

Chapter 3: Historical Perspectives on Overseas Land Acquisitions in the South

1. INTRODUCTION

In view of the question of what differentiates the allegedly new “global land rush” from those of earlier times, the “land grab” debate since 2008 remains inconclusive. The ILC report argues that the international timelines can only explain the surge of acquisitions, while “[t]he dispossession and marginalization of the rural poor are nothing new.”¹ Accordingly, the “land rush represents an acceleration of ongoing processes, and one that appears set to continue.”² A UN Briefing states that the novelty of the phenomenon is to be found in the details, namely the trend towards offshore production by major investor countries “to meet home state food and energy needs.”³ This largely follows the argument presented by GRAIN.⁴ Meanwhile, a study by the Woodrow Wilson International Center argues that details such as their scale and their focus on “staples instead of cash crops” distinguish contemporary land investments from previous ones—together with the fact that they occur on a contractual basis “instead of through the barrel of a gun.”⁵ Excepting these very broad references to historical incidents of foreign investments at a time of colonialism and imperialism, there are few detailed comparisons of institutional or other empirical characteristics. Alden Wily, for instance, studies the legal practices of “land theft” during the Irish and English enclosures of the 17th to 19th centuries, the processes of dispossession in North America, and the Scramble for Africa in the late 19th century. She concludes that the historical use of legal

1 | ILC (2012), 4.

2 | ILC (2012), 4.

3 | UN DESA (2010), 1.

4 | GRAIN (2008).

5 | Kugelman (2009), 4-5.

instruments by the state to dispossess traditional land owners strongly resembles current practices.⁶

This chapter assesses the main empirical characteristics of, and key theoretical explanations for colonial and imperial relations in the late 19th century – a period of European imperialism (1870-1914) that is often referred to as the “high-water mark of nineteenth century globalization.”⁷ As such it shares many features that are characteristic of the contemporary world, namely large and growing “transfers of commodities, people, capital, and ideas between and within continents.”⁸ The period was also shaped by imperial expansion through colonization and continues to strongly inform the common notions of colonialism and imperialism prevalent today. Moreover, core ideas and practices of contemporary development approaches can often be traced back to that era.⁹ The focus of the review is largely on the perspective of the imperial powers.

As a result, the review critically interrogates simplified references to imperialism/colonialism in the contemporary “land grab” debate. While some researchers argue that ongoing land-consuming FDI is the “new age” version of colonialism characterized by deregulated markets and state involvement, other analyses conclude that colonial “land grabbing” has been replaced by a form of corporate “land grabbing.”¹⁰ Yet, the respective allusion to colonialism or imperialism seems largely a function of political sentiment rather than the outcome of a careful conceptual and empirical comparison of land-consuming investments over time. Take, for example, the article on Chinese investments in Africa by Jauch in which the author compares these to colonial undertakings on the basis of their poor labor records and strong resource orientation.¹¹ Clearly, such a reduced understanding of what constitutes imperial or colonial phenomena is problematic, and any comparison of the past and present that rests on such a limited set of criteria—i.e. one that could be applied to many contemporary contexts within and across countries worldwide—will prove rather meaningless. Thus, this review aims to present a more useful theoretical and empirical basis for later discussion of the extent to which the imperial or colonial framing adequately captures what is happening today.

The key findings of this chapter are that the late 19th century trade and investment relations, which followed earlier imperial expansion in the Americas and India, differ greatly from contemporary explanations of “land

6 | Alden Wily (2012).

7 | Daudin et al. (2010), 6.

8 | Daudin et al. (2010), 6.

9 | Kegley and Raymond (2011), 110-112, and Craggs (2014), 5-9.

10 | See, for instance, Jauch (2011); Broughton (6 November 2012); Liberti 2012; Aziz (15 April 2011); and Sadeque (2012).

11 | Jauch (2011).

grabbing.” While the latter seem to assume that land acquisitions made since 2000 resemble colonial undertakings due to their primary rational interest in land as a natural resource, historical evidence highlights that factors and motivations extended well beyond a narrow focus on natural resources. From an investor country perspective, colonial and imperial relations between the North and South, and related “divisions of labor,” were driven by domestic development processes, such as the process of industrialization in the home countries and the economic crisis of the 1870s, which led to the search for new (exclusive) markets. Moreover, the dynamic was a reflection of the political economy of aristocracy in which losses in land value, an outcome of industrialization, led landed elites to secure their wealth status by investing overseas. Other enabling or influential factors at the time were breakthroughs in technological and medical capacity, especially innovations in the transport sector and malaria medicine; and external events, such as the European state formation, and the great power competition dynamics in Europe.

This means that while the search for gold and the extraction of resources for domestic consumption back home were important characteristics of colonial and imperial expansion, the latter was also about the (violent) opening of consumer markets, the acquisition of strategic assets, the facilitation of planned settlements, and the search for profitable business opportunities and financial services. More broadly, the rationalization of these enterprises in the home country context claimed that they would improve the state’s international positional status relative to others; or, as in the case of Belgium, the enterprises simply reflected an individually felt need by the ruler for self-aggrandizement in comparison to other nations.¹² This diversity of interests and factors is also evident on the policy level. Home countries’ imperial economic policies were biased towards, yet not exclusively focused on, the production of raw materials overseas. Government actors but also business associations had very different understandings of imperial politics, resulting in a lack of any clear-cut strategy or plan for colonial development.¹³

In addition to this complex character of imperial and colonial undertakings, historical research questions the widespread assumption, present in many theoretical explanations (and visible in contemporary government and corporate rhetoric), about the utility of international land acquisitions for the home country and/or investor. Contrary to the accompanying rhetoric of efficiency, profit, necessity, or significance used by actors in the past and present to justify, motivate, or explain territorial and/or economic expansion and related capital exports, empirical evidence illustrates that in practice a high percentage of overseas investment projects did not generate profits or failed, and that

12 | See, for instance, Olukoju (2002); Green (1999); and Davis (1999).

13 | See Schmitt (1979); and Davis (1999).

projects did not automatically promise higher returns than investments back home. Instead, they were often the outcome of a metropolitan bias or non-economic interest constellations. This makes it very difficult to assess whether the benefits of these endeavors outweighed the costs for the home country.¹⁴ At a minimum, the expansion overseas provided temporary career and income options for those involved in it, and in doing so may have contributed to political regime stability in the home countries. Most importantly, the historical and theoretical research underlines the importance of studying OFDI in the context of a home country's political economy, ideology, and development in order to achieve a better understanding of what is happening.

The remainder of this chapter will proceed as follows: starting with the key theoretical explanations (Section 2) and main international parameters (Section 3) of international land acquisitions between 1870 and 1914 in the South, the review will then look more closely at the "Scramble for Africa" due to the relevance of contemporary investment flows to Africa, but also because the Scramble has become synonymous with the imperial expansion of that era (Section 4). It will also highlight key aspects of institutional path dependency and change post-WWII whose consideration is important for a meaningful understanding of the 'novel' character of what is happening today (Section 5). The chapter concludes with a brief summary of core findings (Section 6).

2. IMPERIALISM AND COLONIALISM— KEY THEORETICAL EXPLANATIONS

Historical materialist, liberal, world systems, and political theories are relevant for the study of international land acquisitions insofar as they: (1) outline various factors and potential causal mechanisms to be taken into account during the process of assessing "land grabs;" (2) underline the importance of systemic dynamics that the individual cases under study might be reflective of or embedded in; and (3) provide an overview of prevailing narratives about imperialism that are present in the public perception and academic debate about "land grabbing" (e.g., media).¹⁵ Ince, for example, has emphasized that "[o]ne line of inquiry approaches land grabs as instances of "primitive accumulation of capital" whereby lands in the Global South are "enclosed" and brought within the ambit of global capitalism."¹⁶

14 | Argument by Cottrell (1975), 47-53.

15 | Makki and Geisler (2011).

16 | Ince (2013), 104. Also see D. Hall (2013) for a historical materialist interpretation of the "land grab" phenomenon.

Historically, imperialism appeared in many regions, if we consider the Chinese, Roman, and British empires, and it comprised sets of very different features—from the commercial dominion of some countries over others to violent territorial expansion. As a result, multiple definitions and understandings of imperialism exist, reflecting these distinct forms of dominion. At a maximum, imperialism is conceptualized as the “policy or practice of extending a state’s rule over other territories,” one form of which has been colonialism, defined as “the policy or practice of a power in extending control over weaker peoples or areas.”¹⁷ At a minimum, imperialism takes place in indirect forms of “extension [...] of authority, influence, power, etc.”¹⁸ Most imperialist undertakings combine(d) multiple forms of dominion, territorial as well as non-territorial, whereas “[o]ver time, the social and political mobilization of opponents of territorial rule in the colonies simply outstripped advances in the technologies of coercion.”¹⁹ Non-territorial sources of power related, for instance, to the “dynastic and religious affiliations” of the Habsburg and the Ottoman empires prior to WWI; ideologies of supremacy in the case of European empires prior to and during WWII; and, later, to liberal ideologies (American Imperium) or anti-fascist “ideological capital,” in the case of the Soviet Union.²⁰ Over time, the continuous political and economic power discrepancy between industrialized and developing countries became referred to as a type of imperialistic relationship, with the former dominating the latter.²¹

For the purpose of reviewing experiences of international land acquisitions in the South during the late 19th century—the focus of this chapter—it is important to keep in mind that imperialism and colonialism describe related yet different phenomena. While imperial expansion might involve colonialism as a territorial source of power, it goes beyond this particular form of dominion and includes a specific outlook on world politics/policy. As a result, colonies were not only purposes in themselves for the imperial powers, but they were also used as pawns in global power games, particularly during the late 19th century when the great powers used colonies as potential weights with which to rebalance intra-European power struggles. During that time, colonies were

17 | Collins English Dictionary (5th edition, first published in 2000), and Collins A-Z Thesaurus (1st edition, first published in 1995).

18 | Collins English Dictionary (5th edition, first published in 2000), and Collins A-Z Thesaurus (1st edition, first published in 1995).

19 | Katzenstein (2005), 4.

20 | Katzenstein (2005), 4-5. Originally understood as a state strategy, the rise of the American Imperium post-WWII, with its emphasis on free markets and global economic integration, led to the perception that certain phenomena constituted forms of dominion of corporations over states, framed as corporate imperialism.

21 | Prahalad and Lieberthal (2003).

exchanged amongst the great economic powers, and latecomers to the circle of great powers needed to achieve recognition of their new status and/or to negotiate the right to colonize.²²

Several theories have tried to explain why the “imperial landrush”²³ that characterized the “second wave of European imperialism”²⁴ in general, and the colonization of Africa in particular, occurred from a home country perspective and in the context of home country development. These shall be briefly introduced in the remainder of this section to raise awareness of potential causal mechanisms in the empirical assessment and analytical explanation of Chinese and British investments in African countries.

One of the most prominent works on the economic, social, ideological, and political dimensions of late 19th century imperialism and colonialism is the study by Hobson,²⁵ which heavily influenced the subsequent historical materialist treatises on imperialism.²⁶ In particular, Hobson’s economic argument that “excessive powers of production, [and] excessive capital in search of investment” were drivers of British imperialist expansions became (and remained) very influential.²⁷ Yet, Hobson’s study differs greatly from the large body of functional explanations that argues for the inevitability of imperial expansion along these lines. Instead, he suggested that imperial expansion could be prevented by addressing the concentration of wealth in the home country, namely Britain. Accordingly, high inequality combined with increasing productivity composed the “economic taproot of imperialism” in the form of lagging domestic demand, over-saving, and overproduction.²⁸ This, however, could be remedied through equality-promoting public policy which would balance domestic demand with domestic production.²⁹ Interestingly, Hobson’s related argument about the importance of qualitative rather than quantitative growth efforts—which could be placed under the heading of “inclusive growth”³⁰—is very topical again today (as of 2015) in view of the rising inequality within and

22 | Rough translation of an argument made by Osterhammel (2009), 27.

23 | Davis (2002), 12.

24 | Kegley and Raymond (2011), 110-112.

25 | Hobson (1965).

26 | Siegelman (1965), v.

27 | Siegelman (1965), xiii.

28 | Hobson (1965), 71-93.

29 | Hobson (1965), 85-92.

30 | See, for instance, the respective OECD initiative on Inclusive Growth (OECD (2015a)). According to the WB (2009), the “difference between pro-poor and inclusive growth is that the pro-poor approach is mainly interested in the welfare of the poor while inclusive growth is concerned with opportunities for the majority of the labor force, poor and middle-class alike.” See WB (2009), 1.

across developing and industrialized countries (measured by income and accumulated wealth).³¹ Back in his time, Hobson's study clearly offered a counterpoint to influential contemporary voices that justified imperial expansion by referring to it as a national necessity and whose basic rhetorical elements are still common today (see Chapters 5 and 7):

However costly, however perilous, this process of imperial expansion may be, it is necessary to the continued existence of our nation; if we abandon it we must be content to leave the development of the world to other nations, who will everywhere cut into our trade, and even impair our means of securing the food and raw materials we require to support our population. Imperialism is thus seen to be, not a choice, but a necessity.³²

While Hobson's study has been criticized by historians for exaggerating the importance of industry and the financial sector in the British empire, his empirical observations about imperialism and colonialism seem noteworthy. Indeed, they provide useful parameters for studying overseas investments from a home country perspective, such as the importance of examining the particular domestic political economy in home countries to understand their foreign economic policy; the significance of ideology in this process; the questionable utility and benefit of these overseas activities for the home country; the importance of public-private partnerships in facilitating overseas economic expansion, with public money used for private gain;³³ and, finally, the fact that the process of economic expansion also has repercussions back home. Moreover, he pointed at the multiplicity of motivations and actors at play, in the form of "patriotism, adventure, military enterprise, political ambition, and philanthropy," all of which constituted the "fuel" for imperial expansion.³⁴

Other historical materialist assessments of imperial and colonial relations largely followed Hobson's outlook on the phenomenon, locating the agency in the home country's capitalist development context, though with a deterministic twist. Consequently, imperialist expansion was framed as an inherent component of capitalism, and assumed to be profitable for the home country, which, according to historical evidence, was (often) not the case.³⁵ Informed by Marxist thought about the crisis of capitalist systems in the form of over-accumula-

31 | Hobson (1965), 92. Also, see OECD (2015b) on "social and welfare issues;" and Raghavan (2000).

32 | Hobson (1965), 73.

33 | Hobson (1965), 96-97.

34 | Hobson (1965), 59.

35 | Snyder (1991).

tion,³⁶ “[t]he consequence of the development of industrial capitalistic societies is a pressure for expansion which may lead to military or political acquisition (colonies) or to maintaining economic dependence (developing countries).”³⁷ While the various imperialism theories differ in their explanation of the particular reason for “the pressure of expansion,” they do share the understanding that imperialism is the “result of the inability to cope internally [i.e. within the spatial limits of the nation-state] with the consequences of permanent technological innovation and their effects on society.”³⁸ Moreover, distinct from the liberal frames with their arguments of efficiency gains, comparative advantage, or the international division of labor, imperialism theories focus on zero-sum dynamics—nationally and internationally—between capital and labor, states, and ecologies.³⁹

Another strain of imperialism theory emerged after WWII. In view of the persistent gap in living standards between industrial and developing countries after decolonization, and following the failure of modernization theory’s⁴⁰

36 | Over-accumulation means that excessive investment occurs and goods cannot be sold profitably. This results in capital increasing in some sectors or speculative endeavors, instead of being re-invested in productive enterprise. Moreover, this may lead to unused plants and equipment, large build-up of unsold commodities, rising unemployment, or the rise of financial markets as alternative outlet.

37 | Kuhnen (1986), 20.

38 | Kuhnen (1986), 20.

39 | Basically, classical imperialism theory (e.g., Luxemburg (1913) and Lenin (1975)) argues that imperialism is not benefitting the development of the colonies. Instead, the “establishment of new markets in underdeveloped areas destroys traditional markets and production relations of these areas. While the expansion creates employment back home, it signifies an export of unemployment to these underdeveloped areas. At the same time, capital exports to these countries are reflective of interests of industrial countries, and not the needs of the recipient areas. Given that profits of these investments are remitted to home countries, this then highlights that these forms of economic expansion are at the core exploitative relationships between industrial and so-called underdeveloped areas, whereas the exploitation of the latter serves the development of the home country.” See summary by Kuhnen (1986), 20.

40 | At the core, modernization theories assume that “industrialized countries are the model for economy and society,” whereas deviations from this model are framed as “backwardness.” Definitions of development as “an increase of production and efficiency,” its measurement as GDP and “per capita income,” and the analytical dualism promoting the “suppression of the traditional sector by concentrating on and expanding the modern sector,” all still inform many programs and policy recommendations of multilateral and bilateral development organizations today. See Kuhnen (1986), 12-13; and Lepenies (2008). Also, see the development narrative of the WB (2007), which

development policies to solve this problem, structural difference and related forms of disadvantageous “technological-industrial dependence” were seen as causing the persistence of exploitative relationships between industrial and developing countries.⁴¹ This form of structural dominion occurred through “[i]ndustrial countries invest[ing] in the production and export of raw material in developing countries, influenc[ing] with their potential of power the terms of trade in their favour, and thus perpetuat[ing] the international division of labour” with detrimental effects for developing economies and societies.⁴²

At their core, these new imperialism theories, similar to dependency theories, presume that post-WWII underdevelopment is a function of the historical legacy of violent and “asymmetric integration” of developing countries into an international division of labor defined by industrial countries.⁴³ The economic structure of developing countries—namely the dominance of the primary sector and the export orientation—together with co-opted elites and changes in culture, has contributed to sustaining the international asymmetry characteristic of colonial relations, as well as the pattern of overseas investments by industrial countries. Similarly, Wallerstein’s world systems theory differentiates between a wealth and power-related core and periphery of regions, and argues that “the *dependencia*-style linkage between development at the core and underdevelopment in the periphery (uneven development) remains integral to the system and persists through alternating periods of growth and contraction.”⁴⁴

equates rural development and poverty alleviation with increases in production, efficiency and per capita income.

41 | Kuhnen (1986), 21.

42 | Kuhnen (1986), 21.

43 | In more detail, dependency theories that explain the genesis of underdevelopment in developing countries argue that the asymmetric trade relations of dominion result in “deteriorating exchange relations between industrialized and developing countries (and, as well, between the industrialized and the agricultural sector in developing countries).” Meanwhile, industrialized countries gain from international trade due to the rise in productivity, together with elastic demand for value added products in the world market, both of which result in increasing incomes and positive terms of trade. Developing countries as producers and exporters of primary products cannot reap the assumed benefits from trade. To the contrary, rising productivity in primary production suppresses prices due to an inelastic demand for such products in the world markets, and results in deteriorating incomes as well as terms of trade. At the same time, the falling prices in world markets result in increasing exports to compensate for the worsening terms of trade. See summary of major authors of *dependencia* theory by Kuhnen (1986), 19-20.

44 | Wolfe (1997), 404.

Deviating from these largely economic accounts of imperialism is, for instance, the political theory of imperialism developed by classical realists. Morgenthau perceives imperialism as a foreign policy of the state. Accordingly, imperialist undertakings aim at increasing a state's power status within the status quo and, in comparison to other states, thereby enhancing the relative security of the more powerful state in the international realm.⁴⁵

3. THE INTERNATIONAL PARAMETERS OF 19TH-CENTURY EUROPEAN IMPERIALISM

This section complements the previous theoretical review by providing a brief overview of the most important international parameters of 19th century European imperialism. In particular, it will look at the configuration of capital and trade flows during that era in order to assess the quantitative and qualitative dimensions of that era's imperial and colonial relations. That is, what significance did capital exports and trade flows to the colonies have from the perspective of the home country? And what did the trade and investment policies of that time look like? The historical evidence on these questions allows us to derive a meaningful comparison with contemporary capital flows and foreign economic policies that—as this book argues—“land grabs” reflect. It also highlights their role in the context of home country development.

Empirically, the time between 1870 and 1913 has been branded by historians as the “first wave of globalization,”⁴⁶ due to the (largely rhetorical) credo of free trade and the *laissez faire* approach to capital mobility. Geopolitically, this time is referred to as “Pax-Britannica with London constituting the financial center of the world and the British pound the dominant currency in the context of the international gold standard.”⁴⁷ At the same time, it was also a period that witnessed massive migration flows, reflecting the pressures of industrial development in the home countries and the hopes attached to moving to new lands.⁴⁸ Between 1870 and 1914, approximately “60 million people emigrated from [...] Europe to [...] countries of the New World including Argentina, Aus-

45 | Morgenthau (2005).

46 | Solimano and Watts (2005), 14.

47 | Solimano and Watts (2005), 14. It is against this background that Bairoch and Kozul-Wright (1996) argue that the myths about 19th century globalization are primarily built on experiences of the British empire, but even in this case they fail to capture the complex character of this era.

48 | Solimano and Watts (2005), 14.

tralia, Brazil, Canada, New Zealand and the United States.⁴⁹ A smaller share of migrants also targeted East Africa, Southeast Asia, the Pacific Islands, the Caribbean, and the West Coast of North America.⁵⁰

The historical evidence on overseas investment during the 1870-1914 period stresses three important characteristics, namely the asymmetric significance of trade and investment for the countries involved; the complexity of the sectoral composition of investments that went beyond natural resources; and the interrelation of trade and investment activities with home country events and public policies rather than “free markets.”

Firstly, the different significance of imperial/colonial relations for the home country and colony is reflected in the asymmetric regional distribution of investment and trade flows. Empirical data on the regional composition of European capital and trade flows demonstrates that trading and investing primarily happened between the wealthiest countries, including the New World.⁵¹ At the same time, and quite surprisingly, the so-called Scramble for Africa (1876-1914), which is often alluded to in the contemporary “land grab” debate, is not reflected in European investment trends in the form of any significant shifts.⁵² Available data on the main international lenders and borrowers shows that in 1913 the major capital exporters were Britain (with 41% of total overseas investments), followed by France (20%) and Germany (13%). Moreover, Europe, North America, and Latin America were the main recipients of the total overseas investment flows, receiving 27%, 24%, and 19%, respectively (Table 3-1).

49 | The US was the main destination. Until 1920 about 26 million migrants arrived from “core Europe” (e.g., England, Germany, and France) and “peripheral Europe” (e.g. the relatively poorer Scandinavian countries; Spain, Italy and Portugal in the south; Poland, Russia, Romania to the east; and the former nations of the Austro-Hungarian empire). Also countries in Latin America, such as Argentina, Uruguay, Cuba, Mexico, and Chile absorbed a significant share of European migration. Solimano and Watts (2005), 14.

50 | Solimano and Watts (2005), 16.

51 | Bairoch and Kozul-Wright (1996), 12-13. According to Cottrell (1975, 27), in the case of Britain, “temperate regions of recent settlement” such as Canada and the US received the largest share of the total capital exports, amounting to 68% of the total share between 1865 and 1914.

52 | Cottrell (1975), 27; Cain and Hopkins (1987), 14.

Table 3-1 – Main International Lenders and Borrowers, 1913 (Percentage shares, Bairoch and Kozul-Wright 1996)⁵³

Lenders			Borrowers		
	Total overseas investment	FDI	Region	Total overseas investment	FDI
Britain	41	45.5	Europe	27	17.71
France	20	12.2	Latin America	19	32.7
Germany	13	10.5	North America	24	16
United States	8	18.5	Asia	14	20.9
Others	18	13.3	Africa-Oceania	16	12.6

The picture of asymmetric significance that emerges for trade relations is closely related to the one seen above for overseas investment flows. Even in the case of Great Britain, the country with the most globalized economy at the time, trade with the “poor and precarious markets” from the seized tracts of territories lagged behind trade volumes with other great economic powers.⁵⁴ The largest share of trading occurred between Northern countries, both in manufacturing goods as well as primary commodities. As of 1913, approximately 60% of total world trade took place among industrial economies, and 40% of total world trade was intra-European (see Table 3-2).⁵⁵

53 | Bairoch and Kozul-Wright (1996), 12.

54 | Bairoch and Kozul-Wright (1996), 9. It is important to note that the UK’s trading pattern during the late 19th century, characterized by exports of manufactured goods to, and imports of primary commodities from the South, which has become a defining criterion of imperial/colonial relations, was “the exception rather than the rule” at that time (see Table 3-2).

55 | Bairoch and Kozul-Wright (1996), 9.

Table 3-2 – Commodity and Geographical Composition of Exports, 1913
(Percentage shares, Bairoch and Kozul-Wright 1996)⁵⁶

Countries	Share of world exports	Trade with the North	Exports of manufactures as share of total exports	Exports to other industrial economies as share of total manufacturing exports
UK	22.8	37.9	76.6	31.8
France	12.1	68.2	57.9	63.8
Germany	21.4	53.4	71.7	53.5
Other Western European	15.0	70.3	49.4	62
United States	22.1	74.5	34.1	63.2

Secondly, the sectoral composition of colonial trade and investment relations points to the case-specific quality and overall complexity of colonial relations from a home country perspective. Empirical evidence from Britain and France shows that a large share of lending went to social overhead⁵⁷ and related business rather than resources.⁵⁸ Also, manufacturing enterprises were scarce, receiving “less than 4 per cent of total subscriptions to overseas issues” during the 1865-1914 timeframe.⁵⁹

Food processing (milling and meat-packaging), transport improvement, and public utilities were key sectors of interest. Particularly, railway bonds featured prominently: in 1914, approximately 70% of British and French long-term foreign investment went into this area.⁶⁰ Apparently, most investors were “rentiers” rather than providers of risk capital, and non-resource sectors under straightforward management, such as railway construction, appeared less risky, due to guaranteed returns. The risk aversion of European investors is

56 | Bairoch and Kozul-Wright (1996), 10.

57 | Social overhead refers to “capital goods of types which are available to anybody, hence social; and are not tightly linked to any particular part of production, hence overhead. Because of their broad availability they often have to be provided by the government. Examples of social overhead capital include roads, schools, hospitals, and public parks.” See Black et al. (2009).

58 | See, for instance, Svedberg (1980), 29.

59 | Cottrell (1975), 40.

60 | Bairoch and Kozul-Wright (1996). 13.

also reflected in the fact that FDI only accounted for one third of all international capital flows between 1870 and 1914.⁶¹ Except for the UK, the majority of overseas investment took the form of portfolio investments (see also Table 3-1 on the share of FDI of the total international investment).⁶² This dissimilarity in composition compared to contemporary capital exports has been largely attributed to the fact that the 19th century investment environment was riskier, which together with “[i]nformational problems made investments in debt safer than those in equity.”⁶³

It should be noted that in contrast to the widespread rhetoric of liberalism and free trade now associated with that era, financial mechanisms were not (only) “dominated by the market sentiment of private investors” during that period; neither were trade flows nor international relations.⁶⁴ Instead, public actors and policies played a key role in setting incentives. As mentioned above, empirical data shows that “bond issues dominated other debt instruments (notably equities)” and prevailed over securities markets.⁶⁵ This means that although private actors and banks from industrial countries invested overseas in long-term liabilities (such as railways), the borrowers were colonial and foreign governments in need of external capital to both address acute financial needs and finance infrastructure projects whose costs greatly exceeded the revenues.⁶⁶ The associated obligation of the borrower to make fixed interest payments and/or to reimburse the investor made this formula appealing for foreign investors.⁶⁷ While those guaranteed rates of return are not part of contemporary land-consuming investment projects, the accompanying rhetoric and provision of investor-friendly conditions (e.g., tax waiver) to attract foreign capital seem fairly similar to contemporary host governments’ strategies to attract foreign capital.⁶⁸

61 | Bairoch and Kozul-Wright (1996), 11.

62 | Bairoch and Kozul-Wright (1996), 11. Interestingly, it was the FDI component of total capital exports that showed a sectoral bias towards projects in the primary sector from 1870 to 1914. To the extent that FDI was a part of a strategy of expanding companies to develop intra-firm trade and related intra-firm facilitated division of labor, these projects also clearly impacted on international development and reinforced uneven developments in the world economy, creating a three-tier world whose divisions are still felt. Bairoch and Kozul-Wright (1996), 20-21, 10-11.

63 | Bairoch and Kozul-Wright (1996), 3.

64 | Bairoch and Kozul-Wright (1996), 12.

65 | Bairoch and Kozul-Wright (1996), 12-13.

66 | Bairoch and Kozul-Wright (1996), 13; Cottrell (1975), 28.

67 | Cottrell (1975), 28.

68 | Cottrell (1975), 28.

Also, trading activities were often regulated.⁶⁹ In several independent Latin American countries, where “Western pressure had imposed [...] treaties [...] which entailed the elimination of customs and duties” at the beginning of the 19th century, governments began to introduce protectionist trade policies in 1870 to promote industrialization following independence.⁷⁰ Simultaneously, policy preferences in industrial countries were characterized by great “divisions of opinion and interest over the empire’s economic function.”⁷¹ A case in point is the British Imperial Federation League (IFL), which emerged in 1884 to make recommendations on how to strengthen economic cooperation within the empire. This organization dissolved in 1893 due to an inability to find consensus on imperial economic policy, with a particular point of contestation being the promotion of “free trade” or imperial preference as the key norm of economic organization.⁷²

Overall, however, it should be noted that, until 1913, free trade had a “doctrinal, quasi-religious status”⁷³ in the British Empire, to the extent that “its rules of multilateralism and non-discrimination have shaped the post-World War Two international order.”⁷⁴ It was widely supported by (British) civil society and “helped soften people’s earlier view of the state [...] as exploitative instrument of the ruling class”⁷⁵—as popular notions of “Free Trade envisaged the social as relatively autonomous from state and market.”⁷⁶ Simultaneously, the free trade doctrine reflected the growing reliance on foreign farmers and the rise in consumption.⁷⁷ At the same time, references to free trade always also had a strong rhetorical character, allowing the colonizers and imperial powers to unilaterally enter overseas markets and territories without having to fear retaliation back home, given the power asymmetries in place.

With time, the rise of a group of strongly growing countries impacted international economic governance and led to the emergence of an international monetary and economic framework tailored to these countries’ investing and trading interests. However, this did not necessarily imply a more competitive organization of international and domestic economic, social and political rela-

69 | Bairoch and Kozul-Wright (1996), 8-9.

70 | Bairoch and Kozul-Wright (1996), 8-9.

71 | Green (1999), 47.

72 | Green (1999), 48.

73 | Trentmann (2008), 7.

74 | Trentmann (2008), 7.

75 | Trentmann(2008), 15.

76 | Trentmann (2008), 15.

77 | Trentmann (2008), 15.

tions.⁷⁸ Often, “imperial conflicts were related to and interconnected with the class struggles that characterized the expansion of industrial capitalism”⁷⁹ at that time. They reflected “feudal forms of organization; [...] monopolism, protectionism, cartelization and corporatism; and [...] rural, pre-industrial, and autocratic structures of power and authority.”⁸⁰

Against this background, it is not surprising to see that economic expansion by the great economic powers was largely an outcome of cooperation between the governments, financial institutions, and entrepreneurs. The countries that went down the industrialization path relatively late in comparison to the United Kingdom, such as Germany, were particularly characterized by close cooperation between these seemingly different actor groups, with the result that “[f]requently, interested bankers obtained government approval and support for the projects of others”⁸¹—not to mention diplomatic and military support. Yet, private sector capital exports were not necessarily embraced by most home country governments. Countries such as Germany and France tried to “discourage such outflows or at least sought ways to tie them more closely to export orders.”⁸² They were concerned about structural unemployment and foreign debt.⁸³

4. FINDING AN “AFRICAN EL DORADO”? THE SCRAMBLE FOR AFRICA, 1870-1914

The African continent ranked comparatively low with regards to European trade and investment activities during the late 19th and early 20th century. During the 1870-1913 period, the continent received 9.1% of British capital exports, 7.3% of French, and 8.5% of German foreign investment.⁸⁴ Nevertheless, the Scramble for Africa, i.e. the partition of and “run” onto the continent by European economic powers at the end of the 19th century has almost become synonymous with the popular notion of the “second wave”⁸⁵ of European imperialism. Since references to the Scramble are also common in the contemporary

78 | Bairoch and Kozul-Wright (1996), 24. Key aspects of this framework, for instance, the protection of foreign property or the imposition of the “open door” principle, have become key pillars of the contemporary international economic constitution.

79 | Halperin (2004), 76.

80 | Halperin (2005), 4.

81 | Bairoch and Kozul-Wright (1996), 24

82 | Bairoch and Kozul-Wright (1996), 24.

83 | Bairoch and Kozul-Wright (1996), 24; and Raghavan (2000).

84 | Daudin et al. (2010), 12 (Table 1-4).

85 | Bowden (2009), 25-26.

“land grab” debate that has emerged since 2000,⁸⁶ a more detailed summary of how and why it occurred from the perspective of the European colonizers will be provided.

In the early 1870s, the African continent remained unexplored and “mysterious” from the perspective of Europeans, who considered the region to be “vacant”: legally *res nullius*, a no-man’s-land,” except for the trading hubs and a few strategic colonies (South Africa, Algeria) on the coastline.⁸⁷ The African continent had never occupied an important spot on the European imaginary map prior to the Scramble, a “term [...] coined in 1884.”⁸⁸ Therefore, it was surprising then, and still is today, that within “half a generation, the Scramble gave Europe virtually the whole continent: including thirty new colonies and protectorates, 10 million square miles of new territory and 110 million dazed new subjects.”⁸⁹

What happened? The historical literature remains inconclusive over why the Scramble occurred from 1876 to 1913. However, there is broad agreement that monocausal explanations that point, for instance, to surplus capital are insufficient to capture the multiplicity of events and factors at work.⁹⁰ Aside from mythical notions of an African El Dorado⁹¹ that were inspired by the diamonds and gold mines in South Africa, there was the “lure of the unknown,” which was stimulated by geographic sciences for which “Africa was still [...] one of those few great regions where cartographers still left white spaces in place of rivers lakes and mountains.”⁹² Moreover, the context of the economic crisis in Europe, which was experiencing its first Long Depression,⁹³ as well as international power shifts, such as the rise of the US, and great power competition within Europe over markets and the positional status in the European system of states were important. These all have been influential factors in the imperial expansion onto, and the colonization of, the African continent.⁹⁴ Technological and scientific innovations that lowered the transport and health barriers to explore the interior of the continent sped up the Scramble.⁹⁵ At the same

86 | E.g., Biney (2009).

87 | Pakenham (1992), xxiii. Also see Duignan and Gann (1969a), 2-3.

88 | In this sub-chapter the term is used to “embrace the whole hectic phase of the partition, beginning with a prelude in 1876 and ending in 1912,” following the description of Pakenham (1992), xxvii.

89 | Pakenham (1992), xxiii.

90 | Pakenham (1992), xxiii-xxiv.

91 | See, for instance, Pearce (1984), 90.

92 | Duignan and Gann (1969a), 6-7.

93 | Hobsbawm (1989), 45. For a detailed explanation of this crisis, see Nelson (2008).

94 | See Pakenham (1992), xxiii-xxvi; Duignan and Gann (1969a); and Dumett (1999).

95 | Duignan and Gann (1969a), 2.

time, the Scramble relied on institutions developed during the first half of the 19th century, namely the international banking system, the reform of corporate governance, or strategic posts along the coastline that served as points of entry into the continent.

Historical research also points to the importance of country-specific factors and dynamics. In practice, different imperialisms of political and economic character were at play, and they depended on a country's particular political economy, ideology, and development setting, in addition to the international context.⁹⁶ For instance, British and French rationalizations of imperial expansion were influenced by their investor legacy. Accordingly, the key drivers of British interest in the African continent were "first to safeguard their [trade] passage to India and secondly to profit from economic opportunities." These interest priorities led Duignan and Gann to argue that the British participation in the Scramble occurred at the beginning out of "self-defense," i.e. out of a fear of losing political control in the context of the French-British rivalry over positional status within Europe.⁹⁷ The French expansion was pushed forward by diverse actor groups (e.g., "soldiers, merchants, geographic societies") "to promote the idea of empire" as a form of political power that would spread French culture and the allegedly "universal ideals of the Enlightenment."⁹⁸ The core empirical characteristics of the Scramble and how it occurred from a home country perspective are reviewed next.

To start, the Scramble timelines underline the procedural character of colonization and late 19th century imperial expansion. This process consisted of a gradual move from exploration and treaty-based forms of land acquisition and colonization, which were accompanied and often executed by imperial philanthropists (missionaries), to the use of force, the atrocities of which are well-documented.⁹⁹ In fact, "paper imperialism," such as the partition of Africa among European powers at the Berlin Conference (1884-1885), proved insufficient in the process of acquisition: "When effective occupation became necessary to establish a good title, conflict became inevitable."¹⁰⁰

An assessment of the colonization timelines also shows that the strategies for gaining or staying in control changed with time. While killings and violence were widely applied at the beginning of the occupation, some colonial administrations shifted their focus from direct to indirect forms of exploitation to

96 | E.g. Duignan and Gann (1969a); Pakenham (1992); Dumett (1999); and Hobsbawm (1989).

97 | Duignan and Gann (1969a), 8.

98 | See Jones (2014).

99 | Take, for instance, the German extermination order against Hereros in Southwest Africa. Pakenham (1992), xxv.

100 | Pakenham (1992), xxv.

prevent further revolts (see, for instance, the governance of farmland below). Throughout, law constituted an important instrument of acquisition and colonization, as it “provided a far more comprehensive framework than did the others for recalibrating land and life on the colonizers’ terms and without reference to indigenous antecedents.”¹⁰¹ The central role of law as primary tool to access the best land and govern colonial territory led Fahrmeir and Steller to refer to these practices as “lawfare” instead of warfare.¹⁰² Interestingly, though, many aspects of “lawfare” had their origin in the commercial conflicts among European powers that they were meant to regulate—a point to consider when assessing contemporary legal approaches and voluntary initiatives in the context of governing land-consuming FDI.¹⁰³

Importantly, the widespread narrative of primary-resources-driven colonialism, which the previous overview of key imperial parameters called into question for the majority of imperial projects, does apply to the African case. The empirical evidence on the sectoral composition of capital imports from 1870 to 1935 shows that the largest share of private foreign capital “went into mining and much colonial public investment was intended for developing mining.”¹⁰⁴ In practice, this led to the establishment of enclave economies that were characterized by their export-orientation, as well as their strong reliance on foreign capital and the facilitating institutions in the form of colonial administration and law, infrastructures, and labor needed for the exploitation of resources.¹⁰⁵ In the process of acquisition and colonization, colonial governments made use of mining policies and marketing mechanisms to put African enterprises at a disadvantage compared to their foreign competitors, ultimately resulting in their elimination.¹⁰⁶ This was also true for cases such as the gold industry in Southern Rhodesia, “where the geological conditions favored small-scale producers and where African tradition and experience were considerable.”¹⁰⁷ Also, following decolonization, foreign investments in Africa have remained biased towards the natural resource sector (agriculture, mining), which still made up 50% to 80% of total FDI flows as of 2005. At the same time, the positional status of African countries has remained evocative of the continent’s colonial heritage: South Africa, which was a major, late 19th century target country of

101 | Harris (2004), 179; Alden Wily (2012).

102 | Fahrmeir und Steller (2013), 172.

103 | The Act of Berlin (1885), the “legislative vehicle for the Scramble for Africa,” was as much about the partition of the continent amongst the European powers as it was about guaranteeing free trade in spite of the partition. See Gardner (2012), 43.

104 | Economic Commission for Africa, Africa Union (2011), 12.

105 | Stuchtey (2010).

106 | Economic Commission for Africa, Africa Union (2011), 13.

107 | Economic Commission for Africa, Africa Union (2011), 13.

foreign investments “with the other economies in its orbit,”¹⁰⁸ continues to be a major trading and investment hub on the continent.¹⁰⁹

A core component of these processes of colonization and capital transfers was that they consumed land in its multiple forms, as territory, resource, and cultural landscape; by multiple means, namely legal and violent, direct and/or indirect forms of dispossession; for multiple reasons. However, it is important to remember that land as a resource only became a core issue at a later stage of colonization. Historical evidence on the “Conference of Berlin” (1884-1885) indicates that in the beginning European economic powers met to negotiate the future of the African continent as a way to ease competition pressures and conflicts over commercial routes and (exclusive) markets. These issues had been building up amongst themselves. And then they gained further significance during the Great Depression, and in the context of the declining possibility of expansion on the European continent due to the formation of nation-states.¹¹⁰ Contributing factors to the focus on commercial and strategic interests during this partition process might have been that “many African colonies were short of [...] known mineral deposits,”¹¹¹ and that large parts of the continent were “terra incognita” and not intended for settlement.¹¹²

Over time, land played an important role as a sphere of influence and strategic territory for the home countries’ commercial interests, as a resource, as a productive space of society, as an area of settlement, or as an asset (in cases where investors speculated on rising land values)¹¹³—a list that is similar to the functions of land in contemporary foreign investments. However, the initial neglect of, or ignorance about land resources on the African continent led to situations in which investors and colonial administrations had to realize that the acquired land (tropical soils) was not necessarily conducive to the colonial export economy they had envisioned. In addition, the colonized territories often faced a shortage of labor and lacked the infrastructure required for industrial export agriculture.¹¹⁴

Similar to the varying role of land within and across colonies, the governance of land was characterized by plural, complex, and evolving modes and events rather than a single approach. In view of access, the “ability to dispossess rested primarily on physical power and the supporting infrastructure of the state.”¹¹⁵

108 | Economic Commission for Africa, Africa Union (2011), 12.

109 | Ezeoha and Cattaneo (2011), 2.

110 | Pakenham (1992); Anghie (2007).

111 | Austin (2010), 9-10.

112 | Austin (2010), 9-10.

113 | Hobson (1965), 63, 357.

114 | Austin (2010), 10; Duignan and Gann (1969b), 102.

115 | Harris (2004), 179.

At a later stage of colonization, the threat of military intervention and/or legal punishment by the colonial administration or the chartered company was often sufficient to acquire land through dispossession.¹¹⁶ At the same time, the governance of land was shaped by commercial interests; concerns over lacking wage labor—in this case land dispossession together with taxation provided a mechanism to force Africans to work in the mines and plantations of colonial governments and corporations;¹¹⁷ and the fiscal needs of the “colonial treasury.”

Moreover, governance depended on how the respective colony was framed by the colonizer, namely whether it was deemed a “settler,” “plantation,” or “peasant” colony.¹¹⁸ The framing was based on the utility of the soils and infrastructure for primary export production, and had significant consequences in view of the support that home country agents were receiving from the colonial government.¹¹⁹ In the case of (British) Ghana, a “peasant” colony, British farmers were, for instance, allowed to get involved in cocoa production. However, they did not succeed in the competition with African producers.¹²⁰ A key factor for their failure was that these farmers did not receive the biased support from the colonial administration that British subjects were experiencing in “semi-settler” colonies such as Kenya and Southern Africa. Instead, the colonial government preferred to “rel[y] on the efforts of African small capitalists and peasants in growing and local marketing of export crops” for accommodating commercial projects and generating state revenues. This strategy proved very profitable, “yielding a 20-fold rise of foreign trade (measured in real value) between 1897 and 1960.”¹²¹ Another example is the case of Nigeria, also a “peasant” colony. Between 1906 and 1925, the colonial government turned down the advances of the soap manufacturer H.W. Lever (whose manufacturing companies today form part of the Unilever Corporation¹²²) who asked permission to develop large oil palm plantations.¹²³ As a consequence, “African producers literally delivered the goods [...] through land-extensive methods well adapted to the factor endowment,” resulting in the “continued African occupation of virtually all agricultural land.”¹²⁴ However, these examples do not mean that

116 | Harris (2004), 179.

117 | Austin (2010), 9.

118 | Austin (2010), 9, 13.

119 | Austin (2010), 9, 13.

120 | Austin (2010), 8.

121 | Austin (2010), 9.

122 | Unilever (<http://www.unilever.co.uk/aboutus/ourhistory/>).

123 | Austin (2010), 9.

124 | These choices by colonial governments were largely a function of giving in to the resilience of “African production for the market” and/or resistance, and not outcomes of a greater strategy for colonial development. Austin (2010), 9, 13.

these farmers were free to grow what they wanted in the way they wanted. Instead, “the colonial administration completely discouraged the cultivation of food crops while encouraging cash crops production.”¹²⁵ As a result of this economic policy, existing economic systems that ensured the food self-sufficiency of families were destroyed, resulting in rural households’ starvation.¹²⁶

More broadly, in the agricultural sector, three business models prevailed that are still popular today: plantations, contract farming,¹²⁷ and commercial farming.¹²⁸ In most colonies, preferential treatment was given to foreign-owned plantations, or farms owned by European emigrants.¹²⁹ Plantations reflected European visions of establishing an export economy in the colonies. However, in practice, this production and governance model often struggled for economic viability, and it never became the most common mode of production or land use on the African continent.¹³⁰ Until today, this model and related governance schemes are known for their detrimental social impacts in the form of slavery and indentured labor, violent expropriation, undervalued compensation for land; as well as their land-extensive and capital-intensive nature. In practice, plantations depended strongly on colonial administration to govern the economy and territory in a way that defeated the competition from African smallholder producers or facilitated the forced labor supply to meet their labor demands.¹³¹ Usually, plantations were set up close to ports by settlers or corporations (like Del Monte, Firestone); and they had the widest application in settler colonies such as Kenya, Zimbabwe, and South Africa.¹³² In the case of settlers’ commercial farms, the other business model characteristic of the late 19th/early 20th century on the continent, the colonial administration allocated specific land areas to settlers.¹³³ In contrast to plantations, with their focus on monoculture and their operation by multinational corporations, these farms tend(ed) to be less integrated in the world economy, to plant multiple crops, and to raise livestock.¹³⁴

125 | Shokpeka and Nwaokocha (2009), 57.

126 | Shokpeka and Nwaokocha (2009), 57.

127 | This form has been promoted as a way to integrate small-scale farmers in the plantation economy by turning them into suppliers to estate structures. See Smalley (2013), 11.

128 | Smalley (2013).

129 | Smalley (2013), 3.

130 | Smalley (2013), 21.

131 | Smalley (2013), 9.

132 | Smalley (2013), 21, 9.

133 | Smalley (2013), 11.

134 | Smalley (2013), 11.

The descriptions above highlight two things about the colonial administration of land: colonial land governance did not necessarily displace African producers in every case; however, colonial administration used other means of control, such as economic policies, to steer what was being produced and it also used biased agricultural marketing methods that treated European producers with partiality.¹³⁵ These subtleties have to be kept in mind when assessing contemporary land-consuming FDI projects. At the same time, land governance depended strongly on the respective administration's perception of local realities—from the framing of a colony as peasant, settler, or plantation colony, to the establishing of land markets for African land-owners. Moreover, land governance changed with time. Kenya is a case in point. Colonial administration had prevented “the emergence of land markets in areas controlled by Africans.”¹³⁶ However, much later, in the post-WWII period and more than a decade prior to Kenya gaining independence (in 1962), there were controlled cases of land registration “in response to the *de facto* emergence of land sales and individual proprietorship.”¹³⁷ An important reason was that the colonial government saw this as a way to strengthen its control by empowering conservative African land-owners.¹³⁸ More broadly, historical records show that public colonial spending “was concentrated on a combination of administration, defense, and infrastructure,” and governed to both “promote expansion of primary export industry” and service debt.¹³⁹ Hardly any of the state budget was made available for social investments in schools, hospitals, pension, or other welfare areas of state action that were rapidly expanding in Europe at the time.¹⁴⁰

While the governance of lands and colonies focused strongly on favoring Europeans and installing a primary export industry, it would be wrong to think of actors and institutions in the target regions as passive objects in this process. In practice, their responses lay somewhere between the two poles: strategized cooperation as a means to exert their own influence on the ground and resistance.¹⁴¹ Consequently, the particular response on the ground, together with

135 | Austin (2010), 12.

136 | Austin (2010), 12-13.

137 | Austin (2010), 12-13.

138 | Austin (2010), 12-13.

139 | Gardner (2012), 36-40.

140 | Gardner (2012), 34, 234.

141 | For instance, anglicized Africans in Nigeria “possess[ed] a sense of the British ‘imperial mission’” from their religious point of view; while some traders in Senegal hoped to protect their trade against competitors under French rule. In some cases, “[I]terate Africans looked for promotion in the local public services.” At the same time, some groups of the African aristocracy, whose cooperation imperial control depended on, established a kind of ‘sub-imperialism,’ securing and even expanding their influence

the political institutions in place in African regions, which ranged “from stateless societies [...] to city states and extensive kingdoms” with monarchies,¹⁴² partly shaped the interaction between European and African actors.¹⁴³

From a home country perspective, the Scramble involved a wide range of actors and institutions, such as state officials, adventurers, missionaries, and entrepreneurs, but also landed elites and bankers. Moreover, it relied on important institutions that emerged during that time of great power competition, including the forms of international law mentioned above,¹⁴⁴ commercial treaty standards,¹⁴⁵ and/or principles of the international economic system, particularly the Most Favored Nation principle. A particularly prominent institution of that time, which could be traced back to the 16th century, was the chartered company with its “dual roles of entrepreneur and representative” of the respective home government.¹⁴⁶ It allowed merchants to pool resources in order to invest and trade overseas, sometimes to the extent of administering the colonies as proxies of the home country state politically, economically, and

over and control of the territory and the population within the colonial framework (e.g., Lozi in Gambia, Ganda in Uganda). See Duignan and Gann (1969a), 4, 13, 16; Duignan and Gann (1969b), 109, 122; and Boamah (2014).

142 | Duignan and Gann (1969a), 11.

143 | Austin (2010), 15. Also see Halperin (2005).

144 | Anghie (2006, 739-742) describes the “evolution of international law from the 16th century” as a discipline of European origin, “consist[ing] of a series of doctrines and principles that were developed in Europe, that emerged out of European history and experience, and that were extended to the non-European world which existed outside the realm of European international law.” Accordingly, law was an institutional mechanism in facilitating imperial expansion, but it was at the same time shaped by it, with colonialism being “central to its formation,” and thus making it “universal.” Key for this process of international law facilitating and legitimizing colonial enterprises was the “dynamic of difference.” The assumed universality of the norms and principles of international law “posit[ed] a gap, a difference between European and non-European cultures and peoples.” That gap then needed closing, and this legitimated the framings of imperialism as a “civilizing mission.” To a certain degree, this was reflected also in “an aggressive variety of imperial philanthropy,” that tried to “help [...] the unbelievers in the African bush.” Also see Duignan and Gann (1969a), 9, 6-7.

145 | The incorporation of commercial treaty standards on the protection of alien property and the obligation of full compensation in case of expropriation into international law in the 19th century reduced the risk for internationally operating firms. As a result of property standards, “[u]ncompensated seizure [of alien property] was considered robbery, and the use of unilateral force was considered a legal and legitimate response.” See Jones (2005a), 24-25.

146 | Moss et al. (2004), 6.

by means of military force. Usually, these companies were given a contract by the home country government, which in return expected to profit from the annual revenues in the form of royalties or intensified trade (exports), and/or hoped to maintain or gain a favorable positional status at the international level at relatively low cost.¹⁴⁷

Institutionally, colonial undertakings also profited from the internationalization of the banking sector.¹⁴⁸ The British government, for instance, supported overseas investments and colonial administrations through loans and public spending in the form of grants-in-aid. These financial schemes needed the approval of the British Treasury, the main guarantor in most cases, which provided the colonies with lower interest rates.¹⁴⁹ Loans were granted in cases where the local colonial state revenue did not manage to cover the expenditures, even though the stated goal was for colonial governments to become self-sufficient and produce balanced budgets in the medium term.¹⁵⁰ While the colonized had to pay for their own subjugation, in practice, the case of Britain highlights that few colonies became financially independent.¹⁵¹ Repeatedly, the already volatile financial situation of the colonies deteriorated with slowdowns in world trade and/or falls in commodity prices.¹⁵² As a result, the colonial governments tried to build up financial reserves for these incidents of revenue declines through export trade, and they cut down on the size of their administrations to reduce costs. The interrelation of colonial governance and financial administration has been highlighted by Gardner, who argues that the British approach to “indirect rule” was less the outcome of an ideological choice than of financial constraints in view of limited revenues available to the colonial state in spite of their violent collection from the colonized in the process of conquest and colonization (e.g., taxes).¹⁵³

With time, the support of home country governments for capital exports changed, as did the approach to colonial administration. While the governments had originally framed capital exports as beneficial (at least to a certain degree), suggesting them as a way to expedite the import of food and raw mate-

147 | Duignan and Gann (1969a), 17.

148 | Jones (2005a), 25.

149 | Gardner (2012), 40-41.

150 | Gardner (2012), 37-40.

151 | Gardner (2012), 32. It is important to note, however, that India, the largest and most important colony of the British empire, appears to have been financially profitable for Great Britain, which kept “draining Indian revenues to pay for an expensive bureaucracy (including in London) and an army beyond India’s own defence needs” and to meet other financial interests in London. See, for instance, Kaul (3 March 2011).

152 | Gardner (2012), 6.

153 | Gardner (2012), 5-6.

rials, to promote exports and thus create jobs, and to ensure an annual state income in the form of commission fees and remittances, this “laissez-faire” attitude changed during World War I.¹⁵⁴ Even the British government began to fear that outward investments could have negative repercussions on the foreign exchange position of the motherland and pressure the internal capital markets. This resulted in tighter regulation designed to ensure the availability of capital for domestic development or the development of the colonies.¹⁵⁵

In conclusion, the material presented above begs the question of utility, i.e. was the violent colonization of, and imperial expansion into African, but also Asian and Latin American lands, actually rewarded with the finding of an “El Dorado?” Historical evidence suggests that outcomes were complex, and not necessarily a success story. Contrary to the claims that outward investments would increase exports, create jobs, secure resources, and provide a stable source of annual state revenues in the form of commissions from issuing loans or remittances on profits, in practice, the impact was less obvious.¹⁵⁶ Particularly regarding the colonization of tropical Africa, the effects of overseas trade, migration, and investment were ambiguous, and “capital exports to colonies were important, but not dominant” for economic development back home.¹⁵⁷ For instance, it remains unclear whether overseas investment in the primary resource sector in the colonies or (in the case of Britain) the Empire was even necessary from the home country perspective. Europe was resource abundant with regard to major energy sources (coal), “and nearly self-sufficient in iron ore and other minerals.”¹⁵⁸ Only industrial crops such as cotton constituted an important commodity, and they were largely supplied to European countries by the United States. Also, the acquired colonial territories that supposedly served as outlets for European capital and trade accounted for less than 15% of European countries’ exports.¹⁵⁹ At the same time, there is an ongoing debate over the extent to which colonial tax and trade revenues from major colonies (e.g., India in the case of Britain) constituted vital inputs for the home country’s

154 | Atkin (1970), 324-328

155 | Atkin (1970), 324-328.

156 | Colonial India, which is not covered in this chapter, seems to be an exception in this regard. Historical research suggests that it might have played an important role in British development and expansion. For instance, colonial tax and opium trade revenues were used to service the debt and facilitate the further expansion and maintenance of the British empire; and the colonization of India brought prestige to Great Britain. See Cain and Hopkins (1987); and Deming (2011).

157 | Daudin et al. (2010), 17.

158 | Daudin et al. (2010), 17.

159 | Daudin et al. (2010), 17.

development and imperial expansion.¹⁶⁰ While Cain and Hopkins have shown that colonization was a relevant factor, subsequent historical research underlines that the benefits are not straightforward.¹⁶¹

These basic colonial trade and investment figures, however, raise doubts about the usefulness of many of these undertakings from the home country perspective, particularly regarding resource security. They also highlight that other interests, be they commercial or geopolitical in nature, were equally relevant. At the same time, the project details emphasize that capital exports were not necessarily profitable. In fact, the “tropical treasure house myth”¹⁶² that underpinned and legitimized colonial expansion in the home countries neither reflected the reality of mining projects nor that of agricultural projects. Instead, many enterprises, such as the chartered companies, turned out to be highly unprofitable, leading to their ultimate failure—in spite of the monopolistic concessions and coercive means at their disposal. Prominent cases in point were the British South Africa Company in Southern Rhodesia, as well as French activities in Equatorial Africa.¹⁶³ To attract foreign capital, these companies facilitated the “granting of large scale territorial concessions on easy terms” to foreign investors.¹⁶⁴ Since their business model relied heavily on foreign funding, these concessionary companies faced the problem that their “grantees usually failed to invest sufficient funds or to do much serious development work.”¹⁶⁵ The shareholders often did not profit either. The British South Africa Company, for instance, which was active in mining, landholding, and railway construction, and was basically a chartered company constructed on the example of the infamous British East India Company,¹⁶⁶ “never paid a single penny to its shareholders and was generally unprofitable” (between 1890 and 1923).¹⁶⁷

Contrary to the rhetoric of progress and efficiency, it also turned out that insufficient ‘on the ground’ knowledge and shortages of labor “did not make for efficient agriculture.”¹⁶⁸ In the African colonies, European farming enterprises faced the same challenges as local farmers, namely “plant disease, floods, droughts and sickness,” as well as poorly developed communication and trans-

160 | Cain and Hopkins (1987). See, also, footnote 376.

161 | E.g., Cain and Hopkins (1987); Gardner (2012); Dumett (1999).

162 | Duignan and Gann (1969a), 10.

163 | Duignan and Gann (1969a), 20.

164 | Duignan and Gann (1969a), 20.

165 | Duignan and Gann (1969a), 20.

166 | Regarding the East India Company, see for instance Britannica.com (<http://www.britannica.com/EBchecked/topic/176643/East-India-Company>).

167 | Duignan and Gann (1969b), 102.

168 | Pearce (1984), 90.

port routes, which made their projects relatively expensive and economically unviable.¹⁶⁹ At the same time, imported animals and plants often did not suit the climate, and the European farmers also “had to cope with the unfamiliar properties of African soils”—a fact that seems as pertinent today as it was back then. Often, this unfamiliarity with local conditions resulted in detrimental impacts in the form of declining soil fertility and rising soil degradation.¹⁷⁰ Even ventures in the mining sector (e.g., diamond and gold) that generated returns, nourished the public imagination on colonialism and imperialism, and came closest to the “concept of colonial super-profits” were encountering difficulties, and “large dividends in some mines were balanced by low profits or losses in others.”¹⁷¹

Regarding job creation, it is impossible to clearly judge the impact of these undertakings. On the one hand, empirical evidence suggests an inverse relation between overseas investments and jobs available in the home countries.¹⁷² On the other hand, the overseas territories, particularly those in the New World, created (even if they were moderate in most cases) some outlets for surplus production, capital, and labor. Cottrell argues that this allowed the ruling elite to uphold regime stability by opening new sources of profit to landed elites back home while offering avenues for social mobility through a military career or migration. Moreover, Daudin et al. highlight that “[m]igration was the dimension of globalization that had the greatest impact on European workers’ living standards during this period” through its prompting of real wage rises in poor economies back home and provision of a way to bypass or leave behind domestic barriers.¹⁷³ In this latter sense, it provided an option to earn a higher income and/or evade religious or political oppression or persecution in the home countries.¹⁷⁴ In most cases, European migrants came from rural populations, but increasingly they also came from cities and industrial (i.e. deskilled, unschooled worker) backgrounds.¹⁷⁵

At the same time, these very same elements that sustained stability also prevented domestic reform processes. Politically, the old elites were able to

169 | Duignan and Gann (1969b), 102.

170 | Duignan and Gann (1969b), 102; also see Kotschi and AGRECOL (2013); Goldsmith (1993), 2.

171 | Duignan and Gann (1969b), 108.

172 | Cottrell (1975), 53.

173 | Daudin et al. (2010), 21-23.

174 | Daudin et al. (2010), 21-23. See, for instance, the case of European migrant farmers in Argentina, Solberg (1974), 127; and Solimano and Watts (2005) for an overview of migration flows during the late 19th century.

175 | See, for instance, the description of the political economy of core countries by Halperin (2005); and Solimano and Watts (2005), 16.

secure their positional status, while economically, many overseas investments turned out to be harmful due to their wasteful and fraudulent quality¹⁷⁶ or the fact that their focus on primary resources abroad led to the neglect of domestic agricultural production back home.¹⁷⁷ More broadly, capital exports resulted in the stagnation of domestic industry productivity and export growth since “the bulk of the savings generated in the non-industrial sectors of the economy had been directed not into industry but into [...] secure investments” such as “government stocks, [...] agricultural mortgages, or after 1840, the railways.”¹⁷⁸ Moreover, from 1880 onwards until 1914, the marginal returns of Britain’s colonial investments were below those from (less risky) investments in industry back home. However, when taking a broader view of what the benefits might have been for the home country, research suggests that overseas investment facilitated an elite strata continuation at a time of economic transformation back home. Tax and trade revenues of key colonies also seem to have mitigated financial volatility and serviced debt in the British Empire.¹⁷⁹ This underlines the importance of looking at the nuances and the political economy of the home country’s colonial undertakings for a meaningful understanding of how and why overseas investments occur when assessing contemporary acquisitions, rather than adopting the investor’s framing or the rhetoric of efficiency and profit.

From the viewpoint of the colonies and/or the countries in the South that received FDI and other capital flows, these foreign funds were part of very violent processes of dispossession, suppression, and acquisition. Economically, they proved harmful for the host countries, because they destroyed local socio-economic institutions¹⁸⁰ and were mostly “unable to establish [...] a cumulative growth dynamic.”¹⁸¹ In particular, “speculative capital flows were [...] likely to become a destabilizing element,” resulting in “deflationary pressures, debt crisis, reduction[s] in [capital] imports.”¹⁸² As a result, non-colonies also grew increasingly dependent on the orders of their European lenders, namely banks and governments, which cooperated with industry in this context to further joint interests at the cost of the borrowing countries.¹⁸³ The imported funds

176 | Cottrell (1975), 47.

177 | See Potter (2002), 124.

178 | Cain and Hopkins (1987), 4. Regarding the explanation of major investment trends during 1855-1914, see Cottrell (1975), 35.

179 | Cain and Hopkins (1987); Deming (2011).

180 | Shokpeka and Nwaokocha (2009); Davis (2002).

181 | Bairoch and Kozul-Wright (1996), 25.

182 | Bairoch and Kozul-Wright (1996), 25.

183 | Argentina is a case in point: following a crisis of “excess borrowing” in 1890, the State had to fulfill the “dictates of the international banks that imposed severe

extended the asymmetric export-import trading relationship, establishing a specialized economic structure that was not conducive to the debtor countries' economic development in the medium term, yet very difficult to overcome.¹⁸⁴

The forming of an uneven development geography, which was characteristic of the Scramble, often went along with environmental degradation due to the concentration of land ownership and control. This concentration led to overcrowding and the use of less valuable land by dispossessed and/or relocated rural populations, and exceeding domestic biocapacity became a problem due to the focus on primary exports.¹⁸⁵ While “[d]e-industrialisation in colonies and developing countries predated the era of global integration,” the process was “accelerated, during much of the period of global integration.”¹⁸⁶ This process is evidenced by the low share of imperial borrowing in manufacturing:¹⁸⁷ between 1860 and 1913, “the developing country share of world manufacturing production declined from over one-third to under a tenth,” a fact that has been closely linked to the dramatic rise of imports of European manufactured goods in the South.¹⁸⁸

On the individual level, a large share of the local population, particularly in Africa, Latin America, and Asia did not benefit from these forms of “coercive development.”¹⁸⁹ Instead, populations were evicted from their lands and then confronted with hunger and starvation¹⁹⁰ while concurrently being framed by colonial administrations as cheap “labour reservoir[s].”¹⁹¹ Even farmers who produced for multinational corporations through new forms of outgrower schemes did not profit from integration of the agricultural sector in the international markets. To the contrary, they were confronted with dramatic declines in agricultural prices, had to bear all the risks such as currency fluctuations

financial conditions on both the national and the provincial governments in order to guarantee that they would recoup their loans and to assure the profitability of allied enterprises, such as British railways firms.” At the same time, European banks turned the crisis into an opportunity, buying up Argentinean enterprises from the private and public sector and thereby furthering their economic position within the Argentinean economy. Bairoch and Kozul-Wright (1996), 25.

184 | Cottrell (1975), 41.

185 | Compare Andersson and Lindroth (2001); and Clover and Eriksen (2009).

186 | Bairoch and Kozul-Wright (1996), 16.

187 | Bairoch and Kozul-Wright (1996), 16.

188 | Bairoch and Kozul-Wright (1996), 16.

189 | See Bessant (1992), 39-50.

190 | Davis (2002).

191 | Bessant (1992).

and weather events, and lacked any political privileges under colonial administration.¹⁹²

In retrospect, the legacy of the three-tier world that emerged during this era is still felt today. Its three tiers were, firstly, the “small group of rapidly industrializing economies” that is seen as having most profited from the international capital dynamics, while also playing the central role in the emergence of economic standards (gold standard); secondly, the few settler countries which managed to profit from primary resource exports and, over time, to begin to industrialize; and, thirdly, the large group of countries that “shared a tenuous position in the new international division of labour,” and did not manage to industrialize sustainably, or—in the case of the colonies—were discouraged or even prevented from doing so.¹⁹³

5. DECOLONIZATION AND GLOBALIZATION

For the assessment of the novel character of contemporary “land grabs” (or, in the terminology of this book: land-consuming investments), it is important to account for international structures as well as domestic developments in the home and host countries in the post-WWII period. The underpinning question is whether fundamental changes in agencies, structures, and ideologies are observable in the context of foreign land acquisitions after decolonization.

Regarding the situation in recipient and home countries, decolonization has not led to a radical break with colonial economic structures, ideas, policies, or legislation in the form of a zero hour:

Many of the ideas, policies, and priorities of postcolonial development can trace their genealogies to the colonial era, where they were shaped through metropolitan concerns to maintain and modernise colonies, and through contact with the local people, knowledge, and conditions.¹⁹⁴

Instead, most African countries show a mix of path-dependent¹⁹⁵, as well as new, elements in areas relevant to land-consuming OFDI. As of 2016, it seems to be a combination of colonial-state legacy (state as nominal land rights

192 | See Hobson (1965), 113-116; Smalley (2013), 18, 30-52; and Clapp (1988).

193 | Bairoch and Kozul-Wright (1996), 19.

194 | Craggs (2014), 9.

195 | Path dependency is an analytical concept of social sciences. It basically assumes that history matters when trying to understand contemporary institutional developments, collective action, power asymmetries, and perceptions. See, for instance, the work of North (1990).

holder), the persistence of modernization ideas informing domestic and international development programs,¹⁹⁶ and the postcolonial history of Structural Adjustment Programs (SAPs)¹⁹⁷ that lays the institutional, ideological, and legal ground for these investments to take place.

A closer look at natural resource governance also shows that many countries' governments (North and South) have moved away from "state-led large-scale development" conceptions and the related "interventionist development policies" that were characteristic of colonial policies in the 1930s and continued for a certain period of time post-independence.¹⁹⁸ Today, many governments have adopted a neoclassical outlook on development characterized by the preference of private ownership of means of production, the promotion of minimum state intervention in sectoral governance, the assumption of rational actors, and the reduction of socioeconomic development to issues of efficiency and productivity.¹⁹⁹

Consequently, many countries' national development plans put an emphasis on foreign capital attraction and liberalization, and reflect an ideology of development as a process of unlimited growth rather than a zero-sum process of resource allocation that was characteristic of rival systems and orders²⁰⁰ in the

196 | Craggs (2014), 5-9. This particularly applies to large-scale agricultural investment projects by multilateral or bilateral development programs that focus on infrastructure, yield, and productivity improvement.

197 | See Chang (2003) for a detailed discussion of the track record of these policies in the form of an under-provision of public goods and services, or the failure to live up to their own standards (e.g., declining rather than rising growth levels during the 1990s). In practice, related development strategies resulted in a drop in public investment in the agricultural sector, the preference of private sector investment, and/or the liberalization of the primary sector. The country data on public expenditure on agriculture from 1980 to 2007 highlights that the total amount, as well as the share of agriculture in African governments' expenditures, dropped significantly from 1980 to 2007 (FAO (2012a), 4, 134-135).

198 | In fact, the plantation project that Unilever Ghana invested in during the 1990s is a perfect example of a formerly aid-funded, state-led, large-scale plantation program. Following the divestiture program in the 1990s, Unilever exploited this opportunity by buying the shares of this plantation on the Stock Market.

199 | Thomas (1994), 75-77; Kotz (2002), 64-66. For a critical discussion of mainstream economic theories that the neoclassical outlook on development is part of, see the publications by the heterodox economists Lavoie (2014, 1-30) and Cohn (2003).

200 | NIEO, short for New International Economic Order, was promoted during the 1970s, following decolonization. It aimed to replace the post-colonial order and establish an order that would be "based on equity, sovereign equality, interdependence, common interest, and cooperation among all States." See NIEO Declaration (1974), 1.

past.²⁰¹ In the governance of FDI, the ideological contestation of foreign investment by the recipient governments, which characterized the years during colonization and after decolonization, has largely disappeared.²⁰² Most countries in Sub-Saharan Africa have adopted a very liberal legal framework (as of 2010) that allows close to full foreign equity ownership in the agricultural, mining, or forestry sectors: “whereas countries used to list those specific sectors open to foreigner investment, the norm is now to assume a legally open regime with restricted sectors listed as exceptions” (see Table 3-3).²⁰³ Moreover, several African governments have created investment promotion agencies and introduced favorable policies to attract investors, in the form of long lease terms, tax exemptions, and the promise of low labor costs.²⁰⁴

The trend towards deregulation and economic liberalization since the 1980s has increased the discretionary power of the private sector vis-à-vis the state. Regarding host countries, multinational companies have profited from the fact that “regional blocs and countries compete against each other for investments [...] by offering them best investment and climate conditions.”²⁰⁵ In addition, existing national and international laws are “not precise enough to account for diffused responsibility in multinational corporations between local subsidiaries and headquarters,” enabling, for instance, practices of trade mispricing and tax evasion, both of which reflect and further reduce the decreased control and benefits available to state authorities. However, this tendency is not limited to the realm of host countries. The economic importance of multinational companies for job creation, supply sourcing, and trading activities has also expanded their power in negotiations with state authorities in home countries.²⁰⁶

201 | Informal interview with staff from the WB Inspection Panel, November 2011.

202 | Moss et al. (2004), 1.

203 | Moss et al. (2004), 3.

204 | Moss et al. (2004), 3. Also see Chapters 4 and 6.

205 | Kumar and Graf (1998), 133.

206 | Kumar and Graf (1998), 133.

Table 3-3 – Statutory Restrictions on Foreign Ownership of Equity across Regions and Sectors
(where 100 = full foreign ownership allowed, WB 2010)²⁰⁷

Region/Economy	Mining, oil and gas	Agriculture and forestry	Light manufacturing	Telecom	Electricity	Banking	Insurance	Transport	Media	Construction, tourism and retail	Health care & waste management
East Asia and Pacific	78.4	82.9	86.8	64.9	75.8	76.1	80.9	66.0	36.1	93.4	84.1
South Asia	88.0	90.0	96.3	94.8	94.3	87.2	75.4	79.8	68.0	96.7	100.0
Latin America and Caribbean	91.0	96.4	100.0	94.5	82.5	96.4	96.4	80.8	73.1	100.0	96.4
Eastern Europe and Central Asia	96.2	97.5	98.5	96.2	96.4	100.0	94.9	84.0	73.1	100.0	100.0
Sub-Saharan Africa	95.2	97.6	98.6	84.1	90.5	84.7	87.3	86.6	69.9	97.6	100.0
High-income OECD	100.0	100.0	93.8	89.9	88.0	97.1	100.0	69.2	73.3	100.0	91.7
Middle East and North Africa	78.8	100.0	95.0	84.0	68.5	82.0	92.0	63.2	70.0	94.9	90.0

207 | This table shows statutory restrictions on foreign ownership of equity in new investment projects (greenfield FDI) and on the acquisition of shares in existing compa-

At the same time, foreign land-consuming FDI continues to face other administrative barriers, such as limits “on the amount of equity owned by non-resident foreigners,”²⁰⁸ or political interventions in the economies.²⁰⁹ Importantly, public actors and interventions (in the form of state-owned enterprises and/or public approval processes) remain a key characteristic in many host economies characterized by high inequality.²¹⁰ While post-independence land reforms aimed to achieve greater equality through land redistribution, these have not overcome the legacy of the colonial period in the form of the concentration of land ownership and socioeconomic marginalization.²¹¹ This means that “land grabbing” in SSA occurs in countries with a land crisis and a political economy characterized by highly unequal ownership structures, high socioeconomic inequality, and discriminatory legislation.²¹²

A coexistence of novel and path-dependent elements also characterizes the international level. Core principles of imperial law, namely the most favored nation norm and the non-discrimination principle, have become key pillars of the post-WWII trade governance and legal structures that also govern FDI (General Agreement on Tariffs and Trade (GATT), then WTO).²¹³ At the same time, the institutional framework regulating FDI in general, and agriculture in particular, has changed—due to the extension of liberal principles and frames to this activity and sector. Under the WTO’s Agreement on Agriculture (AoA), for instance, the approach towards agriculture has shifted from the notion of *agriculture* to *agribusiness*.²¹⁴

In the home countries, many governments had shifted towards restrictive OFDI regulations after WWII to ensure that capital would be available for domestic reconstruction purposes (also see Chapter 7). However, since the 1980s, capital exports and trade activities have been deregulated again, and in some cases even pro-actively supported by policy makers. As a result of these

nies (mergers and acquisitions). One hundred equals full foreign equity ownership. The table is from the online database of the WB (2010) report (<http://iab.worldbank.org/Data/Explore%20Topics/Investing-across-sectors>).

208 | Moss et al. (2004), 9.

209 | Moss et al. (2004), 9.

210 | WB (2010); and Moss et al. (2004).

211 | Home (2012), 19.

212 | For a discussion of land reform problems, see Home (2012); and Borras and McKinley (2006).

213 | See collection of clauses in GATT and WTO in the database of the Japanese Ministry of Economy, Trade, and Industry (<http://www.meti.go.jp/english/report/data/gCT9901e.html>). Also see Anghie (2007) on the role of imperialism in realizing the universality of international law.

214 | Weis (2007).

processes of economic liberalization and deregulation, which have occurred almost worldwide since the 1990s, the most recent decades have often been characterized by an increasing corporate concentration, intra-firm division of labor, and market internationalization by TNCs, particularly in the food and energy sectors.²¹⁵ Against this background, Clapp and Fuchs have stressed the significant structural and discursive power of contemporary TNCs relative to the state and civil society.²¹⁶ Others, such as Murphy, have pointed to the importance of nation-states and governments in this process of private sector expansion.²¹⁷ From a historical perspective, it has become clear that these two seemingly contradictory observations might as well be complementary phenomena. At the same time, it seems that what is at least partly fueling the contemporary debate on “land grabbing” is the discontent with the social, economic, political, and ecological repercussions of this development trajectory, combined with a fundamental concern about how the state will be able to deliver core welfare functions in the future, considering the rapidly progressing privatization of access to, and governance of land and its multiple functions.

6. CONCLUSION

The review presented above outlined particular mechanisms that could be labeled as imperialist “best practices,” such as the exertion of diplomatic pressure, use of military force, facilitation through legal instruments and corporate actors, or the provision of financial support by the state. Together, they showcase the strong role that was taken by the public sector in facilitating private sector expansion. Public actors promoted overseas investments, stating that these operations would provide the home country with revenues, jobs, and access to markets. Moreover, overseas investments were defined from a mercantilist viewpoint as a means to improve the home country’s positional status in the system of states. Obviously, multiple imperialisms were at play; they were made unique by their particular country settings, actor constellations, and specific motivations.

References to (neo)colonialism and imperialism in contemporary explanations of “land grabs” since 2000 do not often match this diverse historical evidence on colonialism and imperialism; nor are they particularly meaningful. Rather than being solely about land, natural resources, or labor, colonial and imperial expansion was driven by a multitude of factors, including the protection of commercial interests; personal desire to achieve “self-aggrandize-

215 | See Clapp and Fuchs (2009); and Goldthau and Witte (2010).

216 | Clapp and Fuchs (2009).

217 | Dunning and Narula (1996); and Murphy (1994).

ment;” state desire to expand political influence as part of the European power game; or other events that resonated in the home countries, such as the Long Depression and processes of economic restructuring. Thus, both economic and non-economic aspects mattered, and “grabbed” land was important as natural resource, as well as territory, market space, strategic hub, or place of settlement.

The review also emphasizes the importance of accounting for the subtle changes that have occurred in political agendas, actor constellations, and corporate and resource governance post-World War II. Processes of economic liberalization and deregulation have yielded corporate concentration, intra-firm division of labor, and market internationalization by TNCs. Moreover, economic liberalization and deregulation has increased the discretionary power of corporate actors vis-à-vis the state. At the same time, governments in the host and home countries seem to embrace land-consuming overseas investments from the private sector and/or development agencies as a way to realize specific development agendas, even in sectors such as agriculture, where foreign access and ownership had been restricted in the past (also see Chapter 4-8).²¹⁸

Importantly, the official support for land-consuming FDI raises questions about the accuracy of references to imperialism and (neo)colonialism in the literature and media, particularly in those cases where land-consuming OFDI is proactively sought after by the host countries. Do these concepts help to further our analysis and empirical understanding of what is happening in a particular “land grab” context, or to find effective ways to address the phenomenon? To highlight this problem, take, for example, the Oakland Institute’s definition of “land grabbing” as “a neo-colonialism concept that has arisen in the midst of a severe food and economic crisis in the world in 2008.”²¹⁹ Accordingly, it describes the “purchase of vast tracts of land by wealthier food-insecure nations and private investors from mostly poor, developing countries in order to produce crop for export.”²²⁰

An article in the Somaliland Press rightly notes that such a “description is based on the assumption that the term of neo-colonialism is defined as a system that has been invented in place of colonialism, as a main instrument of oppression.”²²¹ Accordingly, “the essence of neo-colonialism is that the state which is subjected to it, at least in theory, is an independent and has all outward features of international sovereignty [...]. However, in reality both its economic system and political policy are directed from outside.”²²² Such references to (neo)colonialist traits of Chinese and British land-consuming OFDI have been

218 | See, for instance, Lavers (2011).

219 | Somaliland Press (19 May 2013).

220 | Somaliland Press (19 May 2013).

221 | Somaliland Press (19 May 2013).

222 | Somaliland Press (19 May 2013).

popular in the media. The National Post, for instance, writes the following about recent Chinese investment negotiations in the Ukraine:

Ukraine has agreed a deal with a Chinese company to lease 5% of its land to feed China's burgeoning population, it was reported on Tuesday.

It would be the biggest so called "land grab" agreement, where one country leases or sells land to another, in a trend that has been compared with the 19th century "scramble for Africa", but which is now spreading to eastern Europe.

Under the 50-year plan, China would eventually control 7.5 million acres, an area equivalent to the size of Belgium or Massachusetts, which represents 9% of Ukraine's arable land.

Initially 250,000 acres would be leased. The farmland in the eastern Dnipropetrovsk region would be cultivated principally for growing crops and raising pigs. The produce would be sold at preferential prices to Chinese state-owned conglomerates, said the Xinjiang Production and Construction Corp (XPCC), a quasi-military organisation also known as Bingtuan.

But KSG Agro denied reports that it had sold land to the Chinese, saying it had reached agreement for the Chinese only to modernize 7,500 acres and "may in the future gradually expand to cover more areas".

Any sort of "land-grab" deal can be sensitive politically. Madagascar was forced to scrap a plan to lease 2.5 million acres to South Korea in 2009 after protests against "neo-colonialism". The Philippines has also blocked a China deal.

"This reminds us of a colonial process even when there is no colonial link between the two countries involved," said Christina Plank, the co-author of a report by the Transnational Institute on "land-grabbing".²²³

However, this news article highlights two problems that apply to most descriptions of "land grabbing" as (neo)colonial. First, it seems that the concept of (neo)colonialism is used to weave a seemingly clear and coherent "land grab" story, rather than contribute to better data and an actual understanding of what is going on—in Ukraine, in China, or elsewhere. Second, as highlighted before, it remains unclear under what conditions such an investment transaction between two unequal partners would *not* be considered "land grabbing," nor qualify as a (neo)colonial relationship.

223 | Spillius (25 September 2013).

Concerning the subsequent assessment of Chinese and British land-consuming OFDI in SSA, all of the above stresses the need to generate rich empirical data and to account for the mix of structural and individual, strategic and contingent dynamics at work. At the same time, the case findings of this book suggest that contemporary references to imperialism and (neo)colonialism do not adequately capture the diversity of agency and political economies. In particular, these references seem to exaggerate the purposeful agency and strategic mastermind qualities of home countries, and to underestimate the agency of host countries regarding “land grabs.”

