciprocity have helped to facilitate the rapid expansion of cassava cultivation in Hieu and Po E, in line with the traders' interests.

#### *The influence of the trader–villager relationship on the cassava market*

The rapid growth of cassava production since 2008 in Hieu and Po E is largely due to the influence of Thanh and Lan. Learning from cassava traders in their former hometown of Ba Vi, the couple started distributing hybrid cassava stems to villagers in Po E and Hieu. To facilitate the uptake of cassava production, the couple advanced interest-free loans to the villagers and showed them cultivation techniques, on the condition that villagers sell their harvest to them exclusively. In 2014, the couple had distributed about 400 million VND (\$US19 000) to about 200 households in Hieu and Po E, a level of support these families could never have gained from state agencies or other credit providers. A villager in Hieu explained the uptake of hybrid cassava through his connection with the traders:

One day Lan came and told me, "If you want to have money, you should grow hybrid cassava." I took up her advice and cleared a patch of forest near the road. She then gave me 12 bundles of cassava stems and 2 million VND [US \$90]. She said the money was for me to hire labour to

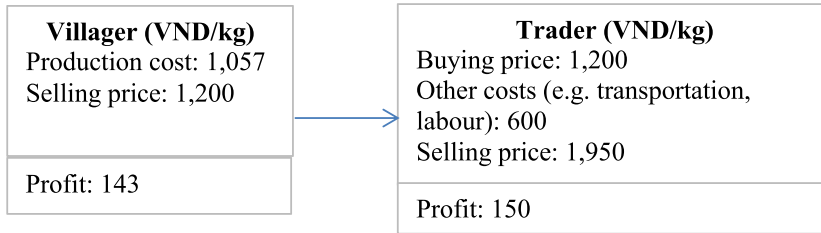
work the land and to buy herbicide and I just needed to pay her back when I harvested the cassava. I used the money to buy food and other things. When I harvested the cassava, I sold it to her. After returning her money, I had 1 million VND left. We expanded the production area after that.

The couple's loans and technical guidance, underpinned by their nurturing of villagers' trust, has strongly motivated villagers to expand their cassava production areas into the forest. This has occurred alongside government investment in road development as it believes that strong road networks will facilitate markets and economic growth. In Po E, cassava production peaked in 2009–2010, with nearly all the households living near National Road 24 clearing forest for cassava production. Villagers in Hieu followed suit, particularly those from the six villages close to National Road 24 (Fig. 1). The completion of National Road Dong Truong Son in Hieu in 2011 spurred two neighbouring villages to open new swidden fields for cassava cultivation. In 2012, the dirt road in Village 5 of Hieu was sealed, providing a further impetus for new clearings. As a result, the cassava production area in Hieu tripled between 2008 and 2014. Our survey found approximately 400 ha of forest bordering the road had been lost because of the associated clearing activities.

Thanh and Lan have together become the most dominant cassava traders in the area, procuring about 80% of the cassava produced in Hieu and Po E. Figure 2 details how the costs and benefits of cassava production are distributed between the traders and villagers. The calculation is based on 1 kg of cassava.

After production costs (1057 VND to farmers), villagers earn an average net income of around 140 VND/kg. In Hieu and Po E, each household has about 1 ha of cassava, typically producing 4.5–5 t of cassava per year. Although the difference is not large on a per kilo basis, the sheer volume of trade enables the couple to profit handsomely from their slightly higher margin, compared with the meagre annual income for cassava-growing families of up to 6 million VND (\$US257–286). In 2014, the couple earned about 300 million VND (\$US14 300) in profit from cassava trade. Emphasising the importance of cassava for their business, Lan said, 'We are doing well with cassava.'





**Figure 2.** Typical costs and income associated with cassava production and trading

Gaining access to local labour and productive land is a key reason for the traders' willingness to provide loans to villagers. Debt bondage thus contributes to the traders' enormous share of cassava profits, as Lan explained: 'We have invested a large amount of money in cassava production already [referring to the loans provided to the villagers]. We need to take money back.' In comparison, returns to the villagers are small, and that is without factoring in the cost of labour, which villagers leave off their cost calculations because they use their own or exchanged labour. Despite the exploitative nature of the relationship with the traders, villagers continue to represent the collaboration in positive terms, as cassava is now the most significant income source for most households, and the only income source for about 70% of households in Hieu and Po E.

The patron–client relationship between villagers and the traders has been crucial in facilitating cassava production and enlisting villagers into the traders' business, with trust playing a critical role. A villager in Hieu highlighted this in his reflections on the couple 'There are other traders operating in the area but we would like to sell our cassava to Lan and Thanh. They are honest and trustworthy... Other traders may offer a higher price but they play many tricks on us.'

Through careful management of their social relationships and the multiple supporting roles they play for the villagers, the couple have thus established themselves as dominant traders in the area. In Hieu and Po E, villagers shared popular stories of the couple as reliable and trustworthy 'insiders', as opposed to other 'outside' traders who do not speak the local language and use fraudulent scales to weigh the harvest. However, the ostensible 'benevolence' of the couple is clearly part of a wider set of actions to establish the market and their monopolistic role within it.

### The role of the state in the trader–villager relationship

In Hieu and Po E, state support for villagers is both difficult to access and constrained in terms of human and financial resources. In the commune, there is a Kinh official whose role is to foster local livelihoods. However, this person is unable to speak the local language, and described his job of 'recording and modifying statistical data' as 'trivial'. Furthermore, the commune People's Committee has no resources to undertake any agricultural support activities, aside from a couple of visits per year by the district extension department to guide villagers on the adoption of new farming techniques.

As residents of 'poor communes', villagers in Hieu and Po E are entitled to government-funded credit programmes operated by The Social Bank for the Poor. However, villagers described the loan procedures as 'very complicated, with lots of paperwork.' Many are unable to complete loan applications because of lack of formal education. Some households reported that they were able to access a loan and used it to buy cattle, but cold temperatures in winter and lack of proper facilities to house the cattle caused most of them to die. State agencies occasionally offer agricultural extension programmes for the introduction of new crops (e.g. coffee), but without the necessary credit, villagers are unable to take up new business opportunities. Thus, there is a general pattern of state support that is either too difficult for most villagers to access or inappropriate to local conditions. This lack of state support has helped to foster the villagers' reliance on Thanh and Lan for advice on agricultural techniques and markets, as well as financial assistance. State mechanisms for information sharing must also compete with the couple's informal mechanisms. The Hieu commune People's Committee organise meetings twice per month, which village

headmen are required to attend. However, the meetings are used for commune officials to pass government policy on to village heads and have little do to with actual improvement of local livelihoods. Some headmen spend more time at Thanh and Lan's shop than attending official meetings, as one explained:

There I also get information from Lan and Thanh on different commodities, their prices and other things from the outside world. I can ask them for information I need to know. In the meeting at the commune I only listen to what commune officials say – and sometimes we don't understand.

Thus, in the absence of appropriate and sustainable forms of communication and livelihood support from the state, villagers continue to turn to the couple for a wide range of services and advice, empowering the traders within their relationship.

The state's punitive role in controlling cassava expansion in forest areas has pushed villagers further away from its fold. The cassava boom has resulted in increased conflict between state agencies and villagers, largely because of land constraints in the uplands, which has seen an increased loss of protected forestlands to cassava production. Some villagers who have cleared the forest have been placed under house arrest and others fined for the same offence. Despite this, the efforts of authorities to protect the forest against cassava incursions have largely failed, and villagers continue to convert the forest into cassava swidden fields. A villager who was placed under house arrest told us 'Yes we were under house arrest but there is no difference to what we did before [referring to the forest clearing]. If we stop growing cassava how can we survive?'

Although they have failed to stop villagers clearing the forest for cassava production, state forest agencies remain committed to controlling the expansion of cassava, which is starting to pose a risk to Thanh and Lan's business. In this setting, the traders have been able to present themselves as united with the villagers, framing the benefits of cassava production around poverty alleviation, as stated by Lan:

Villagers have been in chronic poverty. Their paddy land is too small for them to live on.

They have no money to invest in other crops or livestock production. Also, cold weather and widespread animal diseases pose enormous risks to investments. Weather in this area is not really suitable for cash crops such as coffee or pepper. And growing these crops requires large investment that goes beyond villagers' capacity. Cassava is the only crop that can help the villagers.

Justifying the production of cassava in terms of poverty alleviation provides a morally legitimate basis for the couple's business, as well as their resistance to state efforts to limit cassava cultivation. Challenging the government's own rhetoric and poverty alleviation policies, Lan said, 'I don't understand them [local authorities]. They always talk about the importance of helping villagers move out of poverty. But they don't allow them to grow cassava. Cassava is the only income source for the villager. If not cassava, what else is the alternative? How could the villager survive?' If anything, the regulatory push has strengthened the traders' 'insider' status amongst villagers.

## Discussion and conclusion

Our paper highlights the critical role of traders in translating global demand for cassava to the upland regions of Vietnam. By strategically deploying facets of the social relations that comprise a notional 'moral economy', cassava traders have gained immense power to set the terms of local trade. This rests heavily upon the capacity of these traders to insert themselves within local social relations; the traders have established and grown their business by becoming insiders in these upland communes. Their status has been helped by gaps in state support for local livelihoods, which strengthens villagers' reliance on traders for market information, technical knowledge and financial services. Traders have largely filled the role of state extension and finance in these rural frontier settings, echoing the role of brokers in remote development interventions (Mosse and Lewis, 2006). This in turn has strengthened the patron–client relationship between the traders and villagers, as well as driving investment in cassava production. Our research suggests that any use of the 'moral economy' concept today must be qualified analytically. Peasants are increasingly becoming commodity producers for intensifying

markets that extend outward and so operate under a different market calculus (Schrauwers, 1999; Walker, 2012; Rigg, 2005). We have found that while these critical engagements are fundamental to any realistic understanding of how uplanders interact with commodity markets, elements of the moral economy concept, such as reciprocity and trust in patronage relationships, remained significant in this study site.

Berry (1993) and Granovetter (2005) emphasise the importance of social relations in shaping market and resource access. In our case, reciprocity and trust have been strategically cultivated through the traders' long-term economic and social investments. This relationship is also a product of its historical, social and cultural settings, in that the traders as patrons have taken on locally defined socio-cultural norms and practices, and formalised their rights to live in the area. However, the traders' role as 'free service providers' is far from benevolent; it is geared toward furthering their share of cassava profits. The appearance of generosity is part of this elaborate charade, well reflected in Lan's words: 'We need to take the money back.' Thus, when traders insert themselves within local social relations, they do so as a basis to gain power in the cassava market and to expand their share of the benefits. In light of the traders' immersion in local social networks, villagers willingly participate in what is essentially an exploitative relationship with traders, furthering their local dominance of the cassava trade. Villagers lack livelihood alternatives to cassava, a situation compounded by land shortages, which has fuelled conflict between villagers and state regulators. This has served the purpose and positioning of the traders in the local political economy.

A key factor in the traders' power has been the weak presence of the state. The traders' informal mechanisms serve as an alternative to an absence of state support. In the case of development aid, Mosse and Lewis (2006) highlight that brokers gain strength where the state has a weak presence. While many commentators observe a strong state presence in forest management in Vietnam (McElwee, 2012), in this instance, the comparative absence of the state was critical in pushing traders and upland villagers together. The lack of state support for rural households in important emerging commodity markets, such as cassava, gave the traders greater value in the

eyes of locals who needed immediate social, political and economic support to enter, tap and benefit from the booming cassava market. Indeed, stepping into the role of the state as providers of low-cost credit, extension services and business advice, the traders have strengthened their position of trust and reliability amongst the villages. Through these strategies and by enlisting the state's own 'poverty alleviation' narratives in their criticism of the state's attempts to limit cassava cultivation, the traders further legitimise their business success within the vestiges of the 'moral economy' of upland village society. In our case, the state underpins the close relationship between traders and villagers, due not only to its relative absence as a source of support for local livelihoods but also its active efforts to curtail cassava production in a resource-constrained environment.

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### Notes

- 1 Scott (1972: 92) defines a patron-client relationship as 'an exchange relationship in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his part, reciprocates by offering general support and assistance.'
- 2 Data from this subsection and onward comes from our fieldwork, unless stated otherwise.
- 3 Vietnam has a population of 90 million, made up of 54 ethnic groups. The Xo Dang is one such ethnic minority. As of 2008, the Xo Dang had a population of 170 000 people, 62 percent of whom resided in Kon Tum (Vietnam Living Standard Survey 2009). In Vietnam, the Kinh are the dominant ethnic group, accounting for 70% of the country's total population. Most of the Kinh live in the lowlands; some migrate to the uplands but mainly stay in town centres.

- 4 According to the 2009 Vietnam Population and Housing Survey, Vietnam has 127 420 HRE ethnic minority people, most of whom live in Quang Ngai (90%), Binh Dinh and Kon Tum provinces.
- 5 A detailed account of Vietnam's collective farming era can be found in Kerkvliet (2005), Sikor (1999, 2001) and Henin (2002).
- 6 We have used pseudonyms for the couple.
- 7 Additional background on the New Economic Zone government programme can be found in Hardy (2005).

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