Chapter 8: Land Grabbing and Home Country Development

Conclusion and Outlook

This project has sought to provide a more accurate version of the reasons for and the impact of "land grabbing" from a home country perspective. Consequently, it has assessed the empirical characteristics of Chinese and British land-consuming OFDI in SSA since 2000 (until 2015) in the home country settings, linking project-level data with the home countries' institutional frameworks, political economies, ideologies, and development trajectories. The comparative study of two major investor countries in SSA that are at different junctures of their economic development and have very dissimilar political economies was well-suited to identify the main country-specific and cross-country factors at play.

The book has shown that both countries' investments cover a range of different sectors, from agriculture to mining. Moreover, it has argued that diverse purposeful agents partake in land-consuming OFDI for distinct reasons. In fact, Chinese and British investments involve actors that are part of both the powerful and the marginalized groups in the home country's political economy. Some actors simply respond to the opportunities open to them—expecting higher returns, competitive advantages, and/or growing markets.[1] Others pursue these enterprises to 'fight the limits' they are confronted with back home—in the form of limited political influence, ecological boundaries, political interference, low social mobility and welfare, crowding out effects, limited markets, and/or (comparatively) low returns on investments made. Often, the fairly low opportunity costs reflected in the related rationalizations and expectations of the different actors explain why these investments occur, despite the high risks attached and the mixed record of economic success. Ulti-

1 | In this context, it is also important to note that even though a company is unprofitable and accumulates huge losses, the chief executive staff still receives above-average annual salaries. See, for instance, Equatorial Palm Oil (2014).

mately, land-consuming OFDI projects are a function of geopolitical considerations, embedded in country-specific guiding ideologies, influenced by the social, economic, and ecological dimensions of domestic development, related to country-specific events, and supported by institutional frameworks—rather than being the outcome of any single master plan or mind. Therefore, their explanation from a home country perspective goes beyond the focus on resource security and/or the search for profitable investments.

Overall, this project makes three contributions to the contemporary research on "land grabbing" that will be summarized in the following sections in greater detail. First, it provides actual empirical evidence on Chinese and British investment activities and explains these from a home country perspective. The findings of the two case studies will be revised in Section 1 and 2, respectively. Second, the comparative research design identifies the differences, as well as the similarities, that are characteristic of both countries' overseas investments, in and over time. The review of the comparative findings of the contemporary and historical assessment will take place in Sections 3 and 4, respectively. The conclusion of the chapter considers the role(s) of land-consuming OFDI for home country development (Section 5).

1. China in Africa: Resources, Alliances, Markets, and Globalization

From an official perspective, Chinese land-consuming FDI projects in SSA, as this book has argued, are part of multiple strategies to diversify supply and access to resources (mineral products), foster political alliances and expand the country's soft power in international relations, develop and open new markets, and internationalize and upgrade China's industry in response to the competitive pressures as well as the ecological and social challenges back home. In this regard, these projects are part of the country's political transformation and the broader economic liberalization and globalization process, and reflective of its political economy.

From a project-level (agency) perspective, Chinese land-consuming investments comprise a very diverse range of actors and interests that often reflect the country's social and economic conditions. In practice, the projects include workers that hope to improve their families' standard of living; state-owned and private-owned companies searching for lucrative business opportunities; and central state officials that support and use the increasing levels of trade and investment in their diplomatic strategy to build political alliances. Chinese land-consuming investments also involve state-owned and foreign manufacturing companies in China that are interested in the access to cheap resources and new markets; sub-state government officials and representatives of China's financial institutions that promote the export of labor and pursue intergovernmental economic cooperation to facilitate growth and moderate the social tensions of their administrations' development plans; Chinese companies that have been crowded out by inward FDI and thus have tried to find new business opportunities overseas; and/or national oil companies interested in diversifying their portfolio in the face of declining reserves-to-production ratios (R/P ratio)[2] of Chinese oil fields and rising demand. Moreover, the investments comprise Chinese state-owned agribusiness companies delivering economic cooperation projects; as well as infrastructure companies that use changes in corporate law to act as contract bidders, in addition to implementing China-Africa cooperation programs.

In the following paragraphs, the core empirical elements of Chinese land-consuming FDI in SSA will be reviewed in the context of the social, ecological, and economic dimensions of China's development trajectory, as well as in view of the country's political economy, institutional frameworks, and ideological context.

The empirical findings have shown that these investment projects take place in a wide range of sectors, from farming and mining to infrastructure construction. They mostly pre-date the 2007/2008 crises, with some projects even tracing back to before the year 2000. Most projects involve multiple agencies from the private and public sectors, home and recipient countries (including key ministries and host country parliaments), and multilateral agencies. They are also embedded in the national development strategies of the home and host countries, and often rely on funding from third parties. Surprisingly, the Chinese government's official data suggests that investments in agriculture, the central focus of the "land grabbing" debate, only make up a minor share of total Chinese FDI (measured by value) in Sub-Saharan Africa. Also, the role of land in these investments is multifaceted. A significant share of projects uses land as a resource for mining or farming. However, other equally important projects use it as a productive space in which infrastructure projects are realized, Special Economic Zones constructed, or processing plants operated. On the operational level, most projects extract and produce primary commodities for domestic, regional, or international markets, rather than for export back to China. Moreover, the projects function on the basis of market principles and mainstream economic theory, and they are profit-oriented. The latter also applies to economic cooperation projects, including Chinese development finance.

Home-country-specific structures, agencies, ideologies, and events provide for a better understanding of why these investments occur, while also explicating their extent and the forms they take. Since the early 1990s, China's

2 | Jiang and Sinton (2011), 1-14.

government has opted for an IFDI-led, export-oriented economic development path. While the country has experienced tremendous quantitative economic growth during this period, specific events at different points in time have highlighted the shortfalls of this development trajectory. Insofar as they have presented a threat to the political and economic elite and/or led to relevant changes in the country's actor constellation, structural setting, or ideological superstructure, these events have been significant for Chinese OFDI policy and regulation. In particular, four successive events stand out: the economic expansion beyond the carrying and provisioning capacity of the country's resource base in the mid-1990s, the Asian crisis in the late 1990s, the WTO accession in 2001, and subsequently, rising civil discontent with the socioeconomic and ecological implications of the development pathway In the home country context, these events have stressed China's growing external dependency on resources, ecologies, markets, and political cooperation. They have also demonstrated the necessity of upgrading the country's domestic processing operations to improve the ecological and social conditions, and to reduce the crowding out effects of WTO accession on Chinese industry. In response to these events—and the underlying challenges for Chinese actors (individuals, firms, government) that have made them meaningful—the Chinese government has adopted an increasingly promotional policy stance towards OFDI (of which land-consuming FDI in Sub-Saharan Africa forms a part).

As a result, China, formerly a country with close to zero overseas investments, has become a major global capital exporter by 2009. While African economies still receive the smallest share of total Chinese OFDI, the continent's overall share has been rising significantly since 1991 (1991: 0.2%; 2007: 5.9%).[3] The home country's development trajectory also explains the sectoral composition of Chinese land-consuming FDI in African countries, namely the strong focus on resources for energy and industrial purposes, as well as the importance assigned to manufacturing activities and overseas markets. In addition, the infrastructure projects have improved the operating space of (Chinese) companies in African countries, and/or have strengthened the diplomatic relations by demonstrating the government's commitment to host country requests.

At the same time, it is this official emphasis on resources and commercial activities that sheds light on the surprisingly small share of agricultural investments in total OFDI since 2000. African governments have repeatedly asked the Chinese government to engage in the rehabilitation of the so-called Friendship Farms as part of the mutual benefit approach that allegedly characterizes China-Africa cooperation. In response, the Chinese government has agreed to build 30 agricultural demonstration centers across Africa, and it has

3 | TopForeignStocks.com (13 June 2009); and Renard (2011), 18.

become involved in other food security activities in the partnering countries through capacity building measures, donations to multilateral programs, and/or the establishment of a special fund (China-Africa Development Fund) that supports agricultural operations overseas. Largely, these activities relate to the reputational concerns of the Chinese government, which has to rely on soft power to advance its economic and political interests in its relationships with African countries. Thus, investments in the agricultural sector, particularly by SOEs, have been driven by the desire to demonstrate a different approach than the major resource importers from the North, with their violent histories of expansion and exploitation. At the same time, these activities have enabled Chinese actors, such as the Chinese agribusinesses which run the Friendship Farms on the basis of mainstream managerial economics, to internationalize their operations and gather first-hand managerial experience as transnational companies.

Moreover, the home country's particular actor constellations and ideological context are important factors in understanding Chinese land-consuming OFDI from a home country perspective. They constitute important "mechanisms of selection"[4] with regard to the responses to the particular events described above, while also explaining the form of these land-consuming investments. In particular, the victory of the economically liberal faction within the Chinese Communist Party (CCP) in the 1990s has led to the adoption of an expansionist guiding ideology of development. Importantly, (GDP) growth is perceived by the political elite as a way to identify whether development plans and strategies for economic governance are achieving success. It has thus come to determine political career paths within the CCP. In addition, the cluster of expansionist ideas (alias: guiding ideology) frames growth as a means to ensure the stability of the political regime by offering jobs and opportunities to the Chinese population. In this regard, the adoption of the set of ideas about growth performs ideological functions—it legitimizes, rationalizes, and promotes what is happening. It also drives overseas investment of which land-consuming OFDI forms a part.

Concurrently, political reforms since the 1990s have resulted in the growing importance of sub-state actors in the home country's domestic politics and international relations; the rising degree of "rule by regulation;"[5] the modification of Chinese corporate law so that it bestows SOEs with discretionary managerial power in their enterprises; and the shifting mindset of political agents who act as "bureaucratic entrepreneurs" and are interested in profitable business.[6] Together, these home country features explain why multiple actors with diverse

4 | Hein (2001), 16.

5 | Feng (2009), 432; and Yu (2008), 23.

6 | Cheng (2001), 241.

interests are involved in the initiation, implementation, and operationalization of Chinese land-consuming OFDI projects in Sub-Saharan Africa.

Regarding Chinese land-consuming FDI in SSA, this politico-economic and ideological transformation process explains the shifting nature of China-Africa cooperation visible on policy and project levels. Powerful interests of the country's altered political and economic elite, particularly the manufacturing industry and bureaucratic entrepreneurs at different levels of government, in economic expansion, resource security, and profitable business opportunities have shaped OFDI-related policies. Official documentation, significant speeches, and white papers published since 2000 showcase the government's move away from the historical framing of self-reliance and autarky as the ultimate (foreign) policy goal informing China-Africa relations. Instead, mainstream economic ideas have become the core framing and *modus operandi* of economic cooperation. This has resulted in the profound modification of how projects are run by Chinese actors. For instance, construction companies that were previously aid-funded have become successful entrepreneurs and contract bidders on the African continent, and even aid projects have adopted a for-profit rationale in their operations.

It remains unclear how successful the promotion of land-consuming OFDI will be in securing resources, opening markets, strengthen political partnerships, and/or internationalizing China's industrial base. Clearly, China-Africa trade and investment activities have intensified significantly. At the same time, the trade and investment patterns strongly take after traditional asymmetries of North-South relations, with the focus on resources and the export of machinery.[7] Regarding the official framing of China-Africa cooperation as "mutually beneficial," the effect could be very different for China and African countries. From a home country perspective, manifold evidence from other countries' globalization experiences emphasizes that the impact of overseas expansion on home country development is ambiguous and might entail the export of jobs and the hollowing out of the productive sector, amongst other problems. From a host country perspective, the outcome depends on whether the governments steer these activities to support the genuine development and diversification of their economies.

Overall, the varied assemblage of interests that range from geopolitical considerations, crowding out effects, individual hopes for a better life, and/or the specific characteristics of the Chinese political economy explains why the increase in land-consuming OFDI is likely to continue, even though many projects might fail and associated risks remain high.

7 | See for instance State Council (2013).

2. UK IN AFRICA: GROWTH REGIONS, CLIMATE AND ENERGY SECURITY, REINDUSTRIALIZATION

British land-consuming FDI projects in Sub-Saharan Africa are part of multiple strategies to profit from the economic reforms and rapidly growing consumer markets in the host countries, to respond to international and domestic energy and climate policies and the markets created for biofuels, and/or to "seek alpha" through alternative investments in the primary sector in Africa at a time of the financial crisis and economic stagnation back home. Increasingly, land-consuming FDI activities in Sub-Saharan Africa are also part of a (long-term) political strategy to use OFDI as a means to economic recovery and international political power through rising exports and industrial activity.

From the official perspective, land-consuming FDI projects are benefitting from a liberal policy stance towards capital exports that was adopted back in the 1970s. Only recently has OFDI to Sub-Saharan Africa also become an explicit component of the UK's foreign economic policy, which reflects the country's self-identification as a "cosmopolitan" economy and major political and economic power (and former empire). This policy frames overseas investments (alongside trade and IFDI) as a way to facilitate home country growth, thereby generating wealth, welfare, political stability, and international recognition. In this view, the overseas economic networks associated with OFDI can be used to sustain or expand the country's "soft power" at the international level.

From the project-level perspective, British land-consuming FDI in Sub-Saharan Africa mirrors the interests of a highly diverse private sector characteristic of the UK's liberal political economy. Some actors with long histories of operating on the continent have exploited the opportunities presented to them through divestiture programs, while others, such as the financial sector, have just begun to engage in land-consuming investments in the wake of multiple crises. Also, the adoption of biofuels and $CO2$ emission targets provided incentives to newcomers to invest in agricultural projects and produce for the related markets. Early-stage companies have started to invest in Jatropha plantations, and actors of the aviation industry—affected by the $CO2$ emission targets—have become involved and have offered these companies medium-term offtake agreements for their seemingly clean energy products. Despite the predominance of food and biofuel production projects in the "land grab" databases, British land-consuming investments cover a wide range of other sectors, including mineral extraction and construction services.[8]

8 | In this context, official UK OFDI data reminds us that financial services (43%) and mining (42.5%) were the largest sectors (measured by value) in Sub-Saharan Africa, pointing at the UK investor legacy with its focus on natural resources, as well as its economic constitution with a strong financial-sector orientation back home.

Most British projects produce for export to international markets or the UK. In many cases, however, the export-oriented business models designed by British companies did not materialize due to pricing problems, funding issues, and/or inexperienced plantation management, to name just a few of the problems encountered on the ground. As a result, many projects ended up selling their products in the host country or regionally; or went into administration. Land has been perceived primarily as a resource or financial asset, and again in contrast to the Chinese case, less often as a space for productive activities.

On the subject of timelines, three trends are observable in the 2000 to 2015 period. The first trend comprises investments made around the year 2000. The empirical details of British land-consuming investment projects indicate that at that time, host country divestiture programs and private sector perceptions of Africa as a new growth region were fundamental factors impacting investor decisions. Importantly, these factors emerged when economic growth in Britain and its major trading and investment partners was stagnant. The related investments were conducted by companies that had a long presence in the host countries, and/or they involved companies with the financial capacity and international experience and mindset to respond to these national and international incentives.

The second trend comprises land-consuming FDI projects that took place between 2000 and 2007. Most of these were related to international, European, or domestic renewable energy and climate policies, namely directives, targets, and carbon credits developed to achieve energy security and/or CO_2 emissions-reduction targets.[9] Specifically, they were operated primarily by new business actors, such as the early-stage companies that often had little prior experience in agriculture, and whose business models aimed to profit from these new policy regimes and related markets—they frequently failed to do so.

The third bulk of British land-consuming investments started after 2007. These projects have been strongly linked to the financial crisis, the economic recession in the UK, and the Eurozone crisis. These economic shocks have led financial actors to seek new investment outlets, often in the form of primary commodities. They have done this either as a hedge against inflation or, given the dire economic situation in the UK, the partner countries of continental Europe, and the crisis-ridden US, in pursuit of new growth markets. Since 2011, the British government has also tended to jump on this corporate trend by trying to promote British OFDI in African countries as a way to revive its manufacturing sector and develop new export and business opportunities.

The following paragraphs will review the core empirical elements of British OFDI in SSA in the context of the social, ecological, and economic dimensions

9 | UK Department of Energy &Climate Change (2006) and (2007).

of the UK's development trajectory, as well as in view of the country's political economy, institutional frameworks, and ideological context.

Compared to the Chinese example, the UK case study findings highlight that in a country with an open economy, host country dynamics and international events play out more prominently. Notably, the UK's investor legacy and long history as a liberal economy, as well as its long-term promotional OFDI policy stance, explain why a significant share of British land-consuming investments have been made in response to particular pull factors, such as host country reforms and international policy regimes. At the same time, the sectoral composition of British land-consuming FDI with its focus on resources echoes the country's investor legacy, as do the highly unequal investment patterns across different recipient countries. In fact, the land-consuming investments are concentrated in a few countries and focus on the same sectors that have characterized British-African economic relations for over a century. The limited number of manufacturing projects also mirrors the (financial-) service-sector orientation of the home country and the "embedded financial orthodoxy" of its political economy.

At the same time, the specific home country setting, namely the actor constellation, development context, and ideological superstructure, remains central to the explanation of how these investments take place. Take, for example, the dysfunctional system of industrial finance that is characteristic of the British political economy. Its effects are evidenced by the lack of patient capital that has plagued British biofuel and agricultural projects, often leading to their failure. Moreover, the strong presence of financial actors in British land-consuming OFDI projects reflects the "intellectual capture," as well as the overlapping interests of seemingly distinct public and private sector actor groups, that are characteristic of the UK's political economy of growth.

The relatively recent involvement of the British government in land-consuming OFDI activities in SSA has concurred with changes in the guiding ideology. In fact, the set of ideas that promote, rationalize, and legitimize (land-consuming and other) FDI in Africa has been modified in outlook and emphasis. The UK government now emphasizes the "mutually beneficial" nature of UK-Africa business relations, explicitly associating overseas investments more with national and foreign economic interests rather than unilateral humanitarianism. In the context of the 2007 financial crisis and ensuing economic recession, the UK government identified the financialization-led development approach, with its focus on financial services and its dependency on credit-financed public and private consumption, as posing a key challenge to economic recovery and the operative functioning of the state.[10] The core

10 | Confederation of British Industry (2011), 6; Pettinger (3 January 2014); Pettinger (8 January 2014).

problems of that approach include reduced and increasingly volatile government revenue; the country's declining industrial base, which has gone hand in hand with the loss of decent jobs and deteriorating terms of trade, particularly since the country became a net importer of energy sources;[11] economic recession at a time of international financial crisis; and rising socioeconomic inequality and the associated risk of social disintegration. Against this background, the Conservative government (since 2010) has begun to frame and re-engage in OFDI activities as a means to stimulate growth, access resources, improve industrial competitiveness, and provide for socioeconomic essentials such as jobs.

Official documentation also references realist assumptions and geopolitical considerations and suggests that the country's economic expansion—through further extension of the international economic networks comprising OFDI, IFDI, and trade—correlates with political power in international relations. Land-consuming (and other) FDI to SSA is framed as an important component of the government's ambition to play an influential role in world politics by sustaining the country's economic and political presence overseas and in multilateral institutions. On an institutional level, this rhetoric is matched both by an increase in the UK's commercial diplomacy and by the aligning of UK development finance and programs with the country's foreign policy goals. As a result of this "grand strategy" approach, development finance is increasingly being invested in the private sector operations of British companies currently active in African countries.

It remains to be seen how successful British land-consuming FDI in SSA turns out to be in meeting the multiple expectations associated with it. While trade and investment has increased significantly, the investment activities are spread very uneven, both with regards to countries and sectors. Moreover, the high project failure rate, regular involvement of fraudulent actors, and danger of capital flight all point at the challenges confronting these investments, on the project level as well as from a home country perspective. Overall, the official rhetoric seems overly optimistic regarding the utility of OFDI for the home country while no long-term strategy exists regarding the UK's engagement with Africa. At the same time, government efforts have so far hardly addressed the dysfunctional features of the home country political economy, such as the lack of patient capital or the effects of financialization on the state and society. From a host country perspective, the impact is strongly dependent on the steering of these investments to the benefits of the affected populations and societies. Anecdotal evidence suggests that the attraction of large-scale land-consuming

11 | On the implications and reasons for Britain's industrial decline, see Skidelsky (24 January 2013).

FDI often comes at a high cost for the affected populations and ecologies, with no safeguards in place.

3. Difference as Variation: A Country-Case Comparison

Given the complexity of Chinese and British land-consuming FDI described above, what does the comparative study of the contrasting cases tell us about the country-specific as well as cross-country features and dynamics at play? In this section, three (interrelated) arguments are made. Firstly, multiple differences exist regarding Chinese and British land-consuming OFDI. However, these differences are not necessarily significant in explaining why these investments happen, nor are they antithetic. Instead, differences are best understood as variations of the particular composition of actors and interests involved. Secondly, the complexity of (f)actors at play forbids any monocausal explanations of what is happening. Thirdly, it is important to note the similarities that exist regarding Chinese and British land-consuming OFDI. From a home country perspective, land-consuming OFDI is backed by relatively similar policy frameworks, and sets of ideas that associate OFDI with particular socioeconomic and geopolitical interests. On the project level, the investments apply the same managerial economics. The following paragraphs will explicate the comparative findings under the headings of difference, complexity, and similarity.

In view of difference, firstly, the particular mix of home-country-specific conditions explains how and why land-consuming investments occur, and ultimately highlights what makes them *Chinese* or *British*. In other words: differences do not refer to any sort of (antithetic) absolute difference in how and why these investments occur from a home country perspective. Moreover, not every difference is inevitably significant in the comparative explanation of how and why land-consuming OFDI occurs—a circumstance that holds for both the project level and the aggregate one.

In practice, the sectoral composition of Chinese investments reveals a focus on manufacturing and infrastructure projects, as well as energy resources, while British investments are largely resource and service-oriented and include a significant share of agricultural projects aimed at biofuel and food production. Regarding the role of land, Chinese investors prioritize its use as a resource and space for productive activities, whereas British investors use it mostly as a resource and, increasingly, as an asset. This does not, however, imply that all of these investment projects are related to the 2007/2008 resource and financial crises. In both cases, a large share of land-consuming OFDI projects began prior to the 2007/2008 timeline. Chinese projects often build on, or rehabilitate former aid projects, particularly in the agricultural sector where some projects can be traced back to the 1970s. Moreover, a large share of Chinese investments involves equity investments in existing projects, often in the form of a Chinese SOE investing in an African company that is itself an SOE or has close ties to the host government. Many British investments also go into existing enterprises (such as plantations) and involve companies which have had a long presence on the continent. At the same time, the bulk of early-stage companies are involved in greenfield investments, specifically the operation of plantations for export purposes.

The most obvious difference can be observed in the actor composition of both countries' land-consuming FDI projects. In spite of the great diversity of public and private actors from the host and home countries that are involved during a project's lifecycle, in the Chinese case, the investigated projects were predominantly executed by SOEs. British investments, in contrast, were undertaken primarily by private companies and financial investors, with the exception of the CDC Group. However, the case study has also shown that the British government has become involved through commercial diplomacy and/or the provision of investment-related development finance to British investors operating in African countries.

Moreover, different events, investor legacies, and political economies play important roles. In the Chinese case, the country is a relatively new source of FDI in Africa. The OFDI policy supporting this trend has emerged since the 1990s in response to particular events, such as the country's rising resource dependency in the 1990s, the Asian crisis in the late 1990s, and WTO accession in 2001. This means that Chinese land-consuming OFDI is strongly related to political reforms that have occurred since the 1990s and led to fundamental change and partial liberalization of the country's industrial and foreign economic policies and related administrative procedures. Contrastingly, in the British case, the country's long investor legacy and presence on the continent is of importance. Consequently, investments made prior to 2007/2008 were largely related to external pull factors, such as reforms in the host economies, the perception that African countries provided profitable business opportunities, or the international climate regime. Political reforms and home country strategies have come into play only more recently, in the form of a revised foreign policy regarding the British presence in African countries.

In the Chinese case, public sector reforms seem to have set the ground for the investments to occur as they do, however, in the British case it has been the private sector that has triggered the government to reconsider its engagement with African countries at a time of stagnant growth back home. In both cases, the public and private sectors overlap greatly, either through the strong role of SOEs in the domestic economy (China); the guiding ideology shared by public and private actors involved in the political economy of growth relevant for overseas investments in Africa (UK and China); or though revolving doors and the dependency of capitalist states on the economy to generate the revenues and jobs that are necessary for societal reproduction.

It is also noteworthy that most Chinese investment projects produce for domestic or regional markets in Africa, while most British investors planned to export to international markets or the UK. In the Chinese case, investors have just begun globalizing their activities and are producing largely for local and regional markets in the host countries. In the UK case, this export orientation is largely a continuation of historical investment patterns, as well as a reflection of the capacities of relevant actors.

Additionally, the rationales embedded in relevant official documentation and policies reflect another way in which Chinese and British land-consuming OFDI projects differ. In the case of China, these investments cater to the interests of a political economy of growth characterized by a very resource-intensive and export-oriented manufacturing sector, the marketization of power by state representatives, and the official interest in improving China's position and influence in the international political and economic landscape. Consequently, these investments open new markets, form part of a globalization process of Chinese companies, focus on the diversification of energy supplies, and are embedded in an official strategy to intensify political and economic networks. Contemporary agricultural projects have largely been motivated by reputational concerns and stem from the "mutual benefit" principle of China's Africa policy, i.e. they are intended to give something back in exchange for the increased, yet highly asymmetric trade and investment relations, thereby fostering good relations. Moreover, many investment projects have a medium-term profit strategy built in to their operations. The core actors in the Chinese political economy are government officials, SOEs, and the private sector, all of which pursue the same expansionist agenda, albeit for different reasons. Documented rationalizations range from considerations of political stability and resource security to access to new markets and the hope of finding profitable business opportunities overseas in light of the fierce competition back home.

In the case of the UK, the political economy comprises private actors seeking profitable investments in established sectors and, more recently, new actors trying to profit from newly created markets for renewable energy or the presence in new growth markets. The important role of the financial sector as a source of industry finance in these investments also reflects on the service-sector-driven growth strategy that has been pursued by British governments since the 1980s. More recently, in the face of the financial crisis, public actors have re-engaged with the industrial sector in pursuit of a source of growth. However, it remains to be seen what this implies for land-consuming FDI in SSA. At the same time, the dominance of the financial sector in British OFDI in general reflects the problems generated by the country's political economy, namely the lack of patient capital, which is needed, for instance, in the agricultural and industrial sectors.

Together, these details of Chinese and British land-consuming FDI in SSA highlight the core differences between the predominant trends, particularly in view of their actor composition, sectoral distribution, timelines, events, and strategic rationalizations. These differences relate to home country-specific aspects of the political economy, development context, investor legacy, and institutional setting. However, a closer look at how Chinese and British investments transpire also shows that many of these differences are not useful in explaining the purpose of these investments. Clearly, there are more public actors involved in the Chinese case, and a greater presence of financial investors in the UK case. At the same time, Chinese investments are largely for-profit, and are rationalized using mainstream economic thought. This means that the important role of public actors reflects China's role as a newcomer to the international economic realm, and not the final purpose of these investments. Accordingly, the country has to rely more strongly on inter-governmental cooperation to open new markets for industrial expansion and to diversify the country's supply of industrial resources. Moreover, the findings refer back to the Chinese domestic set-up, which clearly favors state enterprises.

In the UK case, meanwhile, this difference in actor composition does not mean that private investments appear in a vacuum. Instead, the less frequent involvement of public actors seems related to the UK's long-established ties with the African continent and private actors' correspondingly lengthy operational histories there. Moreover, these investments are embedded in national and international public policy frameworks and supported by home country measures. The huge number of financial actors is reflective of the "embedded financial orthodoxy" that has guided UK's domestic development policies since the Thatcher era.

Secondly, in view of the causal mechanisms at play in each case, the comparison accentuates that the interrelation of the country-specific conditions and outcomes is characterized by complexity. It is impossible to ascribe any of the domestic undercurrents in the form of agency, ideology, structure, and events a precise function as independent or dependent variables or to give a single (f) actor primary importance in explaining the outcome, namely land-consuming FDI ventures. Instead, these domestic undercurrents are co-determinant over time. The example of China shows this most clearly. Since the country's opening up, its socioeconomic and ecological dimensions of development have changed fundamentally and, as a result, so have the guiding ideology and actor constellations. China today embraces the type of overseas investments it termed exploitative four decades ago, and it has fundamentally reformed its administration, political system, and aid system in order to foster the newly adopted manufacturing and export-oriented growth strategy that matches the interests and international ambitions of its bureaucratic entrepreneurs.

Finally, thirdly, the comparative study of these two cases reveals institutional and ideological similarities between these rather different countries that highlight the important role of OFDI in contemporary development approaches of home countries. Over the past three decades, China has adopted an elaborate system of home country measures and is in the process of catching up with policy frameworks that are standard in OECD countries. This means that the countries only differ with regard to the degree (high/low) of stimulus and control exercised in their home country FDI policies.[12] While China applies high stimulus and control, the UK is characterized by high stimulus and low control.

Additionally, both countries have changed the guiding ideology underlying their foreign economic policies and overseas operations; however, the alterations differ in scale. On the one hand, China has fundamentally shifted from an earlier focus on autarky towards embracing open system features and factoring in other countries' land and resources in its development policy. In this process, a previous set of ideas on development and international relations has been replaced by another. On the other hand, the UK has (slightly) shifted the emphasis of its foreign policy towards Africa, and it has recently stepped up its commercial diplomacy to profit from the new growth region. The former guiding narrative of unilateral humanitarianism is increasingly complemented by a rationale of "mutual benefit" and "delivering prosperity together" that seems strikingly similar to the rhetoric commonly applied in South-South cooperation.

In fact, the two countries share a similar outlook on foreign economic policy when it comes to the role of OFDI promotion in accessing markets, securing resources, promoting exports, or strengthening the country's "soft power" and position in the international political and economic landscape (also see concluding discussion in Section 5). However, the detailed explanations of why both countries promote OFDI in Africa are rather different, and they reflect the particular political economies in the two countries at certain points in time. On the project level, both countries' investment projects pursue a for-profit rationale, and involve a rather diverse range of actors.

12 | See, for instance, Buckley et al. (2010), 243-277.

4. Chinese and British "Land Grabs" in Historical Perspective

A remaining question is the novelty of contemporary Chinese and British land-consuming investments when compared to large-scale land acquisitions in the late 19th century. Broad references to colonialism made by some in the "land grab" debate often oversimplify the past and/or the present; for instance, such critiques' narrow focus on resources as the sole determining factor can have this effect. On the contrary, large-scale land acquisitions in the past and present are highly similar in terms of the complexity of their main empirical characteristics. In the late 19th century, and again today, land-consuming investment activities serve(d) a variety of purposes aside from that of securing resources. These purposes include opening markets, acquiring strategic assets, expanding spheres of influence, and searching for profitable business opportunities. Moreover, the 19th century investments, just like the contemporary ones, involved a diverse range of agents; and instead of being a total success story, many were confronted with insurmountable problems on the ground which led to their ultimate failure.

But what does a more detailed historical comparison of large-scale land acquisitions in the South tell us about the similarity of key elements over time? This section will look more closely at a selected range of aspects to highlight the co-existence of path-dependent and new aspects of Chinese and British land-consuming OFDI activities in SSA since 2000 (and until 2015)—making them both novel and old, to a certain degree. To narrow down the historical comparison of differences and similarities to a manageable size and concentrate on this co-existence argument, the discussion will revolve around three aspects: ideology, uneven development geographies, and institutions. These aspects have been central to the analysis of land-consuming OFDI from a home country perspective, and they evidence the importance of the events of the 19th century for our contemporary world.[13] In fact, the "global transformation" that was the industrial revolution in the 19th century has brought about particular ideologies and structures and a range of significant events that are still visible today.[14]

In terms of similarities, firstly, it is striking to see that in both China and the UK, the guiding ideology supporting capital exports uses basically the same narrative that was common during the Scramble for Africa in the 19th century. Together with trade and IFDI, OFDI is said to improve the home country's economic setting, to secure access to resources, to open export markets, and to sustain or reach a favorable position in the international economic landscape.

13 | Buzan and Lawson (2013), 1-17.

14 | Buzan and Lawson (2013), 1-17.

Overall, the official narrative during the Scramble, as well as today, promotes land-consuming investments as "not a choice, but a necessity."[15]

However, a closer look at this ideological conformity also shows the development of new aspects regarding the official rationalization and implementation of land-consuming investment activities—in the form of an ideological turn. During the Scramble, overseas investments were part of the "doctrinal, quasi-religious [...]" free trade doctrine, but this has changed since WWII.[16] While its core principles of multilateralism and non-discrimination persist, trade and investments have come to belong "to the more technical pages of economic theory and the diplomatic fineprint of international rules" under the protection of the WTO and/or bilateral consultations.[17] Accordingly, contemporary land-consuming OFDI is rationalized, legitimized, and promoted using the frames of mainstream economic theory, and it is an ordinary component of both home countries' industrial and foreign policies. Furthermore, host governments apply this technical frame too, and are actively involved in many of the Chinese and British OFDI activities, welcoming them as another source of capital that can be used to progressively finance national development plans – a narrative that also greatly resembles the rhetoric of colonial governments during the Scramble.[18]

The book has argued that this technical framing of international economic exchanges in general, and of (land-consuming and other) OFDI in particular, together with the institutionalization and legalization of the principles of multilateralism and non-discrimination, has enabled China to pursue a "peaceful development" approach. The institutions and strategies that have supported China's economic expansion since the 1990s, and its globalization since 2000, are fairly similar to those of the OECD countries; indeed, they are catching up with those standard measures, even though the Chinese government claims that they are innovative.[19] At the same time, we see that the rising Chinese involvement on the African continent has alerted "old" investor countries such as the UK. In fact, an increasing number of OECD countries have started to re-engage with OFDI promotion beyond the formal frameworks they have in place. Also, the UK has stepped up its commercial diplomacy via official visits and bilateral investment fora, but it has also refocused its development programs to Africa (and Asia).

Secondly, another comparison can be made regarding the uneven economic development geography. Vis-à-vis the international economic context, Chinese

15 | Compare Hobson (1965), 73.

16 | Trentmann (2008), 7.

17 | Trentmann (2008), 7.

18 | See Cottrell (1975), 28.

19 | State Council (2011b).

and British land-consuming OFDI activities clearly reflect—and most likely sustain—an international division of labor that emerged during the industrial revolution and the European imperial age of the 19th century. Unless African governments proactively engage with and steer capital imports to support economic diversification, their countries will continue to occupy the lowest positions in this order as primary commodity exporters and/or markets for industrialized goods in the world economy.

At the same time, the cases of China and the UK also reveal that these land-consuming investments are part of some relatively novel processes of global economic restructuring that might lead to an alteration of this development geography. In fact, as an emerging economy, China has become a major investor in Africa within the last two decades, and it is currently aiming to strengthen and improve its positional status within this international division of labor through upgrading. At the same time, the UK is trying to hold onto its favorable international position. To that end, it has started promoting land-consuming OFDI as a way to remain visible internationally, as well as rebalance its economy and profit from overseas growth markets.

From the viewpoint of uneven national development geographies, it is worth noting that certain conditions in the home countries are remarkably similar to those of the past. Now, as it did in the late 19th century, rising OFDI takes place in a home country context of high socioeconomic and wealth asymmetries. This observation is particularly interesting when recalling Hobson's argument that the concentration of wealth might have been one reason why capital was 'free' and available in home countries for profitable investment overseas.[20] At the same time, the UK case highlights that due to the realization of particular social security rights through financial market instruments, the situation is now more complex than in the 19th century. For instance, the rising aspiration of pension funds and public investors to invest in land-consuming overseas investment projects means that a diverse range of actors, including workers, have been implicated as implicit shareholders in this phenomenon since 2000.

Thirdly and finally, a core social institution rooted in the 19th century remains central to land-consuming OFDI today: the corporation.[21] During the era of colonialism, exploration, and free trade, chartered companies operated on the basis of a royal or government charter that outlined the terms and goals of their activities and granted them the right to military engagement and land governance. Importantly, institutions like the chartered company facilitated costly overseas enterprises by bringing together multiple investors and their capital resources through the practice of shareholding. As early as 1855, such companies were granted limited liability, which greatly reduced the risk carried

20 | Hobson (1965), 85-92; also see Chapter 3 (Section 2).

21 | Sukdhev (2012), 37-46.

by their shareholders.[22] At the same time, provisions such as the *ultra-vires* doctrine forbid the companies to act outside the charter rights assigned to them by the government.[23]

While the corporation has remained an important institution regarding trade and capital exports until today, state-market contexts have changed significantly. Most countries have subscribed to the open system economy and liberal principles. Furthermore, the charter has been replaced by a formal administrative process, and the legal means of protection available to corporations have been strengthened as a result of BITs, domestic reforms, and multilateral institutions. Plus, government provisions, such as the *ultra-vires* doctrine, have been cut, and trade and capital flows deregulated in many countries. In addition, both the relevant infrastructure (communication, transport) and the international economic governance structure have been improved. Overall, corporations' operational freedom vis-à-vis the state has been augmented as a result of these changes. In fact, the favorable economic context and the reduction of the risk associated with overseas operations also explain the rise of capital exports in the form of OFDI.[24]

In view of these altered state-market relations, the case studies have highlighted that the Chinese and British governments try to influence corporate decision making through compulsory, institutional, and productive forms of power in their interactions with economic actors. Accordingly, material, symbolic, and normative resources are applied by state agents in these investment processes through regulations (e.g., energy and climate policies); home country measures ranging from commercial diplomacy to financial incentives; and discursive framings. The fact that political and economic elites in both countries are closely interlinked on an individual, as well as intellectual, level helps to exert sway in both directions: from the public to the private sector and the private sector to the public sector. However, compared to the prevalence of government doctrines that companies had to obey in the 19th century, the public sector's influence on corporate behavior has decreased fundamentally, and corporate operations now tend to be associated with the representation of narrow shareholder values.[25]

Against this background, it is surprising to note the multiple ways in which the Chinese and British governments promote overseas investments using political and economic narratives similar to those popular in the late 19th century. In practice, foreign land, in its function as resource, marketplace, pro-

22 | Sukdhev (2012), 37-46.

23 | Mack (1930).

24 | See the rise of IFDI and OFDI in the World Bank's country data (http://data.worldbank.org).

25 | Sukdhev (2012), 37-46.

ductive space, strategic location, and/or financial asset, features prominently in the development policies and foreign economic policies of these two home countries. Moreover, overseas FDI stock in areas deemed to be of the utmost importance to the functioning of the home country's economy and society is considered to belong to that country's core infrastructure; it is often referred to as critical infrastructure (that needs protection).[26]

Thus, the two governments argue and act on the presumption that foreign lands are available to realize their national development objectives, as well as that their support for corporate overseas activities will be of economic, social, and political advantage to their countries. The involvement of state actors in OFDI activities highlights that these serve to open new markets, access cheap resources, and improve the relative trade and foreign exchange position of the home country, thereby enhancing its competitiveness, creating jobs, improving the terms of trade, and strengthening economic and political spheres of influence. It follows from this line of official reasoning that land-consuming OFDI in SSA is framed as an important step in ensuring the stability of the existing political and economic regimes.

It remains to be seen whether the rhetoric and expectations surrounding land-consuming OFDI will materialize, either on the project level or in the aggregate. At a minimum, the limited leeway that governments have to ensure that the accessed resources are sold back home, that profits are repatriated, or that corporate activity contributes to the prosperity and security of the home country in other ways, raises serious doubts about the core presumptions of the two countries' official rationalizations. The case of China highlighted some instances in which corporate actors acted in conflict with the central government's foreign ambitions. In the case of the UK, the prevailing dominance of the financial sector and the focus on shareholder value in overseas operations does not seem to be conducive to strengthening the productive sector. However, it is too early to judge the cumulative impact of OFDI on China and the UK.

Overall, this historical comparison has underlined the fact that broad references to historical events are not meaningful in explaining the quality of contemporary phenomena such as "land grabbing." Instead, a detailed assessment is necessary to apprehend the changes and continuities over time, and thereby to learn more about what is unique today.

26 | Wikileaks (2009b).

5. Land Grabbing for Home Country Development? A Synthesis of Observations

Throughout this book, the argument has been made that land-consuming OFDI and home country development are closely interrelated. In conclusion, this section will synthesize findings and reflect upon the role of OFDI for home country development.

From an official line of reasoning, these investments are part of public policies that count on foreign lands to meet national development goals; as well as of foreign economic and diplomatic strategies to access resources, enter new markets, restructure the economy, and/or expand/sustain the sphere of influence using industrial activities and economic power. The investments are supported in both countries by political elites that are closely interlinked with dominant economic actors, on a personal level, by way of "intellectual capture," or through political institutions, like, for instance, the opening up of China's CCP to entrepreneurs and/or party finance in the UK.

OFDI, together with trade, is framed and perceived by the managerial and economic elites of the UK and China to advance their macro-level development agenda and address the structural problems they face. On the Chinese policy level, concerns about the rising dependency on external resources and markets, together with the fear of unsustainable levels of pollution, social welfare, and crowding out effects on indigenous industry have led to the adoption of an elaborate OFDI policy framework promoting overseas investment. In the British case, the main issues that yielded the establishment of a promotional and increasingly state-supported OFDI strategy included the EU accession and interests in market access shortly after the oil crisis; concerns about energy security; and the search for growth markets following the financial crisis and prolonged economic recession.

Concurrently, both countries' political elites pursue geopolitical ambitions in their cooperation with Africa, a continent that in their eyes has much to offer, namely resources, growth markets, and business opportunities. The intensification of economic networks and cooperation in this new growth region is said to build and/or sustain the home country's favorable (relative) position in the international political landscape and increase its economic strength at a time of global restructuring.

In this context, this research identified particular clusters of ideas linked to land-consuming OFDI (referred to throughout as the 'guiding ideology'). These have proven important in the associated perceptions, as well as policy and decision-making processes of countries and individuals. They shape the expectations and imagined futures of a wide range of diverse actors. Specifically, they reflect, justify, and obscure powerful interest structures, mobilize support, and create the institutions and purposeful agencies at play in OFDI activities in Africa. In line with the nature of ideologies, these clusters of ideas are "intended to be believed in by those affirming them publicly and by all men, because they are "true," and they thus have universal character."[27]

In both country cases, firstly, mainstream economic theory is at the core of the guiding ideology that frames these investments as an economic "necessity" and technical management issue. It informs the official language and normative narrative on land-consuming FDI in Africa, and parts of it are also taken up by private actors, and reflected in the overly optimistic expectations. In addition, secondly, China and the UK reference modern development prescriptions that focus on economic expansion as a way to prosperity, international political status, and domestic security. Propagated in significant white papers, as well as official documents and speeches, the framing of development in both cases comes close to President Truman's 1949 declaration that increases in the productivity and activity of an economy are "key to prosperity and peace" and preconditions of a progressively "higher standard of living."[28] This policy prescription towards development is, however, nothing unusual. To the contrary, "economic growth has maintained its position at or near the top of policy priorities in most countries," and is commonly framed as *conditio sine qua non* for prosperity, wellbeing, progress, and security.[29] Other policy objectives, like "free trade, increased competitiveness, lower taxes, reducing government's deficit, innovation and higher productivity" are referred to as a way to provide for "increases in economic output."[30]

This means that both countries share a global "quest for modernity [...] all wrapped in distinctive economic and political structures."[31] Consequently, contemporary land-consuming OFDI from China and the UK does not mark a turning point away from old development prescriptions or "free market" ideas, as is assumed by some authors who apply a narrow resource-security framing in their analyses.[32] Rather, OFDI from these countries reflects the assertion of existing practices and ideologies, namely the uneven development geographies with regard to the processes of value creation and consumption; and the prevalence of mainstream economic theory which promotes capital exports due to their framing as a technical management issue (rather than contentious control grabbing issue), and their macro-economic explanation as a rational choice to foster exports, access resources, expand skills and know-how, create employment, and ultimately sustain a country's economic growth.

27 | Gouldner (1976), 33.

28 | Gillespie (2001), 1.

29 | Victor (2008), 18.

30 | Victor (2008), 18-18.

31 | Gillespie (2001), 1. Also see Victor (2008), 18-19.

32 | E.g., IISD (2013).

At the same time, land-consuming OFDI projects present several inconsistencies of the expansionist development paradigm, the difficulties and violence of which have been at the heart of development studies. For instance, the expectation of unlimited economic expansion accompanying these capital movements (as found in official documentation) tends to disregard the existence of ultimate physical or territorial limits, the perception of which has influenced zero-sum mercantilist policies during previous eras.[33] Yet, the materiality of land-consuming projects is in many cases the very expression of such limits, meaning that (ideally) these are facilitating international economies of scale in spite of the problem of domestic diseconomies of space, or advance a country's growth in spite of the decline of the national resource base.[34]

Moreover, the development paradigm hides the asymmetric cost and benefit distribution of uneven development geographies by using technical terms, such as international division of labor;[35] or by suggesting that the location, not the ownership, of capital matters. Yet, by its very definition, foreign direct investment (land-consuming or not) is about "establish[ing] a long-lasting interest and significant control over a particular enterprise overseas."[36] Therefore, land-consuming FDI can be understood "as an interest in the *power* to consume or control land-based wealth (stemming from different land uses and activities)."[37] In fact, many "grabs" occur silently, through majority shareholding of a company.

Some land-consuming FDI projects are part a corporation's attempt to incorporate fragments of the supply chain—for instance, by acquiring business operations within the same production vertically or horizontally. Together with the uneven development geographies involved, the practice of land-consuming FDI projects thus points to the many neo-illiberal advances in and aspects of the host and home country economies, such as the concentration of ownership and control through forms of majority shareholding, conglomeration, and/or the aforementioned processes of integration of production processes within a single company.

In conclusion, it seems important to remember that this book has aimed to provide a meaningful account of Chinese and British land-consuming investments from 2000 until 2015; pointing to the necessity to study the co-dependency and -determinacy of actors, structures, ideas, events, including contingencies, of the global "land grab" from the home country perspective.

33 | Sornarajah (2010), 49-53; and Moran (2011), 1-9

34 | Bunker and Ciccantell, 2003.

35 | See, for instance, Lavoie (2014), 1-30; Sornarajah (2010), 49-53; Moran (2011), and 1-9; Denisia (2010).

36 | Goetz (2015), 180-181.

37 | Goetz (2015), 180-181; GRAIN (2008); Borras and Franco (2010).

Since then, the UK has decided by way of a referendum to exit the European Union, the terms of which are still being negotiated; China has stepped up its upgrading efforts by way of mergers and acquisitions in other regions, while beginning to invest in African industrialization, and establishing a development finance infrastructure that rivals the Bretton Woods system; and the current US government seems to turning away from previous forms of *American* multilateralism. The effects of these developments for OFDI policy in general, and land-consuming FDI in particular, were at the time of writing largely unforeseeable and at the time of publication, unpredictable. If anything, these constant changes underline that OFDI from a home country perspective remains in flux, and so do related policy paradigms.