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# EXPULSIONS

## Brutality and Complexity in the Global Economy

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*To Richard*

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CHAPTER 2

# The New Global Market for Land

The acquisition of local land by foreign governments and foreign firms is a centuries-old process in much of the world. But we can detect specific phases in the diverse histories and geographies of such acquisitions. A major such shift began in 2006, marked by a rapid increase in the volume and geographical spread of foreign acquisitions, as well as the diversity of the buyers. More than 200 million hectares of land are estimated to have been acquired from 2006 to 2011 by foreign governments and firms. Much of the purchased land is in Africa, but a growing share is now in Latin America and, a first since the post–World War II era, in several countries in Europe and Asia, notably Russia, Ukraine, Laos, and Vietnam. Finally the buyers are increasingly diverse, including purchasers from countries of origin that range from China to Sweden, and firms from sectors as different as biotechnology and finance.

What matters for my analysis is this extremely sharp change in the total level and geographical range of foreign land acquisitions. It represents a break in a long-term trend and thereby becomes an indicator of a larger systemic shift, one that goes beyond the old, established patterns of acquisition. Two significant factors contribute to this sharp increase in acquisitions. One is the growing demand for industrial crops, notably palm for biofuels, and for food crops, the latter still coming largely from the states of the Persian





Gulf and from China. The second is that growing demand for land and the sharp rise in global food prices in the 2000s made land a desirable investment, even for speculative reasons. It is now public knowledge that the major banks were already concerned in 2006 about signs of the extraordinary financial crisis that was about to break. It is no coincidence that land then surged as a destination for investment capital, both because of its materiality (the thing itself, rather than a derivative representing land) and as a means of access to an expanding range of commodities (food, industrial crops, rare earth minerals, and water).

The acquisition of foreign land is not a lone-wolf event. It requires, and in turn stimulates, the making of a vast global market for land. It entails the development of an also vast specialized servicing infrastructure to enable sales and acquisitions, secure property or leasing rights, develop appropriate legal instruments, and even push for the making of new law to accommodate such purchases in a sovereign country. This is an infrastructure that goes well beyond supporting the mere act of purchasing. It not only facilitates but also stimulates further foreign acquisitions of land. This increasingly sophisticated specialized service sector invents new types of contracts and forms of ownership, and creates innovative accounting, legal, and insurance instruments.[1] As it develops, this specialized sector, in turn, depends on further acquisitions of foreign land as a source of profits. We see the beginnings of a large-scale commodification of land, which may in turn lead to the financializing of the commodity we still call, simply, land.

The scale of land acquisitions leaves a large global footprint. It is marked by a vast number of microexpulsions of small farmers and villages, and by rising levels of toxicity in the land and water surrounding the plantations constructed on the acquired land. There are growing numbers of displaced people, rural migrants moving to slums in cities, destroyed villages and smallholder economies, and, in the long run, much dead land. What actually happens when a

new owner/leaser, whether national or foreign, has acquired 2.8 million hectares of land to grow palm for biofuels? Mostly, dozens of villages, whole smallholder agriculture districts, and whole manufacturing operations in these rural regions are expelled from the land. Some may receive compensation and some may be resettled in equivalent terrain. But generally speaking, the losses are far larger than the compensations. Finally, flora and fauna are expelled to make room for monocultures. All this brings degradation of the land and the earth itself, through loss of diversity of nutrients and of insect life. After a few decades, the land will be exhausted, clinically dead, as we have seen in older plantation zones in Central America, the Caribbean, and parts of Africa. In the very long term the land may recover, but the descendants of the expelled farmers and rural manufacturers will most likely not benefit, and instead find themselves living in crammed slums at the edges of large cities.

Let me emphasize that this trajectory has become the norm, regardless of who is purchasing land and where. Millions of Brazilian smallholders have been expelled from their farmland, which has been taken over by vast soya plantations that produce for export. The developers may be national or foreign corporations and individuals. One outcome has been hunger in areas where there used to be little if any hunger even if they were poor: soya has replaced black beans, which were a source of income and food for poor farmers. And many of them have had no option other than to migrate to the slums of large cities. The new hunger is further accentuated by the toxicity that large plantations bring to the surrounding area, making it difficult for the households of plantation workers to use their small plots to grow food.

The actual material practices that underlie these large-scale foreign acquisitions vary enormously. I am interested in these material practices, which transform sovereign national territory into a far more elementary condition—land for usufruct. This process, at least indirectly, degrades the governments that sold and leased the



land. The eviction of farmers and craftspeople, villages, rural manufacturing districts, and districts of agricultural smallholders similarly degrades the meaning of citizenship for local people. And when the mines and plantations occupy land where there are no people, they degrade water and earth. Such material practices reconstitute territory in vast stretches of the nation-state: territory becomes merely land in the case of plantations and dead land in the case of mines.

These are accelerated histories and geographies in the making. Right now we know that many millions of people are dramatically affected by the scale of these processes. The fact that the vast majority of acquisitions since 2006 have been by foreign governments and firms may or may not prove decisive for the people of those areas. Sometimes host governments have agreed to these deals for the benefit of local elites; other times they have simply succumbed to pressures and commissions. Researchers can find it easier to track foreign rather than national acquisitions of land, as information about the former is more likely to be in the public domain. But large-scale national acquisitions are also happening, with implications similar to those I discuss for foreign acquisitions. The critical dimension explored in this chapter is the empirical one: the scale, geography, purpose, and diversity of foreign acquisitions.

This empirical examination aims at laying down the facts in order to signal the devastating consequences that rural populations and rural land may face. Given the recency of this new wave of acquisitions, we do not yet fully know the consequences for all the people and the land caught up in this vortex of large-scale acquisitions. But we do know enough to be worried.

## Debt as a Disciplining Regime: Preparing the Ground for Land Acquisitions

Today's large-scale acquisitions of foreign land are enabled by the explicit aims and unplanned consequences of the IMF and World

Bank restructuring programs implemented in much of the Global South in the 1980s. To this we can add the demands of the World Trade Organization (WTO) in the 1990s and into the 2000s to lift import-export barriers in the name of "free trade." The resulting mix of constraints and demands had the effect of disciplining governments not yet fully integrated into the regime of free trade and open borders pursued mostly by large firms and the governments of dominant countries.

The aim was compliance with what was then an emerging body of rules and conditionalities that eventually were represented as self-evident norms for the proper governing of an economy if a country was to have growth and prosperity. Among the better-known of these quasi-norms were the control of inflation even if it meant sacrificing economic growth and employment, reduction of apparent government waste at just about any cost; payment of debt even if it meant cutting social benefits, health care, and infrastructure development; and privatization of all the basic service functions, from telecommunications to banking.[2] These norms, imposed on Global South countries through IMF and World Bank restructuring programs beginning in the 1980s, resonate with what today goes under the name of "austerity" in Europe.

In my reading, then, it is not merely the fact that governments of poor countries are burdened with debt repayment that creates suffering, as much well-meaning discussion of the Global South and the eurozone describes. What also matters is the larger assemblage of elements within which debt functions and which the dynamics of debt helped constitute. Let me bring in the qualifiers later and for now put it brutally for the sake of clarity. Even if privatization and the lifting of trade barriers are not by themselves destructive forces, they tend to become so in the context of weak governments weighed down by costly debt restructuring programs. Indeed, they have become mechanisms for the direct and indirect destabilizing of a large number of governments in the Global South. For instance, many



national manufacturing and consumer services firms have gone under because they could not compete with cheap mass imports by global firms. In short, these diverse programs had the effect of reconditioning national sovereign frameworks in ways that enabled the insertion of national territory into the new or emerging global corporate circuits. Once there, territory became land for sale on the global market.

My core conceptual move here is to see these programs of the 1980s and onward as regimes of discipline. These regimes aimed at a major restructuring of the role of government and at making the executive branch of government beholden to powerful international organizations such as the IMF, the World Bank, and the WTO. These regimes do not exist simply to push for repayment of debt and a few policy changes, though perhaps the work of the IMF and the WTO did, decades ago, begin with such limited goals. Nor have the IMF, World Bank, and WTO programs in the Global South succeeded in what they presented as necessary policies to achieve economic growth. Where followed, their advice has not delivered either economic development or strong democratic government. The effect in most of the program countries was, rather, a massive increase in indebtedness to foreign lenders and a sharp shrinkage in government funds for education, health, and infrastructure. Nor did the private economic sector fare well: there were widespread bankruptcies among local enterprises after the entry of well-capitalized foreign mass-market firms. Indeed, the IMF has had to face up to this by implementing special debt relief programs for the forty-one so-called HIPCs (highly indebted poor countries).

The language of failed states, the most common way to describe these weakened, often devastated nation-states, leaves out many of the negative effects that key actors of the international governance system, notably the IMF and the WTO, have had on program countries. Such language represents these states' decay as endogenous, a function of their own weaknesses and corruptions. These states are

indeed mostly weak, corrupt, and uncaring about the well-being of their citizens. But it is important to remember that it often is and was the vested interests of foreign governments and firms that enabled the corruption and weakening of these states. And good leaders who resisted Western interests did not always survive; consider, notably, the now-recognized murder of the Congolese leader Patrice Lumumba by the United States government. Further, the extensive land acquisitions now under way, with the expulsions of small farmers and poisoning of land they are causing, cannot be understood simply as a consequence of the corruption of host states.

IMF and World Bank restructuring programs prepared the ground for the systemic deepening of advanced capitalism. This is not a novel point, and while I agree with the well-known critiques of these programs, my focus here is on something that has received less attention: detecting how those restructuring programs partly enabled the ease with which foreign buyers can purchase land in many of the countries subjected to such programs, and the ease with which governments are willing to allow those acquisitions. Greed and money are not enough to explain the outcome. Further, notwithstanding the similarities to older imperial epochs, there is now clear treaty law that asserts the authority of all national states over their territory. As a result, it is actually not so simple for a government to acquire vast stretches of land in a foreign country, nor for a government to sell or lease its land to a foreign government. Enablements, which include corruption and a government's overwhelming foreign debt, can play a role in the negotiation. But so can innovative lawyering, accounting, and business deal-making.

There are (at least) two vectors through which we can identify the bridge between restructuring programs and today's massive land acquisitions. One is the debt regime as a factor that helps weaken and impoverish national governments in much of the Global South. This in turn has often been a factor in governments' extreme corruption and disregard for the nation's well-being, especially in



underdeveloped but resource-rich countries. It can also be a factor in a government's willingness to sell vast amounts of land and expel whole villages from their land to do so. The other vector is the debt regime: it can function as a strong and "legitimate" point of entry into a sovereign nation-state; what was once open access to the economies of Global South countries for the IMF and World Bank seems to have eventually been extended to foreign governments and firms. The debt regime, in turn enabled extensive fiscal disciplining and prioritized the payment of foreign debt over national priorities such as education and economic development. To put it bluntly, it is easier for rich foreign governments and investors to acquire vast stretches of land in sub-Saharan Africa and parts of Latin America and Asia if their dealings are with weakened and/or corrupt governments and local elites, with little if any voice and political representation left for the population.

This is not to argue that rich countries, global firms, and international organizations have long conspired to weaken poor countries specifically to enable purchases of land. I am extracting the older history alluded to earlier in this chapter, which begins in the 1980s with restructuring programs, and arguing that it weakened and impoverished those national governments. As I will discuss later, many of these countries had developed both mass manufacturing and a middle class employed in government bureaucracies; for instance, Mogadishu, Somalia, was a middle-class city, with a large educated workforce and a prosperous working class. When national debt exploded in the 1980s in much of sub-Saharan Africa, partly due to the recycling of so-called post-1973 OPEC dollars, much of this progress was thwarted. Key reasons were the imposition of debt repayment priorities and the opening of markets to powerful foreign firms. This weakened the state, thereby impoverishing the middle classes, and it destroyed the indigenous manufacturing sector, which could not compete with large mass-market foreign firms. A downward cycle was put in motion that in turn enabled the much

later large-scale acquisition of land by foreign governments and firms.

One way of reading this earlier history in the Global South is to see it as an antecedent of what has begun to crawl into the Global North through the venue of state deficits as those deficits began to rise sharply over the last few years.[3] A key component of these rising deficits among Global North governments is the falling share of corporate taxes in total state tax revenue; to this we can add in some countries, massive transfers of state tax revenue to fund bail-outs or cheap money for banks. The growing dependence of states on individual tax payments makes the state even more vulnerable given a financial crisis with massive repercussions on the economy, notably a sharp rise in unemployment. Add to this the bankruptcies of growing numbers of small enterprises, often family-owned, which are unlikely to use tax havens, and states experience an additional loss of revenue. These losses proceed alongside the sharp rise in corporate profits—public resources decline and private resources grow, as examined in Chapter 1. Under its own specific modalities, the Global North experiences an asymmetry between the fortunes of governments and major firms similar to what I examine here for the Global South. In the Global South this facilitated, among other things, the concentration of benefits at the top (including the upper levels of the middle class), thinned out the modest middle classes, and sharpened the meaning of poverty. This looks remarkably similar to the major trends in Greece today, even though Greece's wealthy elites mostly do not live in that country, unlike what is the case in Angola and Nigeria, for instance. The structural adjustment programs imposed on Global South countries echo the austerity politics of the Global North, not just in Greece but also in countries as diverse as the United States and the Netherlands.

Debt and debt-servicing problems have long been a systemic feature of the developing world. But the particular features of debt negotiated by the IMF, rather than the fact of debt per se, are what



concern me here: this was not just about debt, but rather about using the issue of debt to reorganize a political economy. The second feature that concerns me is how the gradual destruction of traditional economies in rural areas prepared the ground, literally, for some of the new needs of advanced capitalism, notably land for plantation agriculture and for access to water, metals, and minerals. While the pursuit of these needs is familiar and has happened before, my argument is that they are now part of a new organizing logic that changes their valence and their macro-level effects. This notion or proposition is based on a methodological and interpretation practice I develop at length elsewhere.[4]

With few exceptions, poor countries subjected to the restructuring regime that began in the 1980s now have larger shares of their populations that are in desperate poverty and are less likely to enter the "modern" economy via consumption than they did even twenty years ago, a dynamic that parallels certain developments in the Global North (see Chapter 1). When this new era began in the 1980s, many sub-Saharan countries had functioning health and education systems and economies, and less absolute destitution than today. Also, resource-rich countries have seen more of their people become destitute and expelled from basic survival systems because of those resources, even as another part of their population becomes a rich middle class, also because of those resources; Nigeria and Angola are probably the most familiar cases of this common pattern in the current decade. The dominant dynamic at work for these populations is, to a good extent, the opposite of the old Keynesian dynamic of valuing people as workers and as consumers. Expulsions from home, land, and job have also had the effect of giving expanded operational space to criminal networks and to the trafficking of people, as well as greater access to land and underground water resources to foreign buyers, whether firms or governments. Systemically, the role of rich donor countries has also shifted: overall they give less in foreign aid for

development than they did thirty years ago. As a result, in many cases the remittances sent by low-income immigrants to countries of origin are now larger than foreign aid to those countries. Further, since the late 1990s an increasing share of foreign aid comes through NGOs and philanthropic organizations, further marginalizing many a government's role in development. One extreme outcome is the de facto downgrading of governments to the status of predatory elites.

These systemic shifts contribute to explain a complex difference that can be captured in a set of simple numbers. Generally, the IMF asked poor program countries in the 1980s and 1990s to pay 20 to 25 percent of their export earnings toward debt service. In contrast, in 1953, the Allies cancelled 80 percent of Germany's war debt and only insisted on 3 to 5 percent of export earnings for debt service. They asked 8 percent from central European countries in the 1990s. Against these past levels, the debt service burdens on poor countries beginning in the 1980s are extreme. It does suggest that the earlier aim of policy for Europe—first Germany after World War II and more recently central Europe—was reincorporation into the capitalist world economy. In contrast, the aim for the Global South in the 1980s and 1990s was more akin to transformative discipline, starting with forced acceptance of both restructuring programs and loans from the international system. It is in this sense that the restructuring programs were about more than debt service: they aimed at shaping a political economy and a repositioning of these countries as sites for extraction, ranging from natural resources to the consumption power of their populations.

After twenty years of this regime, it became clear that it did not deliver on the basic components for healthy development. The discipline of debt service payments was given strong priority over infrastructure, hospitals, schools, jobs, and other people-oriented goals. The primacy of this extractive logic became a mechanism, perhaps mostly unintended, for systemic transformation that went



well beyond debt service payment. It contributed to the devastation of large sectors of traditional economies, often the destruction of a good part of the national bourgeoisie and petty bourgeoisie, the sharp impoverishment of the population and, in many cases, of the state. Again, beyond the many differences there are worrisome resonances with today's austerity politics in Europe and other developed countries.

Even before the economic crises of the mid-1990s that hit a vast number of countries as they implemented privatization and open-border policies, the debt of poor countries in the Global South had grown from $507 billion in 1980 to $1.4 trillion in 1992.[5] Debt service payments alone had increased to $1.6 trillion, more than the actual debt in 1980. From 1982 to 1998, indebted countries paid in interest four times the amount of their original debts, and at the same time their indebtedness went up fourfold. These countries had to use a significant share of their total revenues to service these debts. For instance, Africa's debt service payments reached $5 billion in 1998; that year, for every $1 in foreign aid African countries paid $1.40 in debt service. By the late 1990s, debt-to-GDP ratios (see Table 2.1) were especially high in Africa, where they stood at 123 percent, compared with 42 percent in Latin America and 28 percent in Asia.[6] As of 2006, the poorest forty-nine countries (countries with annual per capita income of less than $935) had debts of $375 billion. If to these poor countries we add the "developing countries," in 2006 a total of 144 countries had debt amounting to $2.9 trillion and paid $573 billion to service that debt.[7]

Generally, IMF debt management policies from the 1980s onward have not halted the worsening situation for the unemployed and poor.[8] Much research on poor countries documents the link between hyperindebted governments and cuts in social programs. These cuts tend to affect women and children in particular through reductions in education and health care, both investments necessary to ensure a better future.[9]

TABLE 2.1: Debt Service Amount and as a Percentage of GDP in Selected Countries, 2009

| Country | Total external debt ($billions) | Total external debt payment ($billions) | Total health spending (% GDP) | Total spending on debt service payments (% GDP) |
|---|---|---|---|---|
| Angola | 15.1 | 1.6[a] | 1.5 | 6.8 |
| Ecuador | 17.1 | 4.1[a] | 2.2 | 11.4 |
| Egypt | 34.4 | 2.5[a] | 2.4 | 2.8 |
| Georgia | 1.9 | 0.2[a] | 2.4 | 2.9 |
| Jamaica | 6.5 | 1.0[a] | 2.4 | 10.1 |
| Lebanon | 23.3 | 3.5[a] | 2.4 | 16.1 |
| Lesotho | 0.7 | 54.2[a] | 2.4 | 3.7 |
| Moldova | 2.0 | 0.3 | 4.2 | 8.6 |
| Morocco | 16.4 | 2.7 | 1.7 | 5.3 |
| Pakistan | 33.7 | 2.4 | 0.4 | 2.2 |
| Panama | 9.8 | 2.0 | 5.2 | 13.4 |
| Papua New Guinea | 1.9 | 0.4 | 3.0 | 6.7 |
| Paraguay | 3.1 | 0.5 | 2.6 | 6.7 |
| Philippines | 61.5 | 9.9[a] | 1.4 | 10.0 |
| Ukraine | 333.3 | 5.9 | 3.7 | 6.6 |

Source: Jubilee Debt Campaign 2013.
Note: a. Yearly payment

There is now a larger history in the making. In my reading it includes as one key element a repositioning of much of Africa and substantial parts of Latin America and Central Asia in a new massively restructured global economy with a growing demand for land and the many things it allows access to, from food to minerals and water. Weakened governments and the destruction of tradi-



tional economies have facilitated access to that land by foreign governments and firms. After decades of debt service and competition from mass-market foreign firms, there is little left of what were once modern economic sectors in many of these countries. Thus modest middle-class sectors that may once have had the possibility of active participation in the new consumer economy, and even in the current land and resource boom, are simply no longer there, for reasons ranging from brain drain and military conflicts to IMF restructuring programs. To this we can add corruption on both sides of many international deals, which enabled the emergence of what can only be described as predatory elites in resource-rich countries. By the early 2000s, this mix of processes and conditions had launched a new phase of wealth accumulation for some and a struggle merely to survive for growing components of society, economy, and government.

## The Who, Where, and What of Foreign Land Acquisitions

What is actually being measured in general descriptions of land grabs can vary considerably depending on the study. I have chosen the data of the Land Matrix project, which were generated collectively in collaboration with the International Land Coalition. It provides the most comprehensive overall measure.[10]

But before discussing the Land Matrix findings, I briefly mention several focused investigations into specific sectors and countries; each contributes to the larger, rapidly moving overall process of data gathering.[11] GRAIN, a French NGO, developed its own database on land acquisitions in 2012. It can account for about 14 million hectares acquired by foreign investors in 416 separate land deals. GRAIN's methodology is stricter than Land Matrix's. It collected information specifically on post-2006 land deals led by foreign investors involving "large areas of land . . . for the production

of food crops."[12] A second focused study comes from HighQuest Partners, an OECD contracted consulting firm specializing in farmland investing. They interviewed twenty-five financial groups that invested in farmland in 2010, and were managing a total of $7.44 billion in agricultural assets. HighQuest Partners also generated estimates for total investment of private capital in farmland and agricultural infrastructure of between $10 billion and $25 billion. Finally, HighQuest also found that twenty of the twenty-five funds surveyed were at the time raising money for further investments.[13] In short, this is a live story. A third study, by Ellen Aabø and Thomas Kring for the United Nations Development Programme, found that the total global area of farmed land in 2007 was 1,554 million hectares. Land for pasture expanded by 2.5 million hectares per year between 1990–2007, for a total global pasture area of 3,400 million hectares in 2007. They also report that plantation forestry expanded by 2.5 million hectares per year between 1990 and 2005, to a total of 140 million hectares globally. And while Aabø and Kring do alert the reader that "data on the exact scale of large land acquisitions are scarce and incomplete, due to the lack of transparency that often accompanies these investments," their figures show that a large share of these acquisitions was in developing and transition economies: 54 percent in the case of plantation forestry, accounting for 75 million hectares.[14]

Several other estimates suggest similarly dramatic numbers.[15] A recent report from the Oakland Institute suggests that during 2009 alone, foreign investors acquired nearly 60 million hectares of land in Africa. The Commercial Pressures on Land Research Project, a project of the International Land Coalition and the French group Centre de Coopération Internationale en Recherche pour le Développement, has documented more than 2,000 projects covering as much as 227 million hectares of land since 2001, with most purchases since 2011. Oxfam uses the Land Matrix data to report that an area eight times the size of the United Kingdom was sold or



leased in land grabs between 2000 and 2010. Further, Oxfam estimates that between 2008 and 2009, deals by foreign investors for agricultural land increased by approximately 200 percent. And Sofia Murphy, a researcher at the Institute for Agriculture and Land Policy, reports that "the World Bank estimates some ten million hectares of land were contracted in just five African countries (Ethiopia, Liberia, Mozambique, Nigeria and Sudan) between 2004 and 2009."[16]

Each of the above findings and measures contributes insights into what is a vast global operation with multiple sites in very diverse countries and with very diverse buyers and sellers. The Land Matrix project provides a good overview of that large-scale phenomenon. To begin with, consider how Land Matrix defines the types of land acquisitions to be included in measurements. This is worth looking at, as it indicates some of the limitations of existing data. According to this definition, pertinent land transactions

1. Entail a transfer of rights to use, control, or own land through sale, lease, or concession
2. Imply a conversion from land used by smallholders, or for important environmental functions, to large-scale commercial use
3. Are 200 hectares or larger and were not concluded before the year 2000, when the FAO food price index was lowest

The Land Matrix database contains information about two types of data: "reported" and "cross-referenced." "Reported" data cover deals presented in published research reports, media reports, and government registers where these are made public. "Cross-referenced" data refer to deals about which information is obtained from multiple sources; the cross-referencing process involves an assessment of the reliability of the source of the information, triangulation with other information sources, and, if necessary, confirming with in-country partners in the Land Matrix networks. Media reports are not considered sufficient for cross-referencing. Research reports

based on fieldwork, confirmation by known in-country partners, and official land records are considered sufficient evidence.

While the explosion in food demand and food prices in the mid-2000s was certainly a key factor in this post-2006 phase of land acquisitions, it is crops for biofuels that now account for most of the acquisitions. Cross-referenced data from the Land Matrix show that biofuel production accounts for over 37 percent of land acquired after 2006. In comparison, food crops account for 25 percent of cross-referenced deals, followed by 3 percent for livestock production and 5 percent for other nonfood crops. Farming broadly understood, including food and industrial agriculture, accounts for 73 percent of cross-referenced acquisitions. The remaining 27 percent of land acquired is for forestry and carbon sequestration, mineral extraction, industry, and tourism (see Figure 2.1).

A second major pattern is the massive concentration of foreign acquisitions in Africa. Of the publicly reported deals, 948 land acquisitions totaling 134 million hectares are located in Africa; 34 million of these hectares have been cross-referenced. This compares with 43 million hectares reported for Asia (of which 29 million hectares have been cross-referenced) and 19 million hectares in Latin America (of which 6 million hectares have been cross-referenced). The remainder (5.4 million hectares reported and 1.6 million hectares cross-referenced) is in other regions, particularly eastern Europe and Oceania (see Figures 2.2 and 2.3).

It is important to note that acquisitions in OECD countries are generally not reflected in the data. One reason is that the Land Matrix only counts private transactions that involve a conversion of tenure system (e.g., land that formerly was held in common by a social group is transferred to private ownership) or a move away from smallholder production. Several major OECD countries, notably the United States and Australia, have had precisely such histories of land appropriation, from indigenous societies and from

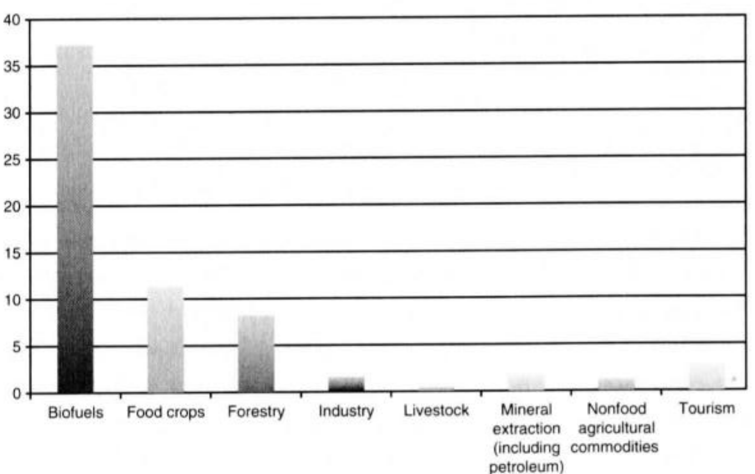


FIGURE 2.1 Global Land Acquisitions by Sector, 2006–2010 (in millions of hectares)

Data Source: Anseeuw, Wily, et al. 2012, figure 5.



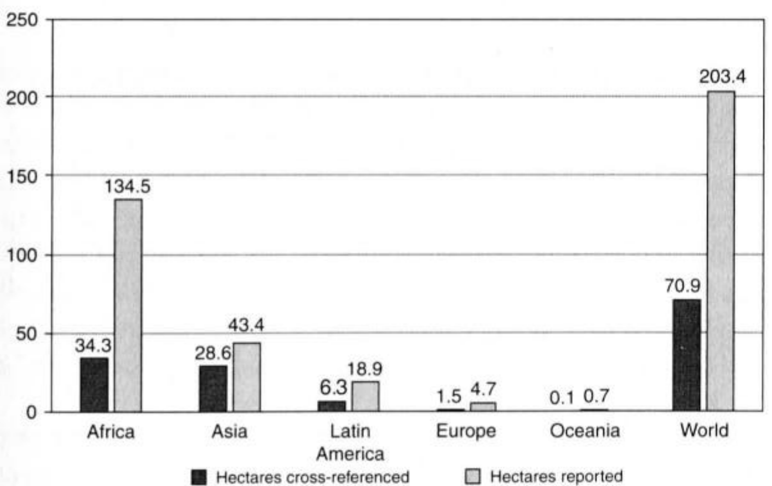


FIGURE 2.2 Regional Distribution of Land Acquisitions, 2011 (in millions of hectares)

Source: Anseeuw, Wily, et al. 2012, figure 4.

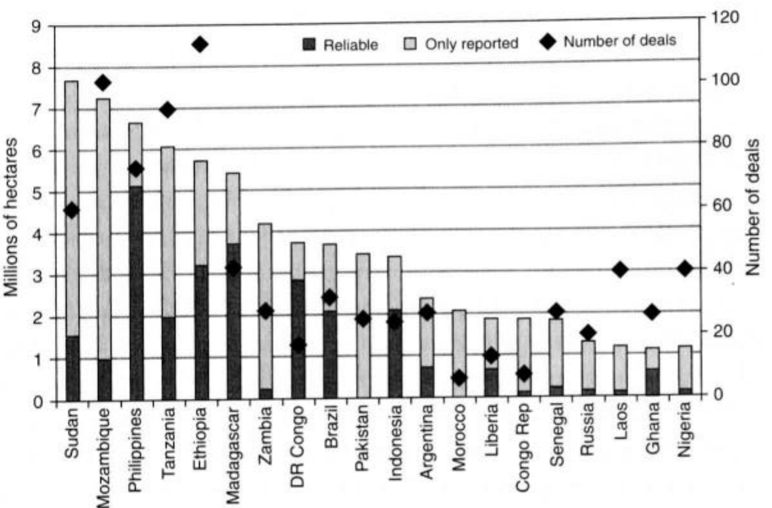


FIGURE 2.3 Most-Targeted Countries According to Size of Total Reported Acquisitions, 2012

Source: Anseeuw, Boche, et al. 2012, figure 4.

small farmers, but they took place decades and centuries ago. Further, this definition of "land grabs" also holds for several OECD countries today, among which are the United States, Mexico, Australia, Brazil, to mention just a few, where small farmers have lost their land to corporate buyers. It is worth noting that land grabs are also happening in Europe, but through a different venue—basically, preventing small farms from expanding and new small farms from being developed. This mode of land grabs falls outside the current definition and tends to fall below the 200 hectares minimum to be included in the Land Matrix measure.

The data on acquisitions also point to a sort of regionalism that is not just geographic but also geopolitical—that is, a tendency for buyers from certain regions to acquire land in a specific set of regions. The Land Matrix project finds that this might be linked to regional trade agreements. Thus, 75 percent of land acquisitions



in Southeast Asia are by regional players within the context of growing regional integration.[17] I would venture that the role of geopolitics is exemplified by the interest of some Gulf States in land deals in Muslim countries such as Pakistan and Sudan, or by Libya's earlier acquisitions under Qhadaffi in the Sahel. A third example capturing elements of both is the fact that intraregional trade in Africa has become dominated by South African actors, who account for a reported 40.7 million hectares in land acquisitions since 2009.[18] Figure 2.4 shows the top investor countries, while Table 2.2 shows the regional origin of investors by region of land acquisition.

A brief elaboration of the case of biofuels and timber illustrates some additional features of land acquisitions. What stands out is how much land is needed to meet demand for biofuels, often implemented in the name of greening energy supplies, even though there is little greening involved. For example, the EU's renewable fuels target requires that 10 percent of transport fuels be supplied by renewables

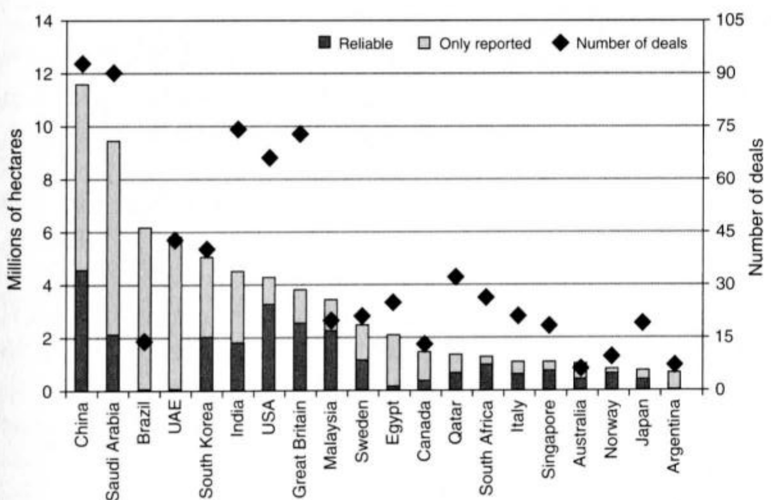


FIGURE 2.4 The Origin of Investment: Top 20 Countries, 2012

Source: Anseeuw, Boche, et al. 2012, figure 11.

TABLE 2.2: Who Buys Where, 2011 (millions of hectares)

| | Regions where land acquired | | | | |
|---|---|---|---|---|---|
| Origin of investors | Africa | Asia | Latin America | Europe | Oceania |
| Africa | 6.4 | 0 | 0.1 | 0 | 0 |
| Central Asia | 12.3 | 25.3 | 0.6 | 0 | 0.1 |
| Latin America | 0.1 | 0 | 1.7 | 0 | 0 |
| Europe | 6.0 | 0.6 | 0.5 | 1.5 | 0 |
| North America | 3.3 | 0.4 | 1.6 | 0 | 0 |
| Oceania | 0 | 0.3 | 0.1 | 0 | 0 |
| Western Asia | 3.7 | 1.6 | 0 | 0 | 0 |

Data source: Anseeuw, Wily, et al. 2012, figure 3.

Note: Western Asia used by authors to indicate mostly Muslim Asia.

by 2020, with the expectation that 80–90 percent of this target is likely to be met by biofuels. The result has been widespread corporate investments in biofuel production both inside and outside Europe.[19] The Netherlands Environment Assessment Agency estimates that these targets require 20–30 million hectares of production, of which 60 percent will be imported. A very different biofuel case, but with the same land-intensive features, is palm oil production for biodiesel in the Peruvian forest; it already uses 52,829 hectares and the plan is to expand to 307,329 hectares in the short- to medium-term.[20]

The demand for timber might become another major stimulus for land acquisitions. Augusta Molnar and colleagues report that in nine tropical countries studied, concessions in forest areas have already been granted for 258 million hectares; the demand for forest lands is rising fast due to the growing commodification of forest products.[21] Most forest land deals are not reported in the Land Matrix because they do not necessarily imply a conversion of the total concession area. The researchers suggest that demands on forests



are rising sharply as more forest products are being turned into commodities.[22] Louis Putzel and coworkers report that since 2000, China has obtained 121 concessions over 2.67 million hectares of forest in Gabon and is negotiating rights in the Democratic Republic of Congo and Cameroon.[23] Further pressure on forests comes from clearance for oil palm plantations. An estimated 7.5 million hectares of land are already under oil palm cultivation in the Indonesian forest, with a rate of land clearance in the late 2000s exceeding 600,000 hectares per year.[24]

While it belongs to a different economic domain and requires far less land than crops or timber, manufacturing is increasingly competing for land in particular areas. For example, case studies from the International Land Coalition show this is occurring with the establishment of special economic zones (SEZs) in densely populated areas

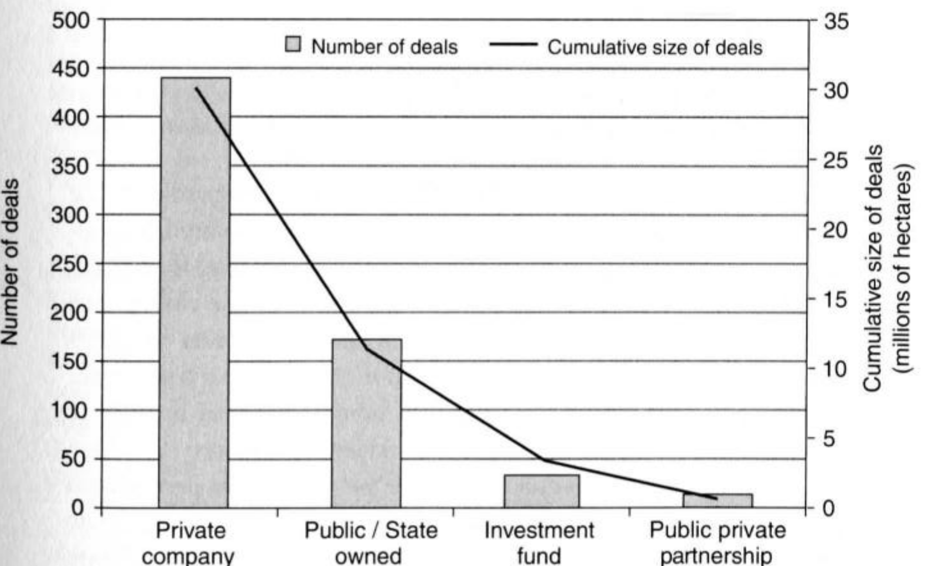


FIGURE 2.5 Land Acquisition by Type of Investor

Data source: Anseeuw, Boche, et al. 2012, figure 12.

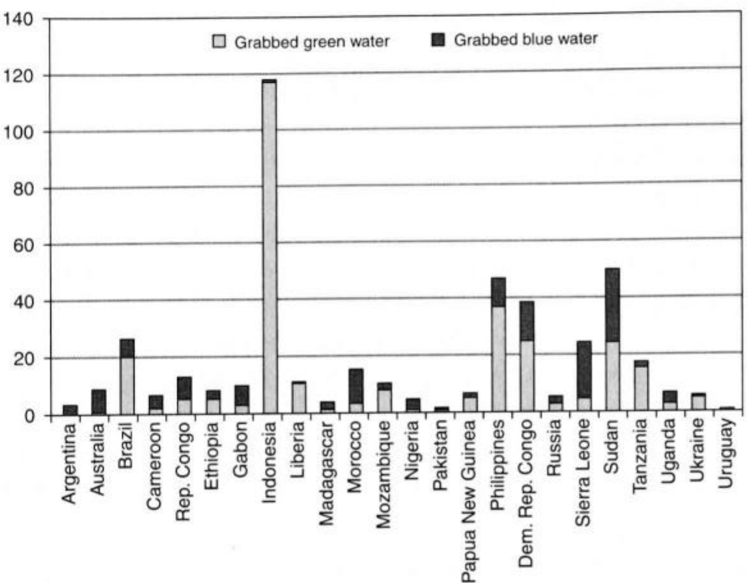


FIGURE 2.6 Assessment of the Grabbed Water in the Top 24 Grabbed Countries, 2012 (in billions of cubic meters)

Data source: Rulli, Saviori, and D'Odorico 2013, figure 3. Note that the word "grabbed" is in the original source.

in Benin and India.[25] In India, 571 SEZs have been approved covering 140,000 hectares in total, leading to conflicts with displaced land users in a number of cases. Such zones are also being developed in Africa: China is setting up eight major SEZs around the continent.[26] Besides land, manufacturing generates a demand for raw materials from rural areas, which may impinge on traditional rural economies.

Figure 2.5 provides an overview of land acquisition by type of investor, and Table 2.3 provides an overview by country.

A final set of findings concerns water use or needs as part of land acquisition. The researchers were particularly interested in how transnational land deals entailed water access and use (see Figure 2.6). They gathered data on land acquisitions from multiple sources, accounting for 90 percent of all known acquired land, and used a



TABLE 2.3: Countries with the Largest Foreign Acquisitions of Land, 2012

| Grabbed country[a] | Grabbed land (hundreds of thousands of hectares) | % of total global grabbed land | % of country's cultivated land | % of country's area |
|---|---|---|---|---|
| Argentina | 6.31 | 1.34 | 1.97 | 2.26 |
| Australia | 46.45 | 9.90 | 9.78 | 0.60 |
| Brazil | 22.55 | 4.80 | 3.29 | 0.26 |
| Cameroon | 2.95 | 0.63 | 4.01 | 0.62 |
| Congo, Democratic Republic of | 80.50 | 17.15 | 1.08 | 3.43 |
| Congo, Republic of | 6.64 | 1.41 | 8.91 | 0.28 |
| Ethiopia | 10.01 | 2.13 | 6.68 | 0.91 |
| Gabon | 4.07 | 0.87 | 85.75 | 1.52 |
| Indonesia | 71.39 | 15.21 | 16.76 | 3.75 |
| Liberia | 6.50 | 1.38 | 106.52 | 5.83 |
| Madagascar | 3.69 | 0.79 | 10.40 | 0.63 |
| Morocco | 7.00 | 1.49 | 7.73 | 1.57 |
| Mozambique | 14.97 | 3.19 | 28.24 | 1.87 |
| Nigeria | 3.62 | 0.77 | 0.98 | 0.39 |
| Pakistan | 3.34 | 0.71 | 1.57 | 0.42 |
| Papua New Guinea | 3.14 | 0.67 | 32.75 | 0.68 |
| Philippines | 51.71 | 11.02 | 49.48 | 17.24 |
| Russia | 28.31 | 6.03 | 2.29 | 0.17 |
| Sierra Leone | 4.94 | 1.05 | 40.62 | 6.88 |
| Sudan | 46.90 | 9.99 | 23.00 | 1.87 |
| Tanzania | 20.27 | 4.32 | 17.63 | 2.14 |
| Uganda | 8.59 | 1.83 | 9.70 | 3.56 |
| Ukraine | 12.08 | 2.57 | 35.53 | 2.00 |
| Uruguay | 3.46 | 0.74 | 18.08 | 19.61 |

Data source: Rulli, Saviori, and D'Odorico 2013, table 1. Note that the use in this table of the word "grabbed" is in the original source. In some countries the grabbed land is a substantial fraction of their cultivated land (FAO 2009).

TABLE 2.4: Land and Water Resources Available in the Grabbed Countries, 2012

| Grabbed Country | Cultivated area (thousands of hectares) | Land suitable for crops (thousands of hectares) | Yield gap | % Renewable freshwater resources withdrawn | Grabbed water per capita ($m^3$ per year) | Malnourishment (%) |
|---|---|---|---|---|---|---|
| Argentina | 32,000 | 96,644 | -0.57 | 3.99 | 12.71 | 0 |
| Australia | 47,511 | 134,146 | -0.31 | 4.58 | 120.53 | 0 |
| Brazil | 68,500 | 512,983 | -0.59 | 0.41 | 86.29 | 10 |
| Cameroon | 7,363 | 33,119 | -0.78 | 0.34 | 676.51 | 29 |
| Congo, Democratic Republic of | 7,450 | 161,026 | -0.80 | 0.05 | 307.35 | 37 |
| Congo, Republic of | 560 | 23,227 | -0.78 | 0.01 | 2,382.25 | 32 |
| Ethiopia | 14,985 | 39,946 | -0.80 | 4.56 | 185.27 | 49 |
| Gabon | 475 | 16,838 | -0.80 | 0.08 | 4,428.47 | 8 |
| Indonesia | 42,600 | 49,351 | -0.55 | 5.61 | 60.25 | 6 |
| Liberia | 610 | 5,323 | -0.78 | 0.08 | 385.74 | 46 |
| Madagascar | 3,550 | 28,764 | -0.75 | 4.36 | 73.27 | 40 |
| Morocco | 9,055 | 8,353 | -0.90 | 43.45 | 172.51 | 5 |
| Mozambique | 5,300 | 60,437 | -0.90 | 0.35 | 1,041.06 | 58 |
| Nigeria | 37,000 | 60,478 | -0.78 | 3.60 | 34.91 | 8 |
| Pakistan | 21,280 | 4,438 | -0.55 | 74.35 | 40.61 | 20 |
| Papua New Guinea | 960 | 11,603 | -0.41 | 0.05 | 393.44 | 29 |
| Philippines | 10,450 | 8,734 | -0.58 | 17.03 | 29.67 | 21 |
| Russia | 123,541 | 287,045 | -0.70 | 1.47 | 139.40 | 6 |
| Sierra Leone | 1,215 | 3,753 | -0.80 | 0.31 | 853.36 | 43 |
| Sudan | 20,391 | 89,285 | -0.85 | 57.58 | 1,844.26 | 18 |
| Tanzania | 11,500 | 62,505 | -0.81 | 5.39 | 1,131.01 | 41 |
| Uganda | 8,850 | 12,795 | -0.75 | 0.48 | 139.14 | 30 |
| Ukraine | 33,376 | 49,338 | -0.72 | 27.56 | 128.26 | 5 |
| Uruguay | 1,912 | 14,152 | -0.65 | 2.63 | 51.46 | 4 |

Data source: Rulli, Saviori, and D'Odorico 2013, suppl. table 2. Note that the use in this table of the word "grabbed" is in the original source.

hydrologic model to determine the associated rates of freshwater use. They found that transnational deals for land and water are occurring in all continents except Antarctica. More important, they established that the amount of grabbed water lowered water supplies to a point below what is required to ensure the per capita volume necessary for a balanced diet and what would be sufficient to improve food security and abate malnourishment in the pertinent countries.[27] Table 2.4 gives an overview of land and water resources available in countries where water is being mined.

## Material Practices of Large-Scale Land Acquisitions

Investments in large-scale land acquisitions have crowded out other material economies, especially in sub-Saharan Africa. One outcome that has received little attention is the sharp decline in the share of foreign direct investment (FDI) going to mass manufacturing, a sector that can generate good jobs and feed the growth of a middle class. This decline took place just as several countries of the Global South were beginning to experience significant growth in mass manufacturing. If we consider Africa, for instance, the data show a sharp decline in foreign direct investment in manufacturing. Both South Africa and Nigeria, Africa's two top FDI recipients in 2006 (accounting for 37 percent of FDI stock in Africa), have seen a sharp transformation in the composition of investment: a fall in FDI in manufacturing and a sharp rise in FDI in the primary sector—mining, crops, oil, and such.[28] In Nigeria, where foreign investment in oil has long been heavy, the share of the primary sector in FDI stock stood at 75 percent in 2005, up from 43 percent in 1990. Other African countries have seen similar shifts. Even in Madagascar, one of the (mostly small) countries where manufacturing FDI inflows began to increase as recently as the 1990s, this increase was



well below that of FDI in the primary sector.[29] There is much evidence showing that this shift from investment in manufacturing to investment in mining, oil, and land is not good for the development of national economies.

The current phase of land acquisitions dwarfs investments in manufacturing. A few examples assembled by von Braun and Meinzen-Dick signal the range of buyers and of locations, with Africa a major destination. South Korea has signed deals for 690,000 hectares and the United Arab Emirates for 400,000 hectares, both in Sudan. Saudi investors are spending $100 million to raise wheat, barley, and rice on land leased to them by Ethiopia's government; they receive tax exemptions and export the crop back to Saudi Arabia.[30] China secured the right to grow palm oil for biofuels on 2.8 million hectares of Congo, making it the world's largest palm oil plantation. It is negotiating to grow biofuels on 2 million hectares in Zambia. Perhaps less well known than these African cases is the fact that privatized land in the territories of the former Soviet Union, especially in Russia and Ukraine, is also becoming the object of much foreign acquisition. In 2008 alone, these acquisitions included the following: a Swedish company, Alpcot Agro, bought 128,000 hectares in Russia; South Korea's Hyundai Heavy Industries paid $6.5 million for a majority stake in Khorol Zerno, a company that owns 10,000 hectares in eastern Siberia; Morgan Stanley bought 40,000 hectares in Ukraine; Gulf investors are planning to acquire Pava, the first Russian grain processor floated on the financial markets (the intention was to enable the sale of 40 percent of its landowning division to international investors), which will give them access to 500,000 hectares. Also less noticed is Pakistan's intended lease of 500,000 hectares of land to Gulf investors, with the bonus of a security force of 100,000 to protect the land.

In what follows I focus on one set of countries in more detail. It helps understand the variety of buyers and deals underlying the overall counts.

## Six Destinations for Acquiring Land

In an analysis of 180 large land acquisitions in Africa, Cecilie Friis and Anette Reenberg identify major types of investors in this current period: (1) oil-rich Gulf states of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, Oman, Kuwait, and Jordan; (2) populous and capital-rich Asian countries such as China, South Korea, Japan, and India; (3) Europe and the United States; (4) private companies from around the world. Investors are mostly energy companies, agricultural investment companies, utility companies, finance and investment firms, and technology companies.[31]

Using the Friis and Reenberg data, I constructed the representations of this geography (shown in Figures 2.7 and 2.8) by focusing on the top six sellers in Africa and their investors.[32] They are Ethiopia, Madagascar, Sudan, Tanzania, Mali, and Mozambique—all sub-Saharan, and all, except Mali, in East Africa. In all these countries both private investors and government agencies have acquired land.

No specific investor dominates in five of these top-selling countries. The exception is Mozambique, where Agri SA, the South African farmers' association, is the largest buyer, and overwhelmingly so. However, when we measure by national origin, each "seller country" does have a dominant "buyer country" in terms of size of acquisitions: India in Ethiopia, South Korea in Madagascar, Saudi Arabia in Sudan, and China in Mali. In Tanzania, it is a multinational group. There are few cases of cross acquisition; among them are Sun Biofuels' purchase of land in Tanzania and Mozambique, China's acquisitions in Mozambique and Mali, Qatar's in Madagascar and Sudan, and those by the United Arab Emirates and Jannat, a Saudi Arabia conglomerate, in Sudan and Ethiopia.[33]

Overall there are forty-seven different countries of origin among investors in these six countries. Among the countries with the most



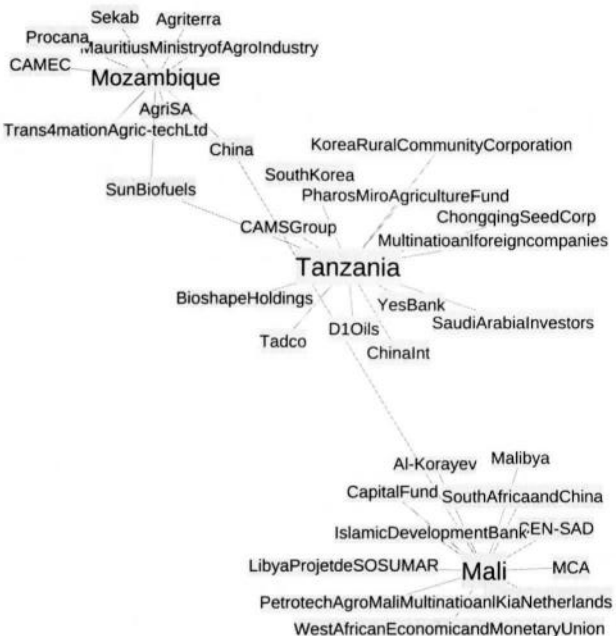


FIGURE 2.7 Top Land Sellers and Buyers in Africa (Tanzania, Mozambique, Mali), 2010

Data source: Friis and Reenberg 2010.

diverse group of investors by country of origin are Madagascar, with twenty-four foreign investors from fifteen countries, and Ethiopia, with twenty-six investors from twelve countries. Asian countries (China, South Korea, India, and Japan) make up almost 20 percent of investors in these six countries. Middle Eastern countries (Saudi Arabia, United Arab Emirates, Egypt, Jordan, Qatar, Lebanon, and Israel) account for almost 22 percent of investors. European countries (United Kingdom, Sweden, Netherlands, Germany, Italy, Denmark, and France) account for 30 percent of investors.

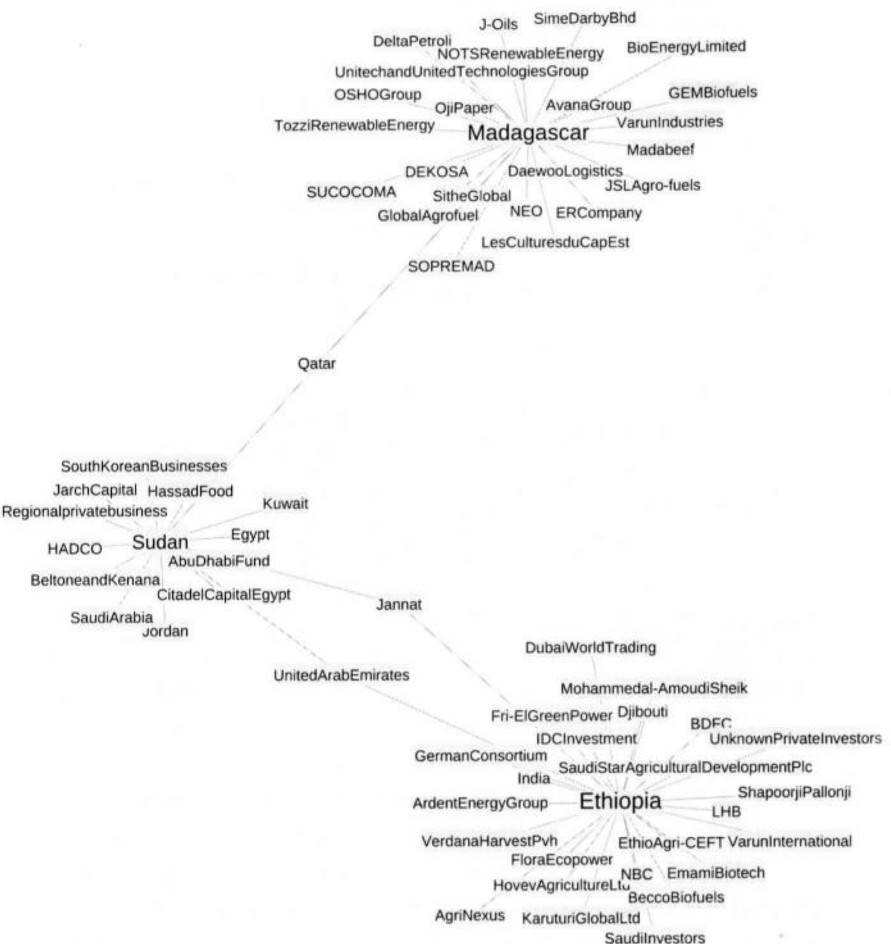


FIGURE 2.8 Top Land Sellers and Buyers in Africa (Madagascar, Sudan, Ethiopia), 2010

Data source: Friis and Reenberg 2010.



African countries (South Africa, Mauritius, Libya, and Djibouti) account for about 10 percent of investors. The remaining investors are from Australia, Brazil, and the United States.

Three countries have a significant share of all investments. The United States, United Kingdom, and Saudi Arabia account for 25 percent of all investors in these six countries. Each has investments in four countries. It is worth noting that private companies dominate among buyers for some countries, and states for others.

## One Case: Palm Production at Ground Level

Palm oil, traded on international commodities and futures market as crude palm oil, is a component of huge numbers of products, including livestock feed, prepared foods, cooking oils, cosmetics, lubricants, and fuels. Between 2000 and 2010, consumption of palm oil doubled to reach 46.8 million tons, surpassing soybean oil in 2005 to become the world's most popular vegetable oil.[34] By 2020, consumption of all vegetable oils is expected to increase 25 percent, with palm oil continuing to be a leader in the category.[35]

In its raw state, crude palm oil is fragile: oil in freshly picked palm fruits begins to decay in as little as forty-eight hours after harvest, meaning that producers need ready access to processing sites. Mills that extract and stabilize palm oil require between 4,000 and 5,000 hectares of cropland to produce output at maximum efficiency. The transportation systems, infrastructure, and economies of scale required for profitable production of palm oil mean that the growing demand is being met by monoculture farming, usually on massive plantations or government-supported smallholder groups.[36]

Eighty percent of commercial palm oil is produced in Malaysia (4 million hectares of land in palm oil production) and Indonesia (7.5 million hectares of land in palm oil production).[37] A scarcity

of arable land in Malaysia is pushing new production into Indonesia, where Malaysian conglomerates are the majority investors in approximately two-thirds of all palm oil production ventures.[38] The Indonesian government has promoted palm oil as pro-poor, pro-job, and pro-growth: 85 percent of palm oil consumed in Indonesia is used as food, especially as affordable cooking oil, and 3.5 million small farmers produced 40 percent of the Indonesian palm oil crop.[39]

The outlook for locals, however, is not sunny. In the Indonesian province of Riau, protests by small farmers against the palm industry started in the early 1980s. That is when government officials required the forfeit and redistribution of collectively held land to develop palm oil plantations.[40]

Indonesian land rights are nebulous, unclear, and often insecure. Customary law, known as *adat* in Indonesia and Malaysia, was codified and integrated into Dutch colonial law; it remains an important, if contested, part of the Indonesian legal framework. While *adat* varies greatly among Indonesia's ethnic groups, many indigenous peoples hold land through *hak ulayat* (communal tenure) or *hutan adat* (customary forest license).[41] The Basic Agrarian Law of 1960 limits government recognition of *adat* land rights to claims where "the land is under the ownership of a recognized adat community[,] the boundaries are defined and understood and the community is recognized and functioning as such under adat law principles."[42] These types of issues are also overlooked in the framework for resolving claims between overlapping rights and concessions on land such as conflicts between mining and agricultural claims.[43] Further, Indonesia's land registration system is insufficient; two-thirds of all land in forest administration within the country is without title.[44] These ambiguities and inadequacies leave significant room for vested interests to challenge community land rights. Various Indonesian governments (especially the Suharto regime) actively sought to bring more territory directly under the control of the



state, while various businesses have successfully challenged inadequately documented claims of ownership.[45]

Land conflict has come to a head in Indonesia's Riau Province, on the island of Sumatra. Local people have opposed the spread of palm oil plantations since the 1980s; opposition to the industry was suppressed under the Suharto dictatorship but has spread like wildfire since regime change in 1998.[46] Seventy percent of all palm oil plantations in Riau are owned by Malaysian interests; many of these companies have engaged in questionable land acquisitions and failed to respect the rights of local communities that hold land collectively.[47] Under the Basic Agrarian Law of 1960, communities can be forced to forfeit land; this is especially the case in areas where local groups maintain traditional collective land ownership but are engaged in commodity production rather than following indigenous lifeways.

Here is a case that illustrates some of these tensions going back years and the lengthy process of the state recognizing the rights of smallholders. In 1998, PT Mazuma Agro Indonesia (MAI) seized 5,508 hectares of land in the village of Rokan Hulu, Riau, without the consent of village leaders, and began to illegally expel local farmers and their families.[48] Legal action was able to prevent further development until 2012. In February of that year, MAI began development on the land despite the unresolved court case. At 8:30 a.m. on February 2, 2012, a hundred local villagers tried to prevent bulldozers and excavators from clearing their land; at 11:00 a.m., officers of the Northern Sumatran Regional Police opened fire on the protesters, wounding five.[49] This was not the first time land conflicts in Rokan Hulu had become violent. Since 1998, MAI and the leadership of a nearby village had conspired to burn at least eighty-nine houses and destroy twenty-six palm oil processing plants owned by members of the community.[50] In 2004, two men from Rokan Hulu protesting a land claim by palm oil company PT Suraya were killed by the company's security guards; local police

deployed to the area prevented the conflict from escalating but failed to apprehend the killers.[51]

Responding to these abuses by firms, in May 2013, the pertinent court in Indonesia transferred millions of hectares of forest from government control to the control of local communities, at least nominally.[52] However, the strength of these new land rights remains dependent on government records and agencies that have proved fallible in the past. It remains to be seen if indigenous people in Indonesia can use their land to produce commodity crops for the global economy without sacrificing their right to communal ownership.

## Conclusion

These are the elements of a larger history in the making. It includes a repositioning of growing areas of Africa, Latin America, and Asia in a massively restructured global economy. Weakened governments that function as comprador bourgeoisies and the destruction of smallholder economies have launched a new survival phase in expanding parts of the world for rising numbers of people

The key empirical trends that matter for the larger argument in this chapter are the sharp growth in foreign land acquisitions after 2006, a year when the banking crisis was already brewing, and the rapid international diversification of the buyers. It is not the fact of foreign acquisition per se that is the issue here, as foreign ownership has long been part of the world's economic history, and further, there are positive reasons for some acquisitions, such as creating a nature reserve. What matters for my argument is that this sharp growth in foreign ownership is significantly altering the character of local economies, notably land ownership, and diminishing the sovereign authority of the state over its territory. The process of acquisition may be less violent and disruptive than the imperial conquests of the past. But that does not mean they should be confused with more benign examples of foreign ownership—the placement of a job-generating Ford Motors plant in Europe or a Volkswagen plant in Brazil.



Emphasizing the juxtaposition of formal sovereign authority and growing foreign land acquisitions leads to two conceptual issues that are easily bypassed if we simply emphasize the power asymmetry between those acquiring land and host governments. One of these is the role of IMF and World Bank restructuring, eventually amplified by WTO rules, in weakening the economies, social development, and governments of various countries. The complex of trends and conditions associated with this restructuring actually facilitated the massive foreign land acquisition that took off after 2006 and further escalated after the crisis of 2008. These trends prepared the ground for the sudden rise in acquisitions, for the relative ease of the formal execution of many a novel type of contract, and for the rapid diversification of those doing the acquiring.

The other is the repositioning of national sovereign territory resulting from the sharp rise in land acquisitions by foreigners. National territory is not merely vacant land. Lands acquired by foreigners include vast stretches of national territory populated and shaped by villages, smallholder agriculture, rural manufacturing districts, and the actors that make these economies and reproduce them—whether this is recognized by the state or not. Much of this politico-structural complexity is today being erased from its home territory as a result of these acquisitions. At the extreme, we might ask what citizenship is worth when national territory is downgraded to foreign-owned land for plantations, leading to the eviction of everything else—flora, fauna, villages, smallholders, and the traditional rules that organized land ownership or use.

In their aggregate these large-scale land acquisitions have produced a global operational space that is partly embedded in national territories. They produce a partial denationalization deep inside nation-states, a structural hole in the tissue of national sovereign territory. I see acquisition of land by foreigners as one of

several such processes that partly disassemble national territory. The contracts developed for these acquisitions become capabilities of an organizing logic that is disarticulated from the national state even as these acquisitions operate deep inside its territory. Further, in so doing, these contracts often go against the interests not only of much of a country's people but also of local capital, one far more likely to generate positive feedback loops for a country's diverse regions. It is important to note that large-scale foreign land acquisitions could be generators of good jobs and local economic effects, especially when committed to workers rights and to environmental sustainability. But the current trends do not promise much along these lines: it is a story of expulsions of people and local economies and of biospheric destruction.

Against this larger context, the materiality and visibility of foreign land acquisitions become heuristic: they tell us something about a larger process that is often not as visible and material as land or the direct participation of the executive branch of government in the execution of contracts. This way of representing economic globalization is very different from the common notion of the whole state as victim. Indeed, to a large extent it is the executive branch of government that is getting aligned with global corporate capital, both in the Global South and in the Global North. This becomes highly visible in the case of foreign land acquisitions. At the same time, in my reading, a key implication of this strategic participation of states in global processes is that, guided by different interests, states could reorient their goals away from the global corporate agenda and toward global agendas concerning the environment, human rights, social justice, and climate change.

CHAPTER 3

# Finance and Its Capabilities

## *Crisis as Systemic Logic*

Once it exists, financial profit can be viewed as morally neutral. It can be used for unambiguous good—materialized, for example, into a nonfinancial asset such as a green transport system. It can be materialized for ill—to buy arms for warlords, say. Or it can be left immaterial, used as a platform for ever more speculative financial constructions that can be so complex they challenge empirical analysis, let alone moral examination. The last of these trends, associated most spectacularly with the market for derivatives, has come to dominate finance over the past twenty years. Until the financial crisis, the obscurity of its operations masked how dangerous this market can be. It has generated the extreme levels of financialization now evident in several major developed countries.

The orders of magnitude the financial system has built up over the last two decades are captured in the total value of outstanding derivatives, a form of complex debt that derives its value from another source, ranging from other types of debt to material goods such as buildings and crops; derivatives are presently the most common financial instrument. That total value of outstanding derivatives stood at $600 trillion (more than ten times the value of global GDP) before the crisis exploded in 2008, and then it dipped briefly before rising again. By 2012, a few years after that very costly event that brought down firms, governments, and whole economies, it