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Disentangling Inequality and Exploitation in the Rice Value Chain in Northern Uganda

Malin J. Nystrand

Department of Social Science and Business, Roskilde University, Roskilde, Denmark

Correspondence: Malin J. Nystrand (malinn@ruc.dk)

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ABSTRACT

Although inequality between actors in agricultural value chains has been extensively studied, informal and semiformal arrangements in domestic value chains involving small-scale actors have been explored less than formal arrangements involving large firms. This study contributes to this literature, firstly, by suggesting a novel analytical framework for analysing inequality and exploitation and the agency of actors within an unequal value-chain relationship; and secondly, by applying it to the relationship between rice millers and rice farmers in Gulu in northern Uganda, i.e., to one node in a larger rice value chain. This study explores this relationship in a situation of high levels of competition between millers, potentially strengthening farmers' bargaining power. The form and degree of inequality and exploitation in the relationship are analytically disentangled by applying the analytical framework, combining Graeber's conceptualization of exchange and hierarchy with Snyder's definitions of exploitation. The study shows that, although the relationship is still characterized by inequality and has exploitative features, farmers can and do exit from the relationship.

1 | Introduction

Analysis of inequality and exploitation within rural value chains has a central place in agrarian political economy. Many studies have been conducted based on the theoretical insights of, for example, Bernstein's (1996) *filiére* approach and Harriss-White's (2016) 'market system' analysis and related perspectives. The critical literature on contract farming, building on Little and Watts (1994) seminal book, also contains important insights on relations within agricultural value chains (see, for example, Vicol et al. 2022; Oya 2012).

This study contributes to this literature, firstly, by suggesting a novel analytical framework for the analysis of inequality and exploitation in a value-chain relationship, drawing on economic anthropology and moral economy; and secondly, by applying this to the relationship between rice millers and rice farmers in Gulu in northern Uganda, i.e., to one node in the larger rice value chain in Uganda. The purpose of zooming in on one node in the value chain is to go beyond a structural analysis of inequality and exploitation to explore the agency of the actors within the structure. The proposition of this study is that, although the actors and their relationship are embedded in unequal and exploitative structures, the actors have a certain degree of agency to act more or less dependently and more or less exploitatively within this structure. The purpose is not to deny the importance of the structural analysis, nor to deny the existence of unequal and exploitative structures, but to add another analytical layer. In order to analyse both the structure and the agency of the actors within this one node in the value chain, an analytical framework is developed that combines Graeber's (2011) conceptualization of exchange and hierarchy in economic relationships with Snyder's (2013) definitions of exploitation. These conceptualizations differ from the ways exchange and exploitation are normally defined and analysed within agrarian political economy, in ways that will be motivated and expanded upon below.

The study explores a locally based agricultural value-chain relationship where the agrobusiness actors did not fully succeed in tying the farmers into semiformal arrangements, even though they tried. It can be classified as a type of relationship that hovers between semiformal and open-market relationships. The study captures the relationship between rice farmers and rice millers around Gulu, who are all local actors, at a particular point in time, when the milling capacity exceeded local rice production, i.e., demand exceeded supply. In this situation, millers competed to attract farmers to their own mills, which potentially increased the farmers' bargaining power. The millers offered a whole range of goods and services, but the deal was still unfavourable to the farmers who eventually reduced their rice production, causing several of the rice mills in Gulu to close. The case thus illustrates a situation in which the actors are interdependent, their relationship fluid and where the agency of the actors within the structure needs to be taken into account for the nature of inequality and exploitation in the relationship to be understood. Empirically, this article therefore unpacks the relationship between farmers and millers to understand why the actors were not able to create a durable relationship. In the Ugandan context, where the market is highly deregulated and actors by and large create the 'governance' of rural value chains themselves, it is important to understand the reasons for this failure.

The study's approach is to unpack how and where inequality manifests itself in the relationship and how and to what extent this leads to exploitative tendencies that are not durable for the farmers. It does so by proposing and applying an analytical framework for disentangling inequality and exploitation in value-chain relationships through a layered analysis of its different dimensions. Graeber's (2011) suggestion that an unequal relationship (or a hierarchy in his terminology) can be both exploitative and benevolent opens up an analytical distinction between inequality and exploitation, while Snyder (2013) opens up a distinction between the structural and moral dimensions of exploitation, i.e., taking into account both structure and the actors' agency. A layered analysis of the relationship lays bare how it is simultaneously made up of various types of exchange, which entail different moral principles. The empirical analysis shows how millers tried to tie farmers to their own mills by providing market access and various goods and services, including credit. This meant that the millers took on many roles, which in other contexts might be provided by cooperatives or the government, thereby increasing the extent of their power in the relationship and thus also increasing the inequality between the actors. This is how the possibility of exploitation emerged. As will be shown in the analysis, the relationship included aspects of exploitation, as well as what Graeber (2011) calls 'benevolent hierarchy'. Benevolent[1] practices included millers providing interest-free credit beyond rice production and protecting farmers from the unfair practices of the middlemen. Exploitation took the form of millers keeping the bran from milling the rice and pushing market and production risk on to the farmer. The millers' provision of market access and goods that physically tied the farmers to the mill was potentially more exploitative than the provision of credit, as the latter could be cleared, thus ending the exchange relationship. This empirical finding contrasts with other studies highlighting the central role of debt in tying farmers in contract farming and similar arrangements (McMichael 2013). However, all in all, the millers were not particularly successful in tying farmers to their mills, and in the end, many farmers exited rice production, and some millers withdrew from the market. This shows the actors' room for agency within the structure, the limits of exploitation and the challenges in establishing durable value-chain governance between unequal parties in an unregulated market.

The article's contribution is thus threefold: (1) proposing a novel analytical framework for analysing actors' agency within an unequal value-chain structure; (2) empirical analysis of the conditions in a particular node within the Ugandan rice value chain; and (3) thereby contributing to an understanding of the less explored domestic value chains that are characterized by informal and semiformal arrangements.

The article starts with a brief overview of different perspectives on relationships in agricultural value chains, followed by a presentation of how the concepts of 'exchange', 'hierarchy', 'exploitation' and 'benevolence' are used as analytical tools. Thereafter follows the layered analysis of the relationship between miller and farmers, which ends in a discussion and conclusion.

2 | Perspectives on Inequality and Exploitation in Agricultural Value Chains

Inequality and exploitation within agricultural value chains have been extensively explored within agrarian political economy, as well as within the critical contract-farming literature, and it has also received some attention within the Global Value Chains (GVC) literature. The article aims to contribute to these strands of literature by adding perspectives from economic anthropology and moral economy, in order to explore agency within unequal structures. Before venturing into perspectives on inequality and exploitation, the types of relationships and actors that are the focus of this study need to be positioned in relation to the literature.

2.1 | Relationships and Actors Within Agricultural Value Chains

Arrangements between farmers and agrobusiness actors take many forms, ranging from tenancy via contract farming of different degrees of formalization to open-market relations (Vermeulen and Cotula 2010; German et al. 2020). The broader structures that these relationships form part of have been conceptualized in many ways, including value chains, *filiére*, commodity chains, market systems and 'real markets' (Bernstein 1996; Bernstein and Campling 2006a, 2006b; Harriss-White 2016; Bernstein and Oya 2014). In this study, the term 'value chain' is used in a generic sense, as formulated by Kaplisky and Morris (2002, 4): A value chain is the 'full range of activities which are required to bring a product or a service from conception, through the different phases of production [...], delivery to final consumers, and final disposal after use'.

The extensive literature on **GVCs** and the related Global Production Network (GPN) literature has become better at including analysis of power and inequality within GVCs (see, for

example, Ponte et al. 2023), but has generally not been particularly good at understanding and explaining rural actors within GVCs, as pointed out by Vicol et al. (2019), although GVCs often include local, rural and domestic actors and chains. Hence, the GVC literature largely focuses on different actors and relationships than those in the study at hand.

Useful perspectives on relations between agribusiness and farmers can be found within the literature on **contract-farming relationships**. Such relationships range from being highly centralized and formalized, where the agribusiness controls production to a high degree, to informal nonwritten agreements on a seasonal basis involving some provision of input from agribusiness, but much less control (Vermeulen and Cotula 2010). The relationship explored in this study belongs to the latter category, hovering as it does between semiformal contract farming and open-market relations.

While formal contract-farming arrangements between smallholders and large firms (Little and Watts 1994; Martiniello et al. 2022; Oya 2012) have been the primary focus, studies have started to emerge, including within the contract-farming literature, that focus on informal and semiformal arrangements and small-scale actors in domestic and rural markets, i.e., the type of relationship that is the focus in this article. Such arrangements take many forms, sometimes being based on social relations rather than formal contracts, while in other cases, they consist of seasonal arrangements between traders and farmers, which may also include credit. Within such localized relationships, the actors are interdependent to a higher degree, and the power asymmetries between farmers and other actors may be less pronounced than are often assumed. Examples of such studies include Cole's (2022) work on the relationship between traders and maize farmers in the Lao-Vietnam highlands, Nunan et al. (2020) exploration of relations between fishermen[2] and traders around Lake Victoria in Uganda, and Veldwisch and Woodhouse's (2022) study of credit arrangements between traders and farmers in Mozambique. All three studies emphasize the importance of informal and semi-informal arrangements between actors in domestic value chains and the interdependence between the actors in such relationships. Cole (2022, 157) formulates this interdependence in terms of the traders' 'dependence on farmers for the production of maize [which] in some ways mirrored farmers' dependence on traders for connection to the market'. This interdependence arises because of both actors' social embeddedness in the physical space, which limits the alternatives for both of them, thus reducing the degree of inequality between them. Both Nunan et al. and Cole apply a patron-client approach to analyse the relationship, which encompasses not only inequality but also interdependence and the fluidity of power relations, thus problematizing the assumption that there is outright exploitation of the farmer (or fisherman). Nunan's study is also set in a similar market context as the present study of demand being higher than supply, which affects the power dynamics between fishermen (sellers) and traders (buyers) and increases the agency of the actors. These studies will be drawn on in the empirical analysis below.

With regard to interdependencies in domestic value chains, the heterogeneity of domestic agrobusiness actors needs to be emphasized. For example, contract farming is common in the sugar sector in Uganda, which is dominated by large domestic business conglomerates (Martiniello et al. 2022; Nystrand et al. 2023), and where the power asymmetry between the farmer and the agrobusiness is much larger than that between the traders and farmers in the studies referred to above (Cole 2022; Nunan et al. 2020; Veldwisch and Woodhouse 2022). The study at hand focuses on actors in between these categories, as the rice millers in Gulu have more resources at their disposal than the traders, but much less than the large Ugandan sugar conglomerates.

Relations within agricultural production and distribution are also extensively studied within **agrarian political economy**. One of the many important contributions by Bernstein (Campling and Lerche 2016) and Harriss-White (2016) is to acknowledge the messiness of the smallholder farmer category, in this context termed petty commodity producers (PCPs). As they point out, this type of actor does not fit neatly into the categories of a class analysis, as they are self-employed and thus neither wage-workers nor capitalists, and therefore have their own forms of differentiation and oppression. The farmers in this study can be categorized as PCPs, important in analysing the exploitation of these actors.

Differentiation within the farmer category is further highlighted by, for example, Vicol et al. (2019), as well as Bernstein and Oya (2014). Farmers are obviously diverse with regard to ownership of and access to land and other assets, diversification (with regard to both crops and nonagricultural livelihood options), education, dependence on family labour or hired labour, ability to accumulate, conditions within the locality of their land, etc. (see Vicol et al. 2019, for a categorization of farmers based on livelihood pathways). In this study, diversification within the farmer group is not the main focus, but it is taken into account in the empirical analysis when relevant.

The rice millers and rice farmers that are the focus of this study, and their relations, form part of the rice value chain in Uganda. All actors are domestic and local to the Gulu area, and the relation between them is hovering between semiformal contract farming and open-market relations. The relation is therefore a case of the informal and semiformal arrangements and small-scale actors in domestic and rural markets, which have started to be explored within the contract farming literature. The rice farmers can all be categorized as PCPs, but there are also differences between them, as will be pointed out in the empirical description and analysis below.

2.2 | Inequality and Exploitation in Agricultural Value Chains

Inequality between the actors in agricultural value chains and the exploitation of farmers within these relationships is highlighted throughout the agrarian political economy literature, as well as in the critical contract-farming literature.

A key argument within the critical contract-farming literature is to debunk the 'illusion of equality' (Watts 1994) between agrobusinesses and farmers, i.e., the assumption that the parties

are equal actors in a free market, with equal bargaining power and the ability to exit from a deal if it is not favourable. This assumption underlies common policies that are well captured and illustrated by the 'inclusive business' concept and its agenda, which has been promoted by international organizations such as UNDP and the World Bank Group (UNDP 2013; Jenkins et al. 2010), and adopted by many governments, including the Ugandan government.

Although the 'market-friendly' literature promoting contract farming increasingly acknowledges the inequality between the actors within a value chain (Cohen et al. 2022; Oya 2012), the point is developed further in the critical literature. The argument is that the free-market ideology's framing of the relationship and exchange as equal and as based on both actors' free will hides inequality and exploitation. Hence, there is an 'illusion of autonomy' on the part of the smallholders, which legitimates their subordinate position (Vicol et al. 2022; Watts 1994). Contract farming and related arrangements are seen as ways for capitalists to access land and labour without having to purchase land or be an employer (Vicol et al. 2022), and the farmer is seen as a disguised and exploited worker (Watts 1994).

Key arguments in the critical contract-farming literature revolve around the firm's monopsony position and the farmers' ability to exit. In contract-farming arrangements, the firm's monopsony position is a defining feature that cements farmers' subordinate positions by tying them to the agribusiness (Hambloch 2022; Oya 2012; Watts 1994). In fact, without limiting competition between the buyers, a contract-farming arrangement is not viable (Oya 2012). Even in looser arrangements without written contracts, the possibility of farmers exiting is key to their bargaining power. This in turn is dependent on the availability of alternative livelihoods (Oya 2012) and sources of capital.

In response to farmers' lack of capital, many contract-farming arrangements include the provision of credit, which contributes to tying the farmer into the contract. The role of credit in tying farmers to agrobusinesses in unfavourable conditions and its contribution to creating high levels of indebtedness among farmers is a recurring theme in studies of contract farming and other agricultural value-chain relations (see, for example, Chingosho et al. 2021; Soullier and Moustier 2021; McMichael 2013). Within agrarian political economy, the term 'interlocked markets' is used to describe how two markets are locked together, including advances in money in return for supply of rice (Jan and Harriss-White 2012). Sinha (2019) highlights how interlocked markets work differently for different actors and classes, and therefore might not necessarily be 'usurious' even when it forms part of exploitative relations. In the study at hand, as will be shown, credits or advances were not the most exploitative aspect of the relationship. In essence, poverty (i.e., a lack of livelihood options and resources) and indebtedness limit the exit options for the farmer, making the economic inequality between the farmer and the agribusiness key to the inequality in bargaining power.

The consequence of the unevenness in bargaining power is that the 'deal' between the farmer and the agribusiness is often to the farmers' disadvantage. Risks are normally transferred from the agribusiness to the farmer (Vicol et al. 2022), both production risks, such as adverse weather and other threats to the harvest, and market risks, such as fluctuations in demand and price. This is often formulated as exploitation of the farmer (Clapp 1994; Little and Watts 1994; Oya 2012; Vicol et al. 2022).

While not disputing the general asymmetry in relations between farmers and agrobusinesses, the formulation of contract farming as outright exploitation has been problematized from at least two different angles (Vicol et al. 2022). Firstly, farmers are not passive victims but have agency and engage in various forms of resistance. Secondly, actors in value chains are heterogeneous and include not only global corporations but also a range of local and domestic actors (traders, middlemen, agribusinesses, etc.) whose relations with the farmers are more interdependent than outright dominating, as discussed above.

Studies highlighting the agency of the farmer (Little and Watts 1994; Hambloch 2022) show, for example, that side-selling in violation of contract-farming arrangements is a common practice, which can give the farmer a higher price and thus a higher margin. Other practices include a refusal to harvest, the use of seeds provided outside the contract arrangement and defaulting on credit, as also observed in the study at hand. These types of practice are often described as resistance (Hambloch 2022) and are seen as forms of subversive agency by a subordinate actor (Little and Watts 1994), an example of Scott's (1985) 'weapons of the weak'. As argued by Clapp (1994), contracting companies often tolerate minor breaches of contract if they can maintain the 'idea of the contract' and thereby the overall authority in the relationship.

Within agrarian political economy, exploitation is primarily analysed as the extraction of surplus from labour, grounded in a Marxist labour theory of value. The nature of the exploitation of PCPs, who are neither wage-labourers nor capitalists, requires a complex analysis of the nature of relationships and what is actually exchanged and on what terms (Harriss-White 2016). A large body of literature explores the nature of exploitation of PCPs/smallholders/farmers. A recent example from Uganda is Pattenden's (2024) study of three forms of exploitation in a Ugandan village, including the direct exploitation of labour, indirect exploitation through PCPs and the gendered exploitation of labouring women. He points out that, although PCPs are exploited by capital, there is also exploitation by PCPs in relation to wage-labour.

In this study, exploitation is not defined as surplus extraction, but as a moral category. The distribution of surplus (or value added) within the relationship is included in the analysis (although it is not quantified) and is seen as the main expression of what constitutes inequality in the relationship. The aspects of the relationship that create the conditions for this inequality (or for the miller to extract surplus from the farmers) are explored in the analysis. This includes various aspects of the exchange between the parties, as well as external conditions that enable or constrain their behaviour and agency.

The argument in this study is that, while inequality may characterize the relationships between the actors, the degree and nature of inequality and exploitation of one over the other need to be analysed not only from a structural but also from an agency perspective. This paper therefore proposes a framework for

disentangling inequality and exploitation to understand where in the relationship both emerge and what consequences it has for the durability of the relationship.

3 | Analytical Tools: Commercial Exchange and Hierarchy; Exploitation and Benevolence

The concepts used as analytical tools for disentangling inequality and exploitation are Graeber's (2011) distinction between *commercial exchange* and *hierarchy* in economic relations and Snyder's (2013) definitions of *exploitation*, which help to define *benevolence* as its mirror.

In Graeber's conceptualization, commercial exchange presupposes equality between the parties to the exchange, while hierarchy characterizes unequal relationships. Graeber further argues that hierarchical relationships can be either exploitative or benevolent, thus making a distinction between inequality and exploitation that will be useful for this article's aim of unpacking their nature and prevalence. As Graeber does not define analytically what constitutes exploitation or benevolence, this article uses Snyder's (2013) distinction between different forms of exploitation to analyse further the nature and extent of exploitation, as well as benevolence, which is here defined as its opposite. Hence, when combined, the concepts of commercial exchange and hierarchy, as well as of exploitation and benevolence, allow us to unpack the inequality and exploitation dimensions in the relationship between rice millers and rice farmers. Figure 1 illustrates how the concepts are used analytically.

These concepts are used as ideal types against which the relationship can be analysed. They are not meant to deny structural inequality or exploitation in the relationship, but to open up for an analysis of the agency of the actors and degrees of exploitation within what is an unequal relationship. The framework makes it possible to lay bare where and how in the relationship inequality and exploitation emerge. Furthermore, the categories are not absolute, as any relationship lies somewhere on a spectrum between equal–unequal and exploitative–benevolent.

3.1 | Graeber's Conceptualization of Exchange and Hierarchy

In his book on debt, Graeber (2011) presents three moral principles on which he claims economic relations can be founded: exchange, hierarchy and communism. For this study, his definitions of commercial exchange and hierarchy are the most useful.

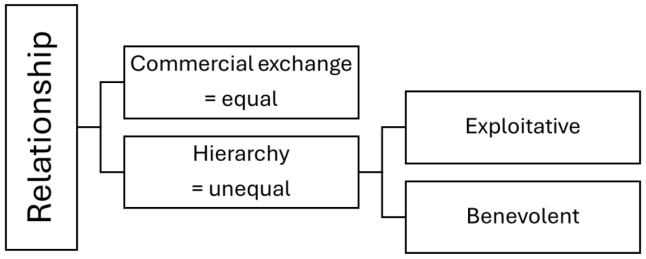

FIGURE 1 | Conceptual framework, constructed by the author.

In Graeber's conceptualization, exchange assumes equality between the parties involved. He differentiates between commercial exchange and gift exchange, but here, we focus on the former. In a 'pure' commercial exchange, the parties are interested in selling or buying goods or services, and after such a transaction is completed, i.e., the goods/services and money have changed hands, the relationship is over; it has been cancelled out. This is in principle the type of relationship assumed in 'market-friendly' or neoliberal approaches to value-chain relations, which is rejected by the critical agrarian literature.

Hierarchy in Graeber's terminology is the moral principle that characterizes relations defined by inequality between the parties. Hierarchical relations can be exploitative or benevolent, but in either case, the relationship relies on the logic of precedent, i.e., on habit or custom. Benevolent hierarchy can take the form of one-sided generosity, which can form expectations on the part of the receiver (and the giver) of this generosity to continue, thereby creating a precedent. Graeber exemplified this with reference to patron–client relations, although such relations tend to include exploitation as well as benevolence. In exploitative hierarchy, the exploitation of one party is framed not as predatory, but as moral, and is based on the identity or essential nature of the actors. Graeber primarily exemplifies this in relation to slavery and the caste system, while class and gender relations naturally also constitute social structures founded on identity and precedent and thus also constitute common grounds of exploitation. Graeber argues that within hierarchical relationships, the gifts or payments that flow between superiors and inferiors are not seen as quantifiable, as they are considered to be different in quality. Therefore, there is no way of squaring the accounts, i.e., no way of equalizing the relationship, nor of ending it.

Graeber is particularly interested in and defines the role of debt in these relationships. Essentially, he defines debt as: 'an exchange that has not been brought to completion' (p. 121). He argues that it resembles an exchange in that it is initially based on a relationship between potential equals. However, while the debt lasts, the relationship is characterized by hierarchy. There has to be a way to settle the debt, and the assumption is that the debt situation is unnatural, that the debt ought to be paid. Debt therefore becomes a moral problem, i.e., if the debtor cannot pay, it must be his/her fault, since the parties are assumed to be equal. When the debt is settled, equality is restored, and the relationship can end (as in commercial exchange). Graeber suggests that, as long as the debt is not settled, the parties are in between exchange and hierarchy, i.e., the relationship still exists, and the parties cannot yet walk away, because they are not yet equal (again). He states: 'Just about everything interesting happens in between' (p. 122).

Graeber emphasizes that different moral principles exist in parallel in all societies, that actors move between these modalities and that some principles tend to shift into each other. In this article, his definitions of commercial exchange and hierarchy, as well as the role of debt, will be used to unpack relations between rice millers and rice farmers. More specifically, what is exchanged between the parties will be identified, and the moral principles underpinning different types of exchanges analysed. As a result, an analysis of the relationship as layered emerges, i.e., the analysis lays bare how the relationship

is simultaneously made up of various types of exchange, which entail different moral principles. In particular, a distinction will be made between exchange, which presupposes equality, and hierarchy, which entails inequality, where the latter can be either exploitative or benevolent, thereby identifying where in the relationship the inequality and possible exploitation emerge. To further unpack the unequal aspects of miller–farmer relations, the meanings of exploitation and benevolence need be further defined.

3.2 | Understanding Exploitation (and Benevolence)

This study does not adopt the classical Marxist definition of exploitation, which equates capitalist profit with the extraction of surplus value from workers' (or PCPs') labour. While such analysis is useful in highlighting the unequal economic structures in which the actors are embedded and their unequal bargaining power, it risks becoming analytically closed in the sense that the answer (the workers/farmers are exploited) is known before the analysis is conducted, because this is in the nature of economic relations in capitalism.[3] It also tends to lock actors into predetermined structural roles, thereby failing to account for the variation, agency, interdependences and fluid power dynamics between the actors. I turn instead to the ethical and philosophical definitions of exploitation, which I find offer better tools for unpacking the agency of the actors within an unequal relationship.

An often-used definition of exploitation is (Levine's 1988, 66): 'An exploitative exchange is … an exchange in which the exploited party gets less than the exploiting party, who does better at the exploited party's expense'. McLaughlin (2008) specifies this further by stating that the loss can be manifested in terms of 'the full fruit of one's labour' and/or the loss of one's dignity, i.e., it can be material or social/psychological or both. The problem lies in identifying the moral standard against which the 'full fruit of one's labour' and dignity should be measured. As Ost and Biggs (2021) point out, exploitation is often defined moralistically, i.e., by using the terms 'unjust' or 'unethical', without further specifying the moral standard against which this is measured. They further distinguish between process- and outcome-based types of exploitation where 'the first centres on the process of the interaction between the parties and the second focuses on the outcome(s) of the interaction' (Ost and Biggs 2021, 13).

Snyder (2013, 346) combines the process and outcome aspects in his definition of exploitation as follows: '… a power or bargaining asymmetry present in allegedly exploitative interactions allows the stronger party to shape the terms of the interaction in such a way that the weaker party receives less of the benefits and more of the risks and harms generated by the interaction than she ought to receive'. Snyder goes on to identify three forms of 'wrongdoing' embedded in exploitation: (1) an unfair bargaining advantage for one party, for example, when the demand for or supply of a good is temporarily disrupted, and competitive market conditions are not present; (2) 'a transaction can be unfair compared to the terms that would be offered in a world with just institutions' (p. 347), which gives one party an unfair bargaining advantage (he exemplifies this with reference to racial discrimination); and (3) 'the exploiter may fail to discharge a specified duty of beneficence' (p. 347), which he defines as a failure to meet another's basic needs. This is similar to Goodin's definition of the processual aspect of exploitation as 'wrongful uses of people and their circumstances' and as the exploiter taking advantage of the exploitee's vulnerability in situations of 'vastly disproportionate bargaining power' (Goodin 1987, as cited in Ost and Biggs 2021, 18). He defines this as wrongful because he claims that a stronger party has a moral responsibility to protect the vulnerable.[4]

Thus defined, the two first wrongdoings occur due to structural conditions, i.e., market and institutional problems, while the third wrongdoing is moral in that it places the responsibility on the exploiter to act in line with a moral duty of beneficence in the presence of these structural inequalities.

The term 'benevolence' is used here to denote the mirror image of the moral aspect of exploitation, i.e., where a superior actor in a hierarchical relationship acts in line with the moral duty of beneficence and meets the other's basic needs in a situation of structural inequality.[5]

All analyses and definitions of exploitation involve a degree of value judgement, but Snyder's definitions, here simplified into the structural versus the moral dimensions, provide analytical tools with which to identify and discuss the possible presence of different forms of exploitation and the presence of benevolence within the unequal relationship between farmers and millers.

4 | The Study and the Context of Rice Production in Northern Uganda

Before venturing into an analysis of the miller–farmer relationship, the study will be placed in the context of rice production in northern Uganda, and the methods used for data collection are explained.

The relationship that is the focus of this study links small-scale rice farmers with medium and small rice millers in and around Gulu. As is shown in Figure 2 below, this relationship is surrounded by many other actors and relationships within the larger market system[6] of rice in northern Uganda, but few of them (primarily wholesalers and middlemen at the mill) are directly included in the analysis. Many other actors influence both the millers and the farmers and their relationship in ways that will be briefly set out below.

The rice value chain in Uganda is predominantly domestic, in the sense that major parts of both production and consumption take place in Uganda.[7] As with many other agricultural value chains in Uganda, production and distribution are to a large extent carried out by a myriad of small-scale actors: farmers, traders, transporters, agents, middlemen, wholesalers and market vendors, who to a large extent create and maintain the networks and institutions that underpin the market system themselves. In the rural areas, small-scale rice farmers (PCPs) sometimes hire land from others and sometimes hire labour, thus involving more rural actors in the value chain. The government and NGOs intervene with agricultural programmes that

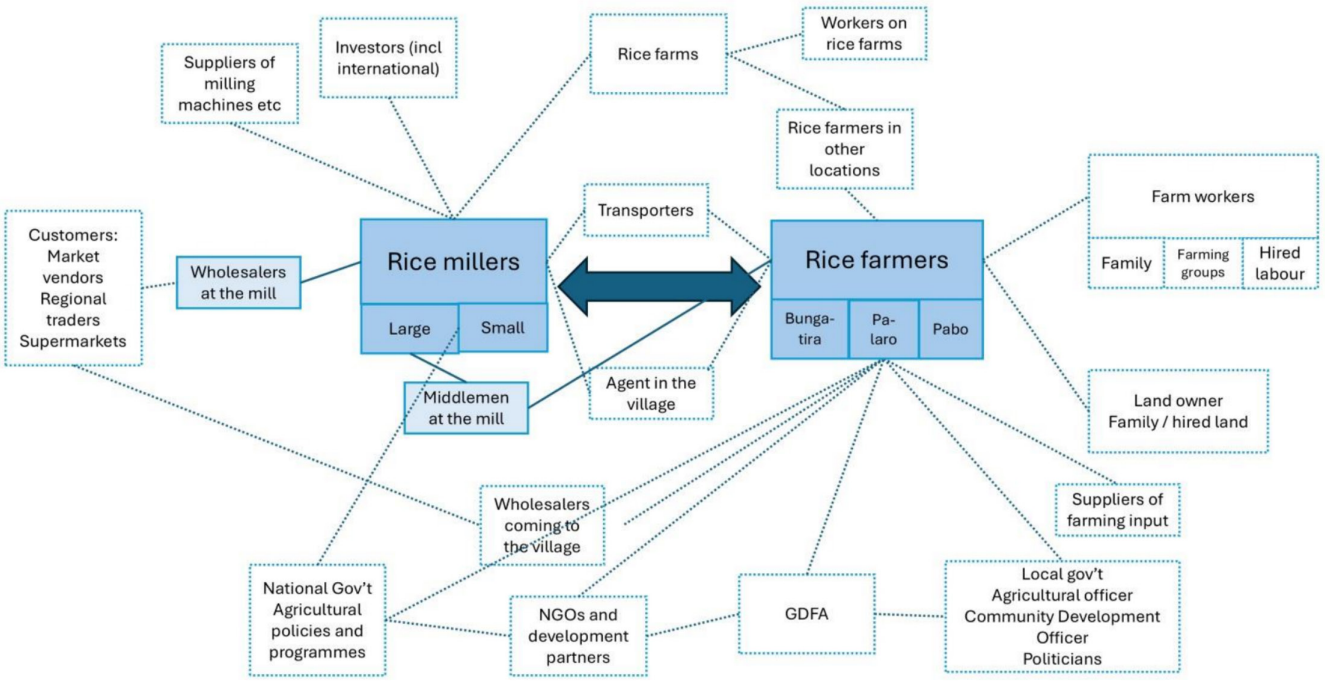

FIGURE 2 | Rice-market system in northern Uganda, constructed by the author.

aim to enhance efficiency, such as access to market and transport infrastructure, agricultural technologies, credit and inputs. These interventions contribute to shaping relations and create institutions in the agricultural sector, but by and large they are project-based and/or not consistently implemented. Large-scale private-sector actors also exist. Rice mega farms were promoted by both government and development partners in the 1980s, and while many of them were abandoned in the 1990s and replaced with contract-farming schemes, some large actors remain (Greco 2020). The large farms' relation to the actors in this study is twofold. Firstly, one particular farm outside Gulu played an important role in promoting rice-growing in the communities surrounding the farm and thus contributed to the spread of rice-farming in the region. Secondly, the large-scale farms are customers of the larger rice mills in Gulu. Lastly, international actors are involved as development partners to the government and NGOs as investors in rice farms, and through the larger rice millers, who create relations with international firms, for example, for purchases of machinery and/or attracting investors.

Rice is not a traditional crop in northern Uganda, but it has been promoted in recent decades by the government, development partners and by private-sector actors, including large farms and rice millers. Rice production grew significantly from around 2010, when agricultural production picked up after the end of the LRA conflict and the return of the rural population from the IDP camps set up during the LRA war.

Gulu City is the geographical centre point of this study because it is the largest city in northern Uganda and has a high concentration of rice mills. In August 2019, when our study was conducted, there were six large mills in Gulu City that had large integrated rice-milling machines and large compounds. All six were owned by local businesspersons who ran several businesses concurrently with the rice mill, including their own rice farms. In addition, there were numerous smaller mills in Gulu City and in Pabo town, which lies in an area of high rice production, as well as smaller huller mills of varying quality in rural locations. At the time of our study in August 2019, there was an over-establishment of rice mills in relation to rice production in the region, which led to fierce competition between the mills, which affected their relations with the farmers, as will be analysed below.

Rice-farming was dominant in certain geographical locations due to soil suitability, as well as the promotional activities of the millers and development actors. Our study[8] focused on Bungatira and Palaro subcounties in Gulu district and Pabo subcounty in Amuru district. These locations were selected because of their high levels of rice production and because the Gulu District Farmers Association (GDFA), our collaborating partner in this study, was active in these areas. There are some important differences with regard to how rice is organized and grown in the different localities. Palaro and Bungatira subcounties are located in Gulu district, and rice-farming was dominant in certain parishes and villages based on soil suitability and promotional activities by millers and GDFA. Millers' attempts to organize farmer collaboration have been most intense in Bungatira, which is closest to Gulu City (approx. 20 km), but have also spread to Palaro. Farmers in both Bungatira and Palaro often work in groups organized by themselves, GDFA and/or the government or other actors. Pabo subcounty in Amuru district (approx. 40 km from Gulu City) has been a stronghold of rice production since the 1990s and remained so throughout the war, since the area hosted a large IDP camp and army barracks and therefore had enough security to allow farming around Pabo town. Furthermore, the area is located on the trade route between Gulu and South Sudan and is known to rice traders who come directly to the villages and buy paddy rice. Many farmers in Pabo are growing rice in larger quantities than

in Palaro and Bungatira, and they prefer to work individually rather than organize themselves into farmer groups. However, they have formed a rice cooperative assisted by GDFA and the government, which has storage where members can store their rice, and the cooperative used to run a rice mill, which was closed down due to mismanagement. The farmers who were not selling paddy rice to middlemen take their rice for milling and selling either to the larger millers in Gulu or to one of the smaller mills in Pabo. Both millers in Pabo and middlemen attempted to create closer collaboration with the farmers, but they were not as organized as in Bungatira. The differences between the localities will be noted in the analysis below when warranted.

We conducted focus-group discussions and individual interviews with rice farmers in six villages, two in each of the three subcounties, covering a total of 86 farmers. We also interviewed the managers and owners of six rice mills in Gulu City, including three of the largest and three smaller rice mills. Furthermore, interviews were made with 24 key informants, including local government Agricultural Officers (AOs) and Community Development Officers (CDOs), village chairmen (LC1) and agricultural extension workers of GDFA from each of the three subcounties. The study also draws on the author's repeated visits to Gulu and surrounding areas since 2009, which include interviews with various business actors, government representatives and civil-society actors.

By 2023, a few years after this study was conducted, rice production in the region had gone down and some of the millers had shifted to other businesses. This was a consequence of farmers shifting to other crops that did not require milling and that required less agricultural labour, in particular soya beans for oil, which started to be promoted by the government and other actors. The price of soya beans was also less volatile than that for rice.

Big market fluctuations are common in the Ugandan agricultural sector. It frequently occurs that a large number of actors, i.e., farmers, traders, middlemen and SME agribusiness, flock to one crop, resulting in overproduction and low prices. In response, many shift to another crop in subsequent seasons, which in turn suffers from oversupply and low prices, while the previous crop is now scarcer and demands a higher price. There is no coordinated action to counter the farmers' and other actors' exacerbation of market fluctuations. In interviews, agricultural actors (millers, agricultural extension workers, etc.) often talked of price fluctuations as a result of Uganda's 'laissez faire' policies, i.e., as something that one has to accept.

This means that the agricultural value-chain relations in Uganda are inherently unstable and shifting. When farmers, middlemen and small-scale manufacturers operate in a constantly changing market where prices are fluctuating and the actors keep shifting between agricultural products, relations between actors are constantly being created, negotiated and re-negotiated. The fluidity of the relations and market conditions also means that the farmers can and do exit when a relationship becomes too unfavourable for them. However, their ability to influence their 'deal' in the value chain during a particular season is limited, and the unequal relationship between farmers and millers includes opportunities for exploitation, as will be analysed below.

5 | A Layered Analysis of Miller–Farmer Relations

In this layered analysis of miller–farmer relations in northern Uganda, the various exchanges that take place between the actors will first be identified, categorized and analysed in relation to Graeber's notion of the moral principles underlying economic relations. The purpose of the analysis is to disentangle which aspects of the relationship can be seen as a pure commercial exchange (between equals) and which dimensions of the relationships entail inequality and thus hierarchy. Thereafter, the hierarchical dimensions are analysed regarding the extent to which they are benevolent and/or exploitative, based on Snyder's definitions. Again, the concepts are used as ideal types against which dimensions of the relationship are analysed: They are not meant to deny the structural inequality and exploitation in the relationship, but intended to unpack how this is manifested and show the actors' agency within the unequal structure.

Figure 3 illustrates four layers in the relationship, which will be explained and analysed one at a time, starting from the bottom with the basic commercial exchange, then gradually building up the different layers of the relationship that entails various types of hierarchy. The first layer refers to those aspects of the relationship that can be categorized as a basic commercial exchange relation, i.e., where the parties exchange rice, services and money and can cancel out the relationship after the transaction is complete. The second layer consists of various aspects of market access that the miller provides and that most farmers can only access through the miller. This introduces hierarchy in the form of a certain degree of dependence by the farmers on the millers, which can be either benevolent or exploitative. The next two layers include additional services that the millers introduced to attract the farmers to their mill: Firstly, services and provisions that mix gift and debt elements; and secondly, providing the farmers with credit. These two layers also contain hierarchical elements that tie the farmer further to the mill and which contain both benevolent and exploitative dimensions. It should be noted that the layers are analytical distinctions; in actual interaction between the parties, all aspects of the relationship exist simultaneously. How the relations between these layers are played out will be analysed in a summarizing discussion.

A few points of clarification are needed before venturing into the analysis. Firstly, the millers are not normally buyers of rice but, as analysed in the second layer, they invite rice-buyers to the mill. Secondly, the layered analysis of what is exchanged focuses primarily on different aspects of what the millers bring to the relationship that gradually ties the farmers to the mill. The farmers' contribution in the exchange consists primarily of bringing their rice to the mill for milling and, if the millers can persuade them, to remain loyal to the relationship.

5.1 | Layer 1. Milling Rice: The Basic Commercial Exchange Relationship

Rice needs to be processed before it can be sold to the end-user or the middlemen who bring the rice to the consumer market. Rice mills come in different sizes and qualities, and therefore at different costs, but they all require an investment that individual farmers cannot afford. Hence, there is a role

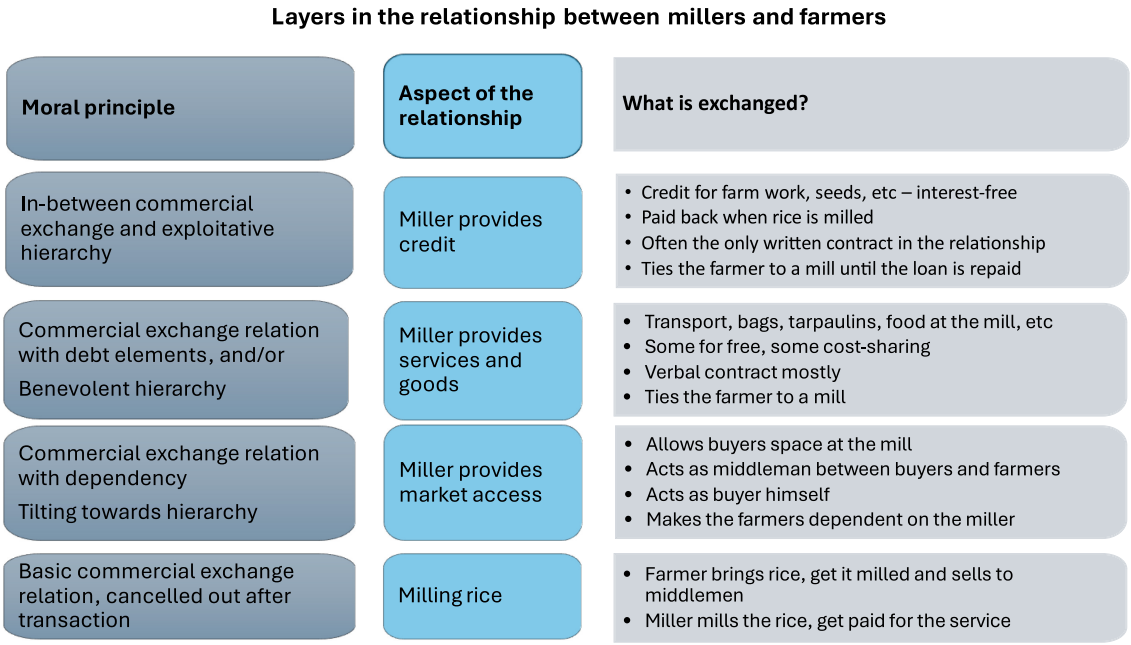

FIGURE 3 | Analytical layers in the relationship between millers and farmers, constructed by the author.

in the market for commercial rice millers in the absence of government-provided or cooperative mills. Rice mills are specifically made to mill rice and cannot be used for anything else. Hence, at the basic commercial exchange layer of the relationship, there is mutual dependence between the rice miller and the rice farmer with regard to the service of milling rice: The miller needs rice for his mill to recover the cost of the investment and make a profit, while the farmer needs to have the rice milled to be able to sell it, recover the cost and make a profit. In fact, the miller is more dependent on the farmer, since the farmer can choose to sell the paddy rice and not bother with the milling.

The basic commercial relationship consists in the paddy rice being brought from the farm to the mill and the miller providing the service of milling and being paid for this service by the farmer. In the Gulu area, in August 2019, the price for this service was 200 UGX/kg.[9] In addition, the millers kept the rice bran after milling, which they sold as animal feed, thus adding to their gain from the transaction. In principle, the parties are equal in this transaction, and the commercial exchange could be cancelled out after the transaction is complete. After paying the milling fee, the farmer can take the milled rice to a willing buyer and be paid for it.

Naturally, this stylized 'willing buyer, willing seller' model of the service of milling rice omits crucial aspects of the relationship and the rice value chain, including transport from the farm to the mill, storage of rice, access to the market and market information (price, quality, etc.) and conditions for production and investment on the part of both parties' sides, i.e., access to input, credit and labour for agricultural production and postharvest handling. And last but not least, it omits the economic vulnerability of the farmer, who becomes dependent on the miller and a range of middlemen in the value chain. All these aspects will be brought into the analysis of the remaining layers of the relationship, starting with market access.

5.2 | Layer 2. Market Access: Tilting the Relationship Towards Hierarchy

Market access was one of the main problems for the rice farmers, and the millers took on several roles that can be seen as providing solutions to this. Firstly, they provided a market for milled rice by inviting or allowing wholesale buyers of rice to the mill. Secondly, they acted as middlemen between the farmers and the buyers. Thirdly, the millers sometimes entered the market themselves as buyers of paddy or milled rice.

While constituting a private-sector-based solution to institution-building in the rice value chain, the millers' provision of market access also actualized the farmers' weak bargaining position and tilted the relationship towards a hierarchy that involved exploitative dimensions.

5.2.1 | The Millers' Control of Market Access and the Farmers' Weak Bargaining Position

The farmers' weak bargaining position was created by a combination of the miller controlling the farmers' access to the buyers and the farmers' poverty. Firstly, in particular for small-scale farmers, the mill was the only rice market available to them. Secondly, many farmers did not have the money to pay the milling fee until they had been paid for the rice. Therefore, the miller often did not allow them to leave the mill until they had sold the rice and cleared the cost of the milling fee with him, as explained by a farmer from Bungatira:

> You know, the reason as to why they sell your rice from there is because you do not have money to pay for the milling fee. They would want you to sell your rice from there at a low price, then they can deduct their money.
>
> (Male farmer, Bungatira)

Farmers were sometimes allowed to sell outside the mill if the miller trusted them to come back and pay, but this was at the discretion of the miller and depended on whether the farmer had cleared any previous debts. Even when the farmer was allowed to sell outside the mill, finding buyers was a struggle. Firstly, the farmers would have to find a buyer themselves, for example, in Gulu City's main market or in hotels, and to pay for additional transport of the rice within town. Secondly, they would have to get this done the same day so as not to incur the costs of staying in town. All in all, most farmers were more or less forced to sell their milled rice at a mill.[10]

At the mill, therefore, the farmers became price-takers. Several of them described how the buyers and millers 'colluded' and decided on the price beforehand, as expressed by a farmer from Bungatira:

> If the rice is milled, then they will sit you down around a table pretending that they want to negotiate with you, and if you mention that you are selling your rice at UGX 2500[11] they would have colluded that the price would be UGX 2000.
>
> (Male farmer, Bungatira)

The alleged 'collusion' between millers and buyers was particularly pronounced at the larger mills, where the miller took control of the sales process. The practice was that both the farmer and the buyer were invited to the miller's office to close the deal. The buyer paid the agreed price for the milled rice, the miller received the milling fee, and the farmer received his or her payment, everything being recorded by the miller's accountant. In these situations, the miller often negotiated the price on behalf of the farmer. This gave the miller the power to determine the terms of the deal, thus creating a potentially exploitative situation, depending on the miller's behaviour.

The millers themselves explained this practice as a way of protecting farmers against the unfair practices of the middlemen, who were continually present around the mill and who often took advantage of the farmers' vulnerable position to achieve a cut in the margin between farmers and buyers. The middlemen were also accused by both farmers and millers of engaging in cheating practices, such as meddling with the weighing scale and paying in counterfeit money. Some farmers saw the millers as being on the side of the buyers and middlemen in exploiting them, while others differentiated the millers from the harmful practices of the middlemen and saw the former in a more positive light. Farmers mentioned specific millers who were seen to protect their interests. One of them warned the middlemen and buyers at their mill not to engage in unfair methods, while another provided a currency scanner at the mill to prevent counterfeit cheating.

5.2.2 | Hierarchy With Exploitative Tendencies

The fact that the millers controlled the farmers' market access tilted the stylised equal commercial exchange relationship towards hierarchy, i.e., an unequal relation in which the miller had the upper hand. This can be seen as constituting an exploitative situation from a structural perspective, in line with Snyder's first two aspects of exploitation. Firstly, competitive market conditions are not present in that the farmers are not able to sell to any buyer of their choice and are therefore not able to negotiate the price. Secondly, the terms are unfair compared to what would have been the case with just institutions, such as a market run by an actor who is not party to the transaction and could therefore offer a fairer playing field.

The farmers' weak bargaining position was a product of a combination of the millers' control of the market and the farmers' vulnerability due to their inability to pay the milling fee upfront. This leads to the third aspect of exploitation and the moral principle of beneficence, i.e., the duty of a stronger party to meet another's basic needs in situations of unequal bargaining power (Snyder 2013; Goodin 1987).

The farmers' vulnerability can be seen as being exploited with regard to the price of rice and by the millers' setting the conditions of the deal at the mill.

Almost all farmers we interviewed thought the price level was too low to make rice-farming profitable, in particular since it required more work than other crops. This implied a degree of self-exploitation, as shown in the following exchange between farmers in a focus group in Bungatira:

***Farmer 1*:** There is no much profits in rice farming since we have a lot of expenses we incur from ploughing the garden to weeding to marketing in that if you are to have a record of the expenses; weeding an acre could cost UGX 100,000, harvesting you would spend UGX 100,000, then transporting to the mill [...] the highest amount that I would left with if I had planted an acre would be UGX 200,000.

***Farmer 2*:** You can get profit in rice farming if you do the work yourself.

***Farmer 3*:** That is, you would not attach monetary value to the work that you have done.

The fact that many farmers had withdrawn from rice-farming in the years following our study in 2019 indicates that the farmers' complaints about the lack of profitability of rice were not unfounded. This meant that the farmers' basic needs were not met, since they received too small a piece of the cake in the value chain, and this can be seen as exploitation. However, the price level only directly benefited the millers when they stepped in as buyers of milled or paddy rice themselves. As this required working capital as well as storage space, only the larger millers acted as buyers, and even then not on a regular basis. The farmers sometimes saw this as helpful, i.e., as finding a trustworthy buyer, and sometimes as the miller just wanting to close the deal on his own terms.

Lifting the risk of price fluctuations for the farmers would greatly decrease the exploitative potential of these relationships. None of the millers used price as a tool to attract farmers, in spite of the farmers' dissatisfaction with the price level and its fluctuations. Fixing the price is often included in

contract-farming arrangements elsewhere (see, for example, Cole 2022). In this case, it would require the miller to step fully into the role of a buyer, instead of only providing market access, which most millers did not have the capacity to do. The phenomenon of millers not fixing the price is also in line with and can be attributed to the entrenchment of a free-market mentality in Uganda. One of the millers expressed this view clearly when asked why a fixed price was not included in the deal:

> The Ugandan government has brought a liberation arrangement. No price is fixed. Prices change every day. The dollar is found every day. Everything is on a daily basis. There is nowhere in Uganda, no one has a fixed price, it is not there.
>
> (Owner and manager, L mill, Gulu)

One aspect of the deal that directly benefited the millers was that they kept the rice bran after milling and sold it as animal feed, without the farmers getting paid for the bran or being allowed to take it away with them. Many farmers were annoyed at this practice, a clear example of an aspect of the deal where the miller determined the conditions for the transaction, and the farmers felt exploited. However, according to Harriss-White (2016), the break-even point of modern rice mills is very high, and the profit from such mills comes from selling the bran.

The hierarchical relationship between millers and farmers also included benevolent dimensions, i.e., the millers living up to the principle of beneficence. Firstly, some millers had instituted practices to protect the farmers against the unfair practices of the middlemen at the mill. Secondly, the provision of market access could be seen as benevolent when the millers did not take advantage of it themselves. However, the provision of market access was one of several practices that were aimed at tying the farmers to a particular mill, thus pushing the relationship towards hierarchy, i.e., a relationship that cannot easily be cancelled out. In this respect, the relationship came to resemble the monopsony role of agribusiness in contract farming. The provision of market access thus formed the basis on which other hierarchical layers of the relationship were built, which in turn had both exploitative and benevolent potential.

5.3 | Layer 3. Provision of Services and Goods: Commercial Exchange With Debt Elements, or Benevolent Hierarchy?

All the larger millers, and some of the smaller ones, provided services and goods to the farmers, including packaging bags, the transport of rice and sometimes postharvest material, as well as food and shelter at the mill. The content differed between the millers, and some provided things for free, while others worked on a cost-sharing basis. The main aim of this provision was to tie or attract the farmers to a mill in the face of stiff competition between the millers, as clearly expressed by the manager at one of the larger mills:

> What we do, because right now there are so many mills, there's a lot of competition, so you look for ways of tying the farmers to your mill.
>
> (Manager, P mill, Gulu)

Providing transport of the rice from the village and provision of food and shelter for farmers waiting for the rice to be milled were concretely aimed at attracting the farmers, who saw this as part of the deal of them bringing their rice to a particular mill. These services were generally appreciated by the farmers, the main criticism being that it was not provided by all millers, and that some millers provided transport based on a cost-sharing basis instead of for free. Free transport also constituted a reason for some farmers to switch millers, thus confirming the attractiveness of this service. These provisions can be seen as part of the commercial exchange relationship, i.e., adding value to the transaction for the farmer beyond the service of milling rice, while still allowing the relationship to be cancelled after the transaction, thus upholding the principle of equality between the parties.

The provision of bags, however, introduced a debt element, which tilted the relationship towards hierarchy, i.e., made the relationship harder to cancel out. Bags in which to pack the paddy rice, and sometimes also postharvest material in the form of tarpaulins for drying the rice, were either given for free and returned to the mill with the rice or in some cases paid for by the farmers. The bags were often printed with the mill's name, and some farmers described the provision of bags as another way for the miller to tie them to a mill. Accepting bags amounted to entering a contract, although it was not always written, as explained by a farmer from Pabo:

> Once they give you the packaging, then you have no option but take your rice to their mill.
>
> (Male farmer, Pabo)

Giving out and receiving the bags thus meant that an agreement was entered into whereby the farmers became indebted to the miller, in the sense that they were not just obliged to return the material, but also to bring the rice to that particular mill. Hence, in Graeber's (2011) terms, it became a commercial exchange with debt elements, i.e., a relationship that had not yet been cancelled out. Most farmers accepted this as part of the deal and also appreciated it, as they did not have packaging material themselves. However, one farmer expressed the provision of the bags as 'a trap just to make you take the rice to their mill' (Male farmer, Bungatira), indicating a perception of exploitation on the part of this farmer.

Some farmers stated that they wanted the millers to take on a larger role as providers of free seeds and farming implements, training in farming skills, storage and last but not least as a guarantor of the sales price. On the one hand, this can be seen as asking for a better commercial exchange deal. But the expectation could also be seen as indicating a benevolent hierarchical relationship, based on farmers' expectations that actors with more resources should provide for them, and the millers' acknowledgement of the farmers' vulnerable position. The precedent for such expectations could be based on provision

in agricultural programmes run by the government or development partners, as well as on the history of private-sector actors, including millers, providing both inputs and extension workers for free during the first years after the LRA war to get production going again.

In sum, the provision of goods and services could be seen either as a commercial debt relationship with potentially exploitative dimensions or as a benevolent hierarchical relationship, based on the analytical framework applied here. It might be both, rather than either/or. The extent to which it can be seen as exploitative is based at least in part on how efficient the practices were in actually tying the farmers to a miller, i.e., the extent to which the farmers could exit the relationship. In the competitive environment between millers in Gulu, the semi-informal arrangements around the provision of goods and services were not enough to attract or tie the farmers to a particular mill. Many millers therefore also offered credit to the farmers to tie them more closely to their mills, which constituted another layer in the relationship.

5.4 | Layer 4. Provision of Credit: In-Between Commercial Exchange and Exploitative Hierarchy

All the larger millers offered to lend the farmers money without interest. The credit was specifically intended for rice production, primarily for hiring people to work on the farm in ploughing, weeding and/or harvesting, and sometimes seeds were provided on credit.

When a farmer received the borrowed money, the amount was noted in the miller's ledger, and the farmer was given a receipt, often the only written agreement between farmers and millers.[12] The debt was cleared at the mill after the rice had been milled and a deal made with a buyer, at the same time as the milling fee and other outstanding debts between the miller and farmer (for transport, packaging material, etc.) were cleared.

From Graeber's perspective, a debt relation by definition hovers in between commercial exchange and hierarchy. It is a commercial exchange that has not yet been cancelled out but in fact has been prolonged. While the debt lasts, the relationship is hierarchical in that it cannot easily be cancelled out, the parties being tied to each other in an unequal relationship.

Prolonging the relationship over the season was exactly the point from the millers' perspective and potentially a powerful way to tie the farmer to a particular mill, in addition to other provisions. It also created opportunities for more farmers to enter rice-farming, thus increasing the potential of the milling business.

Many farmers appreciated the loans and explained that they could not have engaged in rice-farming without them. They saw it as the miller helping them, as expressed by this farmer from Pabo:

> ... I told Mr Nyeko that I was not having money for weeding, this is the third year this arrangement has been happening. He is really helping me a lot because when I have problem with weeding, he comes in to help me out of it.
>
> (Female farmer, Pabo)

There were also examples of millers going the extra mile and, for example, giving credit for school fees, not only for rice production, thus acknowledging the farmers' vulnerability and acting in line with the duty of beneficence. This is a clear example of the miller using their agency within an unequal relationship and acting in a less exploitative way than they could have, i.e., exercising benevolence in the terms used in this analysis.

The fact that the millers provided interest-free loans for farming activities can be seen as rather generous, bordering on benevolence. As Harriss-White (2016) points out, power can be exercised through interest rates in interlocked trade agreements (of which this is a clear example), a power the millers in Gulu chose not to exercise.

However, the risk of both the harvest and the price lay on the farmers, tilting the relationship towards exploitation. When the harvest failed, the farmer bore the whole risk. Both millers and farmers explained that a debt was normally rolled over to the next season in cases of default due to a bad harvest. Forgiving the debt entirely seemed rare. This farmer explained the food insecurity consequences for herself and her family:

> Last year I was given 120 kg of seeds. I didn't harvest due to drought. I was forced to sell off my millet to help pay back the loan. And this affected my family because we experienced a food crisis that year.
>
> (Female farmer, Bungatira)

Another farmer in Palaro explained that he was careful only to take on a loan for harvesting when he knew the harvest was good, not for ploughing and weeding, precisely to avoid such a risk.

Given that credit was the culmination of the various practices that tied the farmers to the millers, thus making it hard for the farmers to end the relationship, and given the farmers' weak bargaining position in relation to the price, the relationship can definitely be described as a situation of 'vastly disproportionate bargaining power' (Goodin 1987). Therefore, one could argue that the millers should forgive the debt in situations of a bad harvest, in line with the 'duty of benefice', and the fact that they did not do so can be seen as exploitative. This was another example where they could have used their agency to act more benevolent within the unequal relationship.

From the miller's perspective, he had also taken a risk and parted with some money to secure rice-milling in the future. The risk was one of losing both the money and the farmer's future business.

According to the millers, debt defaults happened too often, to the extent that they considered discontinuing the practice of giving out loans. The problem was that the farmers engaged in 'side-selling', i.e., taking the rice to another miller, thus

defaulting on the loan. According to the millers, it was difficult for them to enforce the agreement formally, but they could block the defaulting farmer from receiving further credit. The millers had taken some measures to reduce this risk, namely, only providing group credit to farmers through agents and reducing the amount of credit given. The problem was that these measures were not popular among farmers, whom they therefore risked losing to a competitor. There had also been attempts to create collaboration between millers against side-selling, but the competition between them was too fierce for this to work.

When farmers were asked about side-selling, they said that it would not be right and that they did not do it. A farmer from Bungatira talked about it in moral terms, as living up to the deal, since they had received help from the miller, but also that the consequence of defaulting would be failing to be given a loan next season.

> We are benefitting from these deals. Therefore, if we don't take our rice to them, we must find a way of paying back their loan. However, for us we feel that they helped us, and we should do what's expected of us. This is because it may be a problem for us to get back to the deal next season in case we misbehave.
>
> (Female farmer, Bungatira)

The farmers in principle accepted the obligation to pay back the loan, but an interesting distinction was introduced between clearing the loan and the obligation to bring the rice to the lending miller, as expressed by another female farmer in the same focus-group discussion in Bungatira:

> We also do side-selling, however, this is a breach of the contract. The thing is first pay the debts you owe the party to the contract, then proceed with your deal. Side-selling is not a problem provided you have cleared the loan. We feel that when we clear the loan and we still need assistance from them, they will help us.
>
> (Female farmer, Bungatira)

What is noteworthy here is that the farmer did not see it as a breach of contract to bring the rice to another miller once the loan had been cleared, thus thwarting the purpose of the loan from the miller's perspective, i.e., to tie the farmer to his mill. This legitimization of side-selling once the loan has been cleared can be seen as the farmer turning the hierarchical debt relationship into a commercial exchange as soon as possible, i.e., clearing the loan and thereby ending both the relationship with and the obligation towards the miller. Only taking out loans after the harvest was another way to reduce the prolongation of a relationship entailed in debt, thus reducing the exposure to risk.

Although the relationship is unequal while the debt lasts, in that the farmer is indebted and carries the greatest risk, the debt also means that the miller and farmer have become more interdependent, as the miller has also taken a risk in parting with their money. The millers' concern over side-selling, and the farmers' known engagement in it, shows that the provision of credit had not been as efficient in tying the farmers to the mill as intended. Hence, the extension of credit did not succeed in pushing the relationship from a commercial exchange that can be ended to a hierarchical relationship that ties the parties to each other.

Nevertheless, the debt relationship cannot be seen in isolation but has to be seen in relation to the other layers of hierarchy in the relationship that constitute the structural conditions for possible exploitation of the farmers, as will be analysed in the summarizing discussion.

5.5 | Summarizing Discussion of All Four Layers in the Relationship

The layered analysis shows how the relationship between rice farmers and rice millers around Gulu was characterized by the millers trying to tie the farmers to their mill by taking on many roles in the value chain, which increased their power in the relationship. This pushed the relationship from one of commercial exchange that is ended when the transaction is over to a hierarchical relationship where the parties are bound to each other in an unequal relationship with both exploitative and benevolent potential. Benevolent practices included millers providing interest-free credit even beyond rice production and protecting farmers from the unfair practices of middlemen. Exploitation took the form of millers keeping the bran from rice-milling and pushing market and production risk on to the farmers by not including the price in the deal and by not forgiving debt in cases of bad harvest.

The millers' control of the market and the unfavourable prices for the farmers in that market, in combination with the farmers' poverty, constituted the basic structural inequalities on which several exploitative situations were built. Although the relationship was not a formal contract-farming arrangement, several components resembled the monopsony role of the firm in contract farming, which limited the farmers' ability to exit the relationship during a season. However, the fierce competition between the millers in Gulu gave the farmers some room for manoeuvre, which some of them used by taking their rice to different mills. The millers could not control this practice of 'side-selling' and therefore could not tie the farmers to their mill to the extent they would want, sometimes because the farmers defaulted, but also because the farmers 'side-sold' in addition to clearing their debt. In that sense, debt was not fully efficient in tying up the farmers, as it could be cleared and turned into a commercial exchange relationship that could be ended. The provision of bags constituted a stronger tie, as it physically tied the paddy rice to a particular mill. All in all, the millers were not particularly successful in tying farmers to their mills, in particular over seasons, which points to the farmers' agency and room for manoeuvre and the limits of exploiting an unequal relationship in a situation of competition between actors further up the value chain.

The farmers' agency in this case lies primarily in their ability to exit the relationship. The semiformal nature of this relationship meant that the ties were weaker than in formal

contract-farming schemes. In most cases, the only written document involved was a signed receipt when credit and/or bags were provided. The fact that the relationship was seasonal (unless the farmer defaulted on the debt) meant that the farmer could choose to collaborate with another rice miller or trader, or switch to another crop than rice in the next season. This is in fact what happened when many farmers exited rice-farming a few seasons after our study.

The relationship was not durable because the farmers did not get a fair deal and, because they could, they exited the market in large numbers. For the millers to address the main problem of the farmers' low price, they would have to enter the role of buyers themselves to a higher degree. This would require additional capital on their part, both for investment in storage space and working capital for buying rice. A few of the larger millers already acted as buyers at times and planned to invest further in storage space to expand on this role. The millers were doing this primarily to earn a higher margin in the value chain, but for the arrangement to be durable, i.e., for the farmers to keep producing rice, the millers/buyers would have to make sure the farmers received a share of the increased margin.

6 | Conclusion

This article has provided a layered analysis of different aspects of the relationship between rice farmers and rice millers in northern Uganda, which unpacks how inequality and exploitation are manifested in this value-chain relationship.

The analysis contributes to the literature on domestic value chains characterized by informal and semiformal arrangements; relationships where there is a higher degree of interdependence between the actors involved than in more formalized value chains involving large firms and GVC structures.

The article contributes conceptually to the literature on agricultural value chains by providing an analytical framework capable of disentangling inequality and exploitation in relationships between actors. The purpose of the framework is to analyse the actors' agency within an unequal structure. This is potentially useful beyond the relationship analysed here, as it provides tools for disentangling and analysing how inequality and exploitation are manifested throughout the different layers of a value-chain relationship.

Empirically, the article set out to understand why the actors were not able to create a durable relationship. The two main reasons were, firstly, that the deal was not favourable to the farmers, in the sense that the price was too low and the market was controlled by the millers; and secondly, that the farmers had the opportunity to exit the relationship by switching to other crops in the next season.

The study contributes to the literature on semiformal arrangements within domestic value chains in three ways. Firstly, this case shows that debt is not the only feature that ties the farmers to the agribusiness, and it might not be the most important one. This relates to Graeber's (2011, 121) formulation of debt as 'an exchange that has not been brought to completion', which highlights the fact that the parties are only tied to each other while the debt lasts, and when the debt is cleared the relationship is potentially over. This is illustrated empirically by some farmers clearing the debt and selling their rice to another miller, thus breaking their dependence on the lending miller. Secondly, it shows that local agribusiness actors are interdependent with farmers in similar ways as the traders studied by Cole (2022) and Nunan et al. (2020) because they are geographically bounded. When the rice production in the region went down, some of the rice millers' investment in Gulu was wasted. Thirdly, despite this interdependence, the millers did not secure a fair and stable price for the farmers and were thus not able to create a durable relationship. This indicates that the institutions provided by private-sector actors in a largely unregulated market were unstable and not sufficient to provide good conditions for continued rice production in the region.

Similar instability of governance is likely to be found in other domestic agricultural value chains in Uganda and in other contexts where the market is dominated by small-scale actors and is largely unregulated. Given that relations in such value chains are constantly changing, what constitutes inequality and exploitation in such relationships is also shifting. This means that any analysis of relations in agricultural value chains must be seen as a snapshot in a flow of change (unless it is a longitudinal study). This fluidity also highlights the actors' agency even within an unequal relationship—this study has provided the tools to facilitate such analyses.

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Conflicts of Interest

The author declares no conflicts of interest.

Data Availability Statement

Data are available on request from the author.

Endnotes

[1] To use the term 'benevolence' within an unequal relationship might be provocative from an agrarian political economy perspective, but it is useful within this article's exploration of the moral aspects of the actors' agency within the unequal relationship, a point that will be expanded upon throughout the article.

[2] Although the fish value chain is not strictly agricultural, the relationships explored in Nunan et al.'s (2020) study exhibit many similarities

to the relationships explored in this study and examine similar questions as those related to agricultural value chains.

[3] Problematizing a common assumption in the literature (here, that the farmer is exploited) can be seen as trivial, interesting or absurd, depending on how far from the core assumptions of the reader it falls (Alvesson and Sandberg 2011). Reactions to drafts of this article have included the whole range of responses, which I think illustrates Alvesson and Sandberg's point.

[4] Naturally, not everyone will agree with the moral principle of beneficence, and even if one does, the question of how basic needs are defined means that the presence or not of exploitation is still not clearcut.

[5] The term 'benevolence' is not strictly an antonym to exploitation, but it is used as such here because it is the term Graeber uses in his differentiation between exploitative and benevolent hierarchy, and because it is close to the term 'beneficence' as used by Snyder.

[6] While the study at hand focuses on one node and not the whole market system (or value chain) as such, an attempt is made here to place the studied relationship within the larger market system, as suggested by Harriss-White (2016). The actors and relations depicted in Figure 2 are by no means exhaustive.

[7] Some rice is exported to South Sudan, and some is imported from other East African countries, but the bulk of the rice is produced and consumed in Uganda.

[8] This study formed part of the author's postdoctoral research project, which was funded by the Swedish Research Council. The empirical study of rice was conducted in collaboration with the GDFA.

[9] A sack of rice was normally 100 kg, which means the farmer paid 20,000 UGS a sack for milling.

[10] One underlying reason for this, often mentioned by the farmers themselves, was the lack of collaboration between the farmers to sell their rice together in bulk, which could have given them a better bargaining position. One exception was that the bulk sale of paddy rice took place in Pabo, where traders came to the villages directly to buy paddy rice, due to the larger quantities of rice grown in that area.

[11] This refers to the price per kg for milled rice.

[12] Some millers used agents, who were farmers themselves, but who represented a particular mill in the village. When agents were used, they were the signatories to the loan on behalf of the farmers. This introduced another dimension in the relationship between millers and farmers, which is not analysed further here.

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