Development and underdevelopment

An examination of land grabbing in the DRC

Alice Binti Mutambala
Abstract

As foreign investments are conducted to a larger extent on the African continent and governments as well as corporations from the Western world are profiting from the countries’ resources, cases of exploitation of vulnerable groups are likewise being observed. These cases indicate how parties with great, economic power occasionally use their superior position when negotiating with, for example, rural communities that lack any means to oppose them. By a single case study of land grabbing in the DRC, this thesis will problematize foreign investments in the agricultural sector of developing countries and the consequences that may be accompanying them.

Keywords: Foreign Investments, Land grabbing, Neocolonialism, Dependency, Capitalism.
Number of words used: 9964.
Abbreviations

UN: United Nations.
OECD: Organization of Economic Co-operation and Development.
DRC: Democratic Republic of the Congo. *Note: will be used regardless of time aspect, even though the country has historically had various names.*
HDI: Human Development Index.
SAP: Structural Adjustment Program.
NGO: Non Governmental Organization.
GDP: Gross Domestic Product.
DFI: Development Finance Institution.
AAF: African Agricultural Fund.
Table of contents

1. Introduction
   1.1. Definitions
   1.2. Purpose of Study
   1.3. Research Question
   1.4. Disposition
   1.5. Historical Overview: another aspect on economic development

2. Theoretical Approach
   2.1. Neocolonialism
   2.2. Dependency theory
   2.3. Summary: theoretical framework

3. Methodology
   3.1. Case of study
   3.2. Material and delimitation
   3.3. Previous research

4. The Question of Land in the DRC

5. Analysis
   5.1. The advantages of the core countries
   5.2. The disadvantages of the periphery
   5.3. The center of the periphery
   5.4. Conclusion Analysis

6. Discussion

7. Conclusion

8. Further Research

9. Bibliography
1. Introduction

In 2006, UN secretary general Kofi Annan reported that foreign investments in Africa had increased by over 200% the last 5 years, whereof a majority of them focused on the extraction of natural resources (Southall, 2009, p. 10). These numbers were hardly surprising, considered Africa’s biodiversity; the continent possesses large amounts of valuable resources such as oil, gas and other energy sources, minerals, metals, fish and timber (ibid, p. 14-18). One sector that has been particularly targeted by foreign investors during the last decade is agriculture. Due to increased agricultural commodity prices, global food supply problems and growing urbanization rates the competition over land and crop use has risen. Consequently, situations have occurred where small farm holders are competing against large-scale capital rich corporations. These unequal negotiation terms have, in some cases, led to a phenomena called land grabbing, where land acquisitions are conducted by international investors on behalf of poor, rural communities to whom land is crucial for identity, livelihood and food security (FAO et. al., 2009, p. 3). The world’s urge for Africa’s resources has even come to be defined as The New Scramble for Africa, referred to the 19th century’s competition of African land between the European powers. Critical voices claim that such exploitation of Africa’s natural resources are enabled through Western countries urge for developing countries’ implementation of neoliberal policies, emphasizing free-trade and open markets (Southall, p. 20). One country that has been in the spotlight for foreign investors in extracting sectors is the DRC. Just like many other African countries, the DRC is the source of a constant flow of capital from its natural resources, yet the country is struggling with rising inequality where vulnerable groups such as rural communities are continuously marginalized. By using neocolonialism and dependency theory, this thesis will examine a case of land grabbing in the DRC, in the context of a binary process of economic development and underdevelopment, signifying that one party develops on behalf of another.
1.1 Definitions

*Development:* expansion of the economic capacity of a country and of the state of society and its institutions as whole (Rodney, 1972, p. 9, 20).

*Underdevelopment:* the term is only meaningful in comparison to levels of development; when one group appears to become wealthier, is happens with a contrasting outcome. Another crucial component of underdevelopment is a dimension of exploitation of one country by another (ibid, p. 21).

*Land grabbing:* a phenomena of land acquisitions that are shaped by violations of human rights, dispossession of communities and non-transparent negotiations, most often impacting rural land-users with less negotiation power in land deals (Action aid, 2014, p. 9).

*Agrocolonialism:* Defined by the NGO Grain, referring to present, unfair foreign investments in the agricultural sector of developing countries (Grain, 2015, p. 3).

*Developed countries/dominant states/core countries/metropoles:* industrial countries, often implied to the ones in the OECD (Ferraro, 2008).

*Developing countries/dependent states/periphery countries/satellites:* the dependent states are those states of Latin America, Asia, and Africa which have low per capita GNPs and which rely heavily on the export of a single commodity for foreign exchange earnings (ibid).
1.2 Purpose of Study

This thesis is designed with an explanatory aim about a causal relation between two factors and a mechanism that leads to this causality (Esaiason et. al., p. 38-39).

The factors are:
- The economic growth of developed countries and,
- The economic underdevelopment of developing countries.

The mechanism is:
- Economic concerns by developed countries in developing countries.

Thus, my aim is to expose an interdependent linkage between the development of core countries and underdevelopment of peripheral countries, and explain how the former are, and for a long time have been, exploiting the latter in a colonial relationship. In particular, I will use a case of land grabbing in the DRC to explain how this type of economic activity can be profitable for one party but damaging for another, as well as demonstrate signs of contemporary colonialism.

1.3 Research Question

This thesis is centered around one research question that is including the two dimensions that I aim to illuminate in this work; the case of land grabbing in the larger context of economic (under)development through exploitation of resources. The question is:

To what extent can developed countries exploitation of developing countries be explained by applying neocolonialism and dependency theory on the case of land grabbing in the DRC?
1.4 Disposition

In order to build up a broader understanding of the subject and the aspect that I will emphasize in my study, I have chosen to precede my thesis with a historical overview where I will describe some parts of economic development that are often neglected in the discussion about economic performance, yet they are essential and constitutive for the case study that this text will lead to. The background description will be followed by a chapter about neocolonialism and dependency theory, their central ideas and how I am going to apply the theoretical approach to my case of study. Thereafter, I will describe my methodological choices about how and why I have chosen my specific case and material, and to what extent this thesis is cumulative. The following section contains an overview of previous research within the field. Referred to the research question that is aiming towards an explanation of developed countries exploitation of developing countries, a statement about causality between two phenomenas requires that they first are described (Teorell, 2007, p. 31). Therefore, the next part of the text is an empirical description about my case of study: land grabbing in the DRC. The empirical work will be followed by an analysis on the subject based on neocolonialism and dependency theory’s main assumptions. Thereafter, a discussion is held about how and what this study contributed with to the field of research. The final section of the text is a conclusion based on central, presented arguments, how my study can be generalized to other cases and some ideas for further research within the field. This thesis is designed as a single case study of land grabbing the Democratic Republic of Congo, but it is occasionally exemplified by other cases, especially from other African states, since some of them have both historic and present similarities regarding economic development. This is mainly done to connect my case to a larger context and raise its generalizability, which will be further discussed in the methodology section. Thus, the following background information will partially be more general, but the text will culminate into a more narrow analysis of the particular case in the DRC.
1.5 Historical Overview: Another Aspect on Economic Development

Many discussions about economic development seem to disregard some important aspects about economic growth, for example Western countries’ economic background, or the historical differences of today’s developing countries (Chang, 2003, p. 7). This chapter will illustrate these aspects and how they have affected the particular case of DRC. It is important to acknowledge not only because of neocolonialism and dependency theory’s emphasize of how historic ties between countries are shaping current ones, but also because the phenomena of land grabbing must be examined with a historic lens to understand its causes and effects.

*Western countries economic development*

Firstly, protection of national markets was one of the most essential instruments that many Western countries applied a few centuries ago. France, the U.S. and the U.K. are only a few examples of states that were conservative regarding trade during the 19th century, and all of them used trade barriers such as trade tariffs and import duties in order to protect domestic markets and promote national industrial development. It is remarkable that Western countries are stressing the benefits of free trade and laissez-faire industrial policy for developing countries, when it is the exact opposite of the methods that they used when they were in their economic developing process (Chang, p. 15-19, 19-25).

Secondly, another aspect that is occasionally neglected when discussing economic growth, or some countries lack of it, is the effect of imperialism and colonialism. Contrastingly, neocolonialist writers such as Walter Rodney have tried to emphasize the development of Europe as a parallel process with African underdevelopment: as the wealth that was extracted from Africa during several centuries was re-invested in Western Europe, they argue that Africa helped to develop Western Europe in the same proportion as western Europe helped to underdeveloped Africa (Rodney, p. 84-85, 94-95).

Furthermore, perspectives such as neocolonialism are highlighting the long-term impact of colonialism in African countries, claiming for example that the extractive state system that was created and defended by Europeans during the colonial era is connected to the high amounts of political and ethnic conflicts, as well as the authoritarian governments in African
states after their independence, the latter which many of them are almost a reflection of the European colonial rule. Another argument is that the years of colonial exploitation shaped the African countries with growth without development, signifying that some goods and services were expanding and improving, but these industries, predominantly in the sector of raw material, were developed for export whereof most of the profits went abroad. Since the African economies were not diversified during the years of colonialism, a majority of them became dependent of one or two commodities for export, which is a major problem for many of the African states today (Rodney p. 254-256).

The complex of problems described above is, as mentioned earlier, frequently neglected in the discussion about economic growth, despite its importance, and the discourse is instead often focused on ideas about "universal stages of growth", that appear quite problematic when the above points are taken into consideration. The next part of the text will give a description of the DRC and how the complexity of colonialism and the expansion of neoliberalism has affected the country.

Economy of the DRC: historical outline

The colonial era in DRC was managed by King Leopold II of Belgium, who established the most profitable colony on the African continent based on a militarized system where him and his allies exploited the congolese population and the country’s vast resources. The extraction of wealth did not end when the Belgian state took over the colonial administration; no other overseas territory had attracted the amounts of capital that Belgium did during their colonial rule. Their exploitation of natural resources proceeded until the country achieved its independence during 1960 (Hoschild, 1998, p. 153).

Just like many other former colonies, the DRC was left in rubble. Despite a short period of high hopes for economic growth on the African continent, the 70’s was a decade characterized by fundamental problems such as high rates of population growth, weak institutions and in some countries even decline in income and living standards. In order to assist the African states with their economic development in the post-colonial era, IMF and the World Bank designed the Structural Adjustment Programs that were liberal, economic frameworks for the
states to apply in order to receive financial assistance from the organizations. The programs promoted open markets to increase private sector operations, high amounts of commodity exports and public sector reforms to limit the role of governments concerning economic issues. They were implemented by 34 African states, yet the problem was that many of them had poorly developed institutions and therefore also limited implementation capacity, which, a decade later, resulted in vast criticism towards the SAP:s (Shah, 2013).

One of the country’s that applied a SAP was the DRC. Propagated by IMF and the World Bank, the congolese government adjusted the country’s economic institutions with tax and trade reforms, and the organizations had great aspirations for the DRC’s economic growth (1 Th World Bank, 1987, p. 6). Despite the international organizations prospect for the congolese economy and the country’s implementation of a SAP, the DRC has not been able to utilize its vast potential for economic growth. In 2013, Congo was ranked 186 out of 187 countries regarding their HDI, an indicator that measures a country’s wellbeing based on life expectancy, education and per capita income. Mining and agricultural industries are still the main engines of growth, yet it is insufficient to meet the population’s most basic needs, and the country is still characterized by expansive poverty (Rural Poverty, 2016). The widespread poverty is closely linked to the country’s postcolonial advancement, or rather the lack of it; DRC has, since its independence, experienced civil war, dictatorship, repression, foreign invasions, massacres and scattered malnutrition (Vanthemsche, 2012, p. 201). The political instability has been devastating for country’s economy, and the congolese, corrupt leaders have had a central role in the destabilization. However, the DRC has been the court of an international battle, mostly over the vast amounts of natural resources that the country possesses, and other influencing actors have been military groups, companies and foreign governments (Wilén, 2013).

Economic development: a questionable process

The aspects on economic development that are described above are essential when discussing economic development and underdevelopment, yet they are generally disregarded or diminished. According to critical theorists, many of them from the field of neocolonialism or dependency theory, it is questionable whether the neoliberal policy reforms that have been
strongly advocated by industrial countries for poorer nations have been an equally beneficial affair. Their theories are rather shaped by the idea that the capitalist system, initiated by the Western countries, can be beneficial for some countries, but depriving for other (Chang, p. 15). This concept will also characterize this thesis, while examining a case of land grabbing in the context of economic development and underdevelopment. In the following chapter, the theoretical approach that this thesis is embracing will be further explained.
2. Theoretical Approach

In this thesis, I am going to use dependency theory and neocolonialism to help to explain my case study of land grabbing in the DRC, and how such phenomena is connected to an extensive exploitation of developing countries by developed countries. Both theories are treating a similar concept regarding current, unequal economic structures in the world by discussing the relationship between developed and underdeveloped countries and how the former is, in different ways, exploiting the latter.

I found it meaningful to use literature from both fields for several reasons. Firstly, I wanted to create a stable ground for my thesis by combining a raft of authors. As stated above, dependency theory and neocolonialism has the same view regarding economic (under)development, and to use a number of admitted authors makes it easier for me to build strong arguments for the theories’ main ideas. Secondly, I found several interesting concepts that was further developed within the literature of dependency theory, for example the idea about core countries and periphery countries and the economic linkage between them.

Kwame Nkrumah’s literature on neocolonialism is, on the other hand, focused on the African context, even though he explains that it is possible to apply the ideas in a world perspective (Nkrumah, 1974, p. 8). His analysis of monopoly capitalism and its consequences on the African continent has therefore been essential to my thesis, since many of the works that I have found on dependency theory are either more general or focused on the Latin American context.

In the following part of the text I will further describe the concepts of neocolonialism and dependency theory.

2.1 Neocolonialism

In order to explain the idea of neocolonialism, it is important to understand the concept of colonialism first. Colonialism could be defined as “... The policy or practice of acquiring full or partial political control over another country, occupying it with settlers, and exploiting it economically.” (Oxford Dictionaries, 2016). The neocolonialist perspective is emphasizing that the era of colonialism is not entirely abolished, since many states that appear to be
independent are still economically and politically controlled from outside, most often through economic means, in order to ensure continued dominance of former colonies. Nkrumah, who was one of the most well-known leaders in the fight of Africa’s decolonization and later on Ghana’s chief of state, was also one of the first persons to coin the expression neocolonialism. In his book ’Neo-colonialism: The Last Stage of Imperialism’ that was written in the 70’s, he analyzed the situation in many African countries where colonialism still constituted a problem, since many of them were theoretically independent though in practice economically and politically directed by external powers (Nkrumah, p. 4). He described these elements of present imperialism as an effort of Western powers to endure colonial practices under a new guise (Ruthmann, 1985, p. 21). Nkrumah also exemplified neocolonial control as exercised by financial interests that are not identifiable with a particular state. For instance, he refers to the DRC as “… controlled by great international financial concerns”. The outcome of neocolonial power structures is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world, which increases rather than decreases the gap between rich and poor countries (Nkrumah, p. 5).

2.2 Dependency theory
Dependency theory critically analyses economic development of both industrial and developing countries and shows that neither can be understood unless their global interdependence is taken into account. Hence, the theory can be used as a tool to analyze unequal economic relations between rich and poor countries (Baran, book cover). For this thesis, I will use Baran and Franks’ contribution to to the framework of dependency theory, since both are central characters within the literature and they have written admitted works on the subject. There are numerous other important persons for the theory, among them are Dos Santos and Cardoso. However, they are mainly focusing on the Latin American context, and they are also giving equal attention to internal and external relations of less developed countries. Since I am mostly interested in how external powers contribute to the (re)production of underdevelopment in poor countries, I will use Baran and Franks’ literature that is more concerned about a poor country’s external relations and also applicable for various continents.
Basic assumptions

Dependency theory focuses on the economic relationship between developed and less developed countries, also defined as dominant states/core countries/metropoles, and dependent states/periphery countries/satellites. The relation is characterized by an extraction of wealth, for example of natural resources, from periphery to core, which also explains the underdevelopment of the poor countries and the development of the rich ones. Some countries develop because other underdevelop, and vice versa. Additionally, the concept of core and periphery is also valid within nations, where the national core is expropriating the country’s economic surplus (Larrain, 1992, p. 116).

Like many other theories, there are several approaches of dependency theory, however, the main concept is that industrial countries use their superior position to try to govern the underdeveloped countries in a direction that is beneficial for themselves, but not necessarily for the underdeveloped states. An example is that developed countries tend to promote an integration of the underdeveloped countries into the world market (Frank, 2014, p. 286-289). This is generally managed by foreign aid, foreign investments by multinational corporations and trade. The integration is, according to the dependency theorists, rather a tool for the developed countries to access the underdeveloped countries’ resources than an equally beneficial affair (Larrain, p. 111-114).

Dependency theory as a criticism towards capitalism

Baran is defining capitalism as a hierarchal, international system in which developed countries are exploiting the less developed countries by a transfer of economic surplus to the developed countries. It is because of the loss and misuse of the economic surplus that some countries are underdeveloped. Barans critical view of capitalism and his ideas about a new form of imperialism marked the beginning of dependency theory (Larrain, p. 115). Furthermore, dependency theory is discussing how the current, international economic system is monopolistically structured and based on the exploitation of resources by a handful of power elites in the core. This situation is defined as monopoly capitalism. The core countries are constantly trying to impose and maintain the monopolistic structure as long as it is accordingly to their economic interests and what could contribute to their own further
development and enrichment (Frank, p. 286-289). The incorporation into the world-wide, capitalist economy, campaigned by the free-trade and laissez-faire doctrine, is essential to the neoclassical approach that emphasizes the question of efficient allocation of resources in the short run, but pays little attention to socio-political aspects of certain countries (Baran, p. 60-61). Consequently, the regions in the world that are most underdeveloped today are the ones that historically have had strong ties with the metropoles, for example regions that have been large exporters and sources of capital for the metropoles (Frank, p. 290).

Economic development: a universal road?

Another central aspect of dependency theory is the criticism of the neoliberal economic concept, often claiming a certain, global way to economic development where all countries will develop the same way as Western states have done (Larrain, p. 118). One well-known example of this is the work of Walt Whitman Rostow called 'Five Stages of Economic Growth’. In comparison, dependency theorists claim that the current situation of underdeveloped countries differs to the past of the developed countries, mostly because today’s core countries have never been peripheral in relation to other countries and can therefore not be compared to the development of the current states, that are limited by their peripheral status (Frank, p. 283-288). The road to economic and social growth looks different in different countries, and it is therefore necessary to see the whole context for every country’s development (Baran, p. 39).

2.3 Summary: theoretical framework

Based on the description of neocolonialism and dependency theory, I consider assumptions from both fields valuable for my study of land grabbing in the DRC. Also, based on my pre-supposition about the country, I consider the two theories compatible in an analysis of the relationship between the DRC and external actors since the country’s independence, which largely has been a beneficial affair for the intervening unities and a few, congolese political elites, while disadvantageous for some rural communities. Thus, the analysis of this thesis is constituted upon the main ideas of neocolonialism and dependency theory; core countries, peripheral countries, the center of the periphery and the interconnection between them that is based on exploitation. It is also of importance to acknowledge that the chosen theories are
shaping the whole text, largely through the material I have chosen to use. This will be further discussed in the methodology chapter. However, it is also important to recognize that my conducted case study is favorable for the chosen theories, thus I intend to use the theories to explain a certain case, but the result of a study with a less favorable case could acquire a completely different result (Esaiasson et al., p. 184).

Now that the theoretical foundation of the thesis has been presented, it will be followed by a description of how the study, more particularly, will be conducted based on these theoretical assumptions.
3. Methodology

This chapter will further describe how I am going to conduct a single case study, yet aim for generalizability, what material the study is constituted upon and what the text is delimited for.

3.1 Case of study

I am going to conduct an explanatory single case study of the phenomena land grabbing, in a case where a multinational company settled in the DRC to profit the country’s palm oil plantations. The corporation has, while conducting their work, been accused of involvement in corrupt practices and human rights violations (Grain, p. 2). I will use my theoretical framework to argue that this type of investment can be considered as a neocolonial act with the main agenda to benefit industrial countries and a local, political elite while disregarding the rural population of an underdeveloped country. I have chosen this case of study since it is applicable for dependency theory’s assumptions about how core countries are systematically incorporating peripheral countries into the world market with their own profit in focus. It is also an example of how the development of one party (profits from DRC to the involved industrial countries) can lead to the underdeveloped of another (the local congolese communities that were exploited). Furthermore, it is a suitable case for a neocolonial analysis, since the theory is discussing the imperialistic dimension of financial commerces such as land investments. There are numerous other methods that could be used when investigating in the exploitation of developing countries, not least a quantitative method to closely examine flows of capital. However, a single case study allows me to focus on one case, and to illuminate the marginalized groups that are often disregarded when discussing land investments.

The generalizability of a single case study

It is possible to create a single case study with generalizing aims, and in fact, most investigations within social science have that objective (Esaiason et al., p. 180). If one desires to generalize a case study, it is necessary to envisage one particular case as a recurring, more general phenomena in a broader context (ibid, p. 175-182). So, even though my study seeks to explain a case of land grabbing in the DRC, I consider it possible to generalize the main ideas to several other countries in the Global South, particularly many countries on the African continent. Many of them have historical similarities to the DRC, both concerning their
colonized past and their history after independence; many of the African states have been introduced to the neoliberal economic doctrine while, at the same time, continuously exploited of natural resources by Western countries. Neither is the case of land-grabbing rare on the continent. Many African countries have advocated for increased foreign investments which has, in several cases, led to similar situations as my case of study in the DRC (Action aid, 2014, p. 3). Likewise, the discussion could be generalized to the Latin American continent where many countries have applied SAP:s for decades, leading to an extraction of valuable resources but not necessarily to social improvement for the population (FAO, IFAD and IIED, 2009, p.3). Therefore, I have chosen to occasionally refer to other countries and to the African continent as a whole, both to connect it with previous research, and to eventually indicate what could be further done within the field.

3.2. Material and delimitation

Since I am conducting a qualitative study, I am going to emphasize the fundamental aspect of this method; to explore a few cases and dig deeper into them and to approach the case by closely listening to individual stories and personal perspectives (Teorell, p. 10). While investigating in the case of land grabbing, I am focusing on the stories of the local communities that have been transcribed through investigations of NGO’s. This choice is certainly a blessing and a curse for the text. On one hand, there is (unsurprisingly) a limited amount of investigations on the effects of Western countries exploitation of developing countries. The phenomena of land grabbing and its consequences remain inadequately understood, though the phenomena itself is not a new concept. For example, colonialism embraced types of land grabbing (FAO et al., p. 3). On the other hand, it is important for the theories to be consistent with the methodology, thus I have chosen to emphasize my theoretical framework, claiming the exploitation to be prevailing though not always clearly manifest. Thence, when reviewing the case of land grabbing in the DRC, I will use NGO reports, based on both qualitative and quantitative data focused on local communities. The international NGO Grain was the first organization to try to create a quantitative investigation of land grabs in 2008 with their database farmlandgrab.org, from which many other databases collect much of their information (Action aid, p. 10). Because of Grain’s work, focused on supporting small farmers and social movements in their struggle for community-controlled
food systems (which is profoundly compatible with this thesis) their report "Agrocolonialism in the Congo” has been essential for my writing. Other reports that have been of great importance for this thesis are written by the international organization Actionaid, the think tank The Oakland Institute, The food and Agriculture Organization of the United Nations (FAO), The international Fund for Agricultural Development (IFAD) and the International Institute for Environment and Development (IIED).

Another major problem arises when discussing land grabbing; the definition land grab itself can be problematic when not differed from the idea of land investment. The definition is described in chapter 1, but what could be further recognized is how the definition land grabbing gives power to the affected group to define the situation which they are in. It is indispensable to value the verity and credibility of statements about certain events or circumstances, as well as the subjectivity of the narrative (Esaiasson et al., p. 313-319). Considering the chosen material, this thesis will embrace a certain perspective, based on rural, African communities and their reflections, while delimit for others; for example those of the involved corporation. Consequently, what is defined as land grabbing by one party does not necessarily corresponds to the opinions of another.

Anyhow, in behalf of the limited knowledge about land deals and their consequences, this thesis can help to shed light on a disregarded subject and fill a blank within the academia (ibid, p. 31-32). Since the subject has been neglected and relatively untouched, though its importance and prevalence, a thesis attacking the issue will be of great relevance for the surrounding world, considering the emerge of large-scale land acquisitions in Africa (FAO et al., p. 2).

On the contrary, there is a wide range of literature on the field of economic (under)development. For my theoretical framework, I have chosen several admitted works that were written in the aftermaths of colonialism and the coetaneous uprise of dependency theory and neocolonialism. Some of the books were written during the 60’s and 70’s, and others more recently. Yet, I consider it an advantage that the literature is dating back to the years coming after colonialism; this study can contribute to the validity and applicability of
the theories. Furthermore, I have occasionally used information from the World Bank. The organization have broad material regarding the economic situation of DRC and the implemented SAP:s. However, they do not offer any information about the possible negative effects of their work, which is why I have chosen a blended compilation of sources, composed to suitably illuminate the problematic I am interested in.

Moreover, I have used a handful of academic articles, whereof the majority are analyzing contemporary issues from a neocolonial perspective. By reading them, I acquired a wide knowledge about how to apply a neocolonial analyze on various observations. Additionally, two works on natural resources on the African continent have had a central role in this thesis. As they are treating investments and its risks and opportunities, which corresponds to what this thesis is discussing, they will be further presented in the following section.

3.3 Previous Research
As previously mentioned, there are no major agreements about the long-term effects of external actors economic interference in developing countries. There are discussions about a new scramble for Africa and renewed imperialism, but the discourse of large land deals in developing countries has only been treated by a small number of organizations (Southall, p. 20), which is discussed in the preceding chapter. Two recent works that are touching problems of large-scale investments in African developing countries is The New Scramble of Africa, a compendium edited by Roger Southall and Henning Melber, and Natural Resources and Local Livelihoods in the Great Lakes Region, Edited by An Ansoms and Stefaan Marysse. However, contemporary work about Western countries economic intervention in African countries are always in need of enlargement considered the rising amounts of transnational affairs (ibid). Hence, this thesis is built upon the recent work of NGO’s and writers who are interrogating in land deals and its impacts, and it is cumulative in the way that it is combining well established theories on a bypassed subject.
4. The Question of Land in the DRC

In order to explain the phenomena of land grabbing in the context of neocolonialism and dependency theory, a description of the question of land, historically and presently, is crucial. Therefore, the following chapter is categorized as following: land and investment in the DRC, the oil palm plantations in the DRC, land grabbing in Africa, and finally, a presentation of the case of Feronia Inc in the DRC.

Land and Investment in the DRC

Because of the Great Lakes Regions fertile soil and its vast potential, land is playing a central role in the congolese economy in which the agricultural sector comprises 41% of the country’s total GDP. Also, a large part of the congolese population are dependent on food crop production. For these small-scale farmers, who constitute a majority of the population, the access to land is of crucial importance for their livelihood. In some areas of the country, up to 90% of the population is rural, and other options than agriculture are often non-existent for these peasants. Additionally, there is a vast gap between the relatively wealthy urban population and impoverished rural communities. As the competition over land has risen, the struggle for the weaker parties and their land rights has worsened. The peasants are competing against capital-rich large-scale actors, hence communities who has used the soil and its resources for thousands of years do not longer have the right to access or use the land on which they depend (Ansoms, 2011, p. 14-18, 31-37).

Frequently, the congolese state is also involved in the negotiations of the profitable soil. Generally, they consider agriculture as an exercise of extraction, and disregard the consequences of pushing the small-scale peasants away (Ansoms, p. 13). Therefore, corporations tend to bargain with the government that have weak regulations over land and agriculture, making it easy for multinational companies to access the targeted land where poor populations risk being pushed off in favor of the investor (Grain, p. 13).

The Oil Palm Plantations in the DRC

During Belgian colonial occupation of DRC, in the early 20th century, Belgian officials explored the oil palms stretching along the Congo River. In pursuance of seizing the fertile
land and expand the plantations, the officials forced away the indigenous population in the area to smaller fields. The development of the plantations was endorsed by King Leopold and financed by the Lever brothers, which eventually developed into the international food corporation Unilever. Unilever managed the palm plantation business until 2002, when they decided to withdraw from the country due to its political instability. In 2009, Unilever sold the oil palm plantations in to Feronia Inc., a small company with no previous experience from the palm oil sector (Grain, p. 3).

Land Grabbing in Africa

The international economic crisis in 2008 resulted in global food security concerns, mainly in capital-rich food importing countries and countries with large populations that were seeking places with lower production costs. By acquiring land, these countries could ensure their food supplies. Moreover, the increasing prices on food made agricultural land a further attractive industry investments, especially relatively inexpensive fertile territories in poorer nations. Developing countries such as the DRC were quickly targeted by foreign investors, and simultaneously, there was an upswing in the observed cases of land grabs, primarily affecting poor rural populations who risk losing their vital areas of land (Von Braun et al., 2009, p. 1-2).

Out of the top 10 countries in the world that have been targeted by foreign investors for large-scale deals, six of them are African countries, and among them is the DRC. However, the extent of land grabs is impossible to evaluate, since many cases are assumed to pass by unseen due to the deals’ general lack of transparency (Action aid, p. 8). There are other major problems concerning large-scale land deals in developing countries. Firstly, it is occasionally hard to identify land in African countries with weak state capacity such as the DRC. There are not always official documents or formal registrations for its owners or records on what the land is used for. Some territories are not primarily used for agriculture, yet they are of high importance to urban populations who use them for hunting, collecting wood, water, fruit, seeds or other necessary materials (Jordens vänner, 2013). Secondly, in many rural areas, land is, accordingly to the populations’ traditions, owned collectively and managed by a traditional chief. Additionally, many land transaction has historically been concluded orally between different communities. Consequently, conflicts between old traditions and new, state-led
practices occur, where the rural population has a limited capacity of defending their rights (Ansoms, p. 29-34). Henceforth, in many cases when investors are targeting an area of land it becomes a competition between them and the traditional users, and in order to acquire land in a profitable deal, some investors are negotiating with local elites who describe the areas as empty for the sake of their own benefits (Grain, p. 13). Thus land negotiations are often based on unequal power relations, where the smallholders neither have the measures to mediate with powerful and wealthy actors, nor a strong voice if the investor fail to provide the promised local improvements who often come along with land deals (Von Braun et al. p.1-2).

The case of Feronia Inc in the DRC

When Feronia Inc purchased the palm business from Unilever, they claimed their ownership of the Lukutu, Boteka and Yaligimba plantations covering 101,455 hectares of land in the northeastern regions of the DRC. The local communities where the Canadian agribusiness company settled claimed to have been exploited of their land, and in 2015, they gathered their chiefs and community leaders in an effort to get the land back. They demanded equal negotiations and compensation for being bereft of their land, and further discussions to establish a new contract between the parties after a hundred years old land conflict. Contrastingly, Feronia claimed to have inherited the lease agreements from Unilever, yet the community leaders said that the only document that Feronia or Unilever has ever shown them as evidence of company’s rights to land was an old registration certificate that did not confer any legal title to the land. The local community around the Boteka plantation claims to not have been incorporated in the consultation or negotiation of contract between Feronia and the DRC government, though they have legal rights for it (Grain, p. 3-5).

Feronia Inc is composed upon various shareholders: 70% of the total shares are controlled by DFI:s and the African Agricultural Fund, and 24% by the DRC government. All involved parties have policies and standards regarding environmental and social issues, working conditions and financial integrity, which are supposed to be strictly practiced (ibid, p. 8). Moreover, when establishing in the DRC, the company assured the communities that the investment would proportionately improve their livelihood concerning jobs, schools, housing, health clinics and infrastructure.
Yet, the local communities claim to only have suffered from the negative impacts of the plantations’ development. According to Grain’s report, they do not have anywhere to grow their food because land that the communities had was taken by the company, which has resulted in malnutrition amongst their populations. Furthermore, horrific work standards have been observed in the plantations; brutal punishment for insufficient work, lack of contracts between the company and workers, safety issues with pesticides, violation of mandatory work hours and unpaid wages are some of the problems that have occurred (ibid p. 2). The workers have reported to gain wages around 1 dollar per day, which is no more than half of the country’s minimum wage (AlJazeera, 2014). Neither has the community seen many of Feronia’s promises about local improvement turn into reality. Additionally, the workers are owed at least 24 million dollars in unpaid wages from the time before Unilever sold the plantations and left the DRC (Grain, p. 11).

An advantage for some, a disadvantage for others

The land investment of Feronia Inc in the DRC has, undoubtedly, been profitable from certain aspects. For example, Unilever made 3.8 million dollar from the sale of plantations to Feronia. Six years later, Feronia’s total assets were worth more than 76 million dollars, whereof the profit went to the company’s different shareholders. The shareholders compromise various actors, many of them invested through DFI:s from the U.S., France, Spain, U.K. and the European Commission (Grain, p. 8). Another shareholder is the congolese government, who’s participation in the affair will be further discussed in the analysis.

The rural communities that live around the plantations became the victims of what Grain is calling agro-colonialism, representing a concealed agricultural colonialism. When the communities lost their traditional farmlands, they did not have an other choice than to work for the company, and the work that they were offered were under rough circumstances (Grain, p. 3).

When large corporations are investing in the agricultural sector they tend to disregard the importance of access to land, which is a matter of survival, identity and belonging for many
rural communities. Most poor people living in rural areas depend on small holder agriculture, and together, rural women produce half of the world’s food supply. In the developing countries these numbers are as high as 80%. Therefore, it is crucial to ensure these people’s small holder farms and their rights over land and resources in order to fight poverty and hunger (Action aid, p. 8). Although land deals often come along with promises about local improvements, they occasionally lead to the opposite for already vulnerable groups; according to organizations such as Actionaid and Grain, human rights violations, forced evictions and divided communities are only a few examples of what rural communities have experienced (Action aid, p. 7).

Conclusion
The global land grab phenomenon has, though to a very limited extend, lately been noticed and highlighted. Thus many countries have laws that are underlining the voice of local communities and, in the same manner, increased foreign investments in developing countries is generally promoted as a way to reach GDP growth and improvements in rural areas. However, several cases have been observed where land users are marginalized from their proper land rights and the laws protecting them are neglected, resulting in everything but development (FAO et al., p. 6-7). Based on the above description of Feronia Inc investing in the DRC, foreign investments in developing countries are extremely obscure. In the following analysis chapter, I will use neocolonialism and dependency theory to explain this problematic and the objects that might underpin it.
5. Analysis

The following analysis will be centered around neocolonialism and dependency theorys’ main assumptions about developed and underdeveloped countries, and how the the current, capitalist system can be profitable for the former while depriving for the latter. Particularly, the analysis will be structured around the core countries economic interference in the peripheral countries and how this is enabled through an agenda that could be defined as contemporary colonialism. Thereupon, the analysis will treat the disadvantages of the periphery, that is, according to the theories, claimed to be the losing part of the current economic system. The periphery is commonly vulnerable groups such as rural communities. Finally, the center of the periphery will be analyzed as a colonial heritage that collaborates with the core countries in order to profit from the country’s natural resources. This analysis will help to answer the research question of how land grabbing in the DRC can be used to explain the developed countries exploitation of developing countries.

5.1 The advantages of the core countries

*Exploitation as a way to development and underdevelopment*

As described in the theory chapter, one of the ways for core countries to control the peripheral countries is through foreign investment. The investments are often focused on the production of commodities for export such as land plantations or mining. This integration into the world market is, according to dependency theorists, a manner for core countries to access the peripheral countries resources, rather than an equally beneficial affair. The transfer of economic surplus from peripheral countries can also explain the development of core countries and the underdevelopment of the periphery countries.

Thus, the investment in the DRC of Feronia Inc has undoubtedly been a beneficial affair, considered their economic profits mentioned in the last chapter. Yet, it is questionable to what extent it has been an equally beneficial affair for the communities that were represented in the Grain report, who’s situation seems to have worsened after Feronia Inc invested in the plantations. Baran, among other writers within the same field, is correspondingly questioning whether the economic surplus generated in the underdeveloped country makes a significant contribution to these countries economic development or if it is generally beneficial for the exploiting Western countries (Baran, p. 318-319). The same question comes up to mind when
investigating in the plantation investment of Feronia in the DRC, and the next section will further discuss how land deals can impact rural communities.

What is particularly remarkable is that establishments, such as the DFI:s, that claim to work in favor of developing countries are involved in a situation of land grabbing and human rights accusations (Grain, p. 3). In such settings, it is clarified how developed countries are, in different ways, using their superior, economic power to dominate a valuable market, while less powerful groups are pushed aside (Baran, p. 74). Just like Nkrumah Kwame argues in his book, such actions can be interpreted as colonialism under a new guise, which will be discussed hereupon.

*Contemporary colonialism*

Neocolonialism and dependency theory both agree on the idea that Western states imposed a liberal concept on newly emerging African states in order to maintain their influence on the country’s political systems after their independence (Ruthmann, p. 19-20). Therefore, it is also necessary to examine land acquisitions in the light of Western states strong urge for open markets. When the SAP:s were implemented across the African continent, the Western international organizations were assuring how the concept could raise living standards and economic growth (World Bank, 1987). However, many africans did not even see their interests guaranteed by such development. On the contrary, they claimed the neo-liberal agenda of the SAP:s to be contradicting the aims and interests of their national development (Langan, 2015, p. 102-103). This criticism was centered several arguments. Firstly, the fact that the IMF and the World Bank tried to impose one set of principles despite differences between continents and countries. Secondly, the SAP:s were criticized because of their focus on comparative advantages that made the African states produce more of what they already produced. Consequently, the African countries did not manage to restructure their dependency on goods for export. Thirdly, the trade liberalization threatened domestic industries, which was mainly devastating for disadvantaged groups such as poor peasants, workers and the urban poor (Heidhus et al., 2011, p. 5).

However, the African countries’ embracement of neoliberal, economic structures has unquestionable been profitable for Western countries. As stated in the introduction chapter,
foreign investments are constantly rising and, as Baran claims "Foreign investment would not be conducted at all unless it was expected to over a reasonable period receive more in profits than it put in as investment. It is the logical rule of the capitalist system." (Baran, p. 82). As the value of land and agricultural commodities has grown, opportunities for foreign investors within the sector has correspondingly risen, from some aspects at the expense of already marginalized groups. since the new scramble for Africa only can be understood through today’s neoliberal global economy, it would not be unreasonable to claim that the neoliberal agenda of open markets and laissez-faire economy could be profitable for the already developed countries while depriving for vulnerable groups such as the ones affected in the DRC (Baran, p. 120).

Furthermore, a situation where developing countries are imposing certain institutions on less developed countries corresponds to what Nkrumah is defining as the essence of neocolonialism; countries that appear to be independent and sovereign are economically and politically directed from outside (Nkrumah, p. 5). Likewise, settling on foreign soil in order to establish extracting concerns could be defined as contemporary colonialism, which also corresponds to the case of Feronia Inc in the DRC.

5.2. The disadvantages of the periphery
"... Regions which are the most underdeveloped and feudal-seeming today are the ones which have had the closest ties to the metropolis in the past. Regions which were the greatest exporters of primary products to and biggest sources of capital for the world metropolis and which were abandoned by the metropolis." (Passé-Smith, p. 290-291).

The citation above is strikingly compatible with the case of land grabbing in the DRC. The country has historical ties of valuable commodity export to the European countries, and it is today one of the poorest nation’s on earth. One of the country’s most underdeveloped regions is home to the indigenous people who were bereft of their land. These people became the victims of what Grain is defining as agro-colonialism, indicating colonialism with a new appearance (Grain, p. 3).

Large corporations such as Feronia seem to disregard the importance of access to land, which
is a matter of survival, identity and belonging for many rural communities. Most poor people living in rural areas depend on small holder agriculture. To ensure these people’s small holder farms and their rights over land and resources is crucial in fighting poverty and hunger (Action aid, p. 8). Yet, neoliberal policies that emphasize market led agriculture where only the most productive producers survive have been encouraged in developing countries (Ansoms, p. 27). Consequently, the large scale land deals have occasionally had devastating impacts on rural communities According to organizations such as Actionaid, Grain and the Oakland Institute (Action aid, p. 7).

Land deals must therefore be examined in the light of the larger context they are part of. As described in the previous chapter, many countries where land deals are performed do not have either institutionalized rights nor governments that take account of local interests (FAO et al., p. 7). One clear example of such a country is the DRC. Yet, Feronia disregarded the character of the congolese government and invested in one of the world’s most vulnerable areas, without any previous experience neither in the sector nor of the region. Consequently, a situation characterized by agro-colonialism occurred, negatively impacting on the country’s already vulnerable groups, while profiting the investing company and its shareholders.

5.3. The center of the periphery

*The congolese political elite and the inherited colonial structures*

The political system in the DRC today is thoroughly similar to the one established by King Leopold and Belgium, where leaders worked in order to plunder the wealth of the nation. Similarly, the country continues to struggle with weak political institutions, mismanagement of natural resources and deeply rooted corruption by political leaders. As of the leaders greed in benefiting from the country’s resources, they have continued to focus on extracting sectors, thus further affected the country in their dependency in goods for exportation. The next section will be discussing how these political elites are parallely exploiting the country’s natural resources.

*The collaboration between the two cores*
Another major problem for the DRC’s economic development is the country’s rent-seeking political elite (Transparency International, 2014). They tend to see a mutual interest in the reproduction of colonial patterns of trade and finance (Langan, p. 5). Thus, when multinational corporations are collaborating with African governments in the rush for land, it results in a situation similar to Europe’s colonial expansion in the 18th century (Southall, p. 18).

Although the widespread corruption and political mismanagement on the African continent is widely known, companies such as Feronia continue to establish affairs with them. In this case, the Congolese government have almost a third of the share holds of the company. Feronia has neglected the needs of the communities in the area, yet they are contrastingly generous towards high-ranking persons. For example, Barnabe Kikaya bin Karubi, who is the DRC’s ambassador to the U.K., the secretary of the country’s president and the minister of information, served on the board of directors of Feronia until 2014. Except for his standard annual fees, he received several other payments of approximately 3 million dollars. Equivalently, many other chairmen gained large awards, while the company could not even pay the locals the minimum wage (Grain, p. 7).

The main problem is that in asymmetric land deals such as the one exemplified, only African governments or state companies have the resources to engage on anything like equal terms with the multinationals and international state-linked companies. This problem is discussed in the chapter “Scrambling for Africa? Continuities and Discontinuities with Formal Imperialism” written by Roger Southall for the compendium A New Scramble for Africa?. Southall is defining such situations, where African leaders are participating in the plundering of their own nation, as imperialism by consent. The negotiation between external actors and formally sovereign states is an essential part of new forms of imperialism in Africa, and corrupt leaders tend to deal with external forces when it is advantageous for themselves, even though it could be depriving for the country’s citizens (Southall, p. 28-30).
Concerning agricultural investments, neoliberal policies do not emphasize that various actors generally have unequal negotiation power based on their social status. Therefore, it is not rare that land deals are favoring an African elite, on behalf of small scale farmers (Southall, p. 42).

5.4. Conclusion Analysis

So far, this thesis has treated the problem of developed countries both historic and current exploitation of developing countries, and more particularly how this exploitation can be managed through land deals and what consequences it may have. This chapter will be followed by a discussion on the main ideas of the text.
6. Discussion

As previously mentioned, both data and information on land acquisitions are of limited amount, which is also limiting the possibilities of a bachelor thesis. Nevertheless, it is important to shed light on subjects that are generally forgotten or neglected.

Hence, this thesis is a crucial contribution to the marginalized groups that have been negatively affected by the global rush for land, as well as other possible outcome of the neoliberal doctrine that have been imposed on developing countries. On the basis of what they have experienced, combined with other examples of exploitation on the African continent (for example the mining industry in the DRC), I consider the binary process of economic development and underdevelopment as both accurate and coetaneous. Accordingly, the phenomenon of land grabbing is an applicable example of how disguised colonialism is used by Western countries in order to profit from developing countries resources. However, as discussed in the methodology chapter, this study is consistent with neocolonialism and dependency theory, emphasizing exposed groups and their relations to other societal bodies. Thereupon, I am assured that land deals with more positive outcome have occurred, even though they are not discussed in this thesis.

Furthermore, I find it essential to observe the case of land grabbing in a larger context. As explained in the theory chapter, foreign investments is only one of several measures by core countries to connect with the periphery countries, and other methods are constantly used in order to (re)produce the economic system. In the same way, it is indispensable to study the linkage between the core, the periphery and the peripheral core beyond the case of land grabbing and as a constant process of exploitation. This process can often be characterized by a regular rejection of responsibility, because who is actually responsible for the loss and misuse of wealth from a country such as the DRC? Is it the developed countries or the political elites in these nations? Nkrumah’s interpretation of these questions is "for those who practice it, it means power without responsibility. and for those who suffer from it, it means exploitation without redress. In the days of old-fashioned colonialism the imperial power had at least to explain and justify at home the actions it was taking abroad." (Nkrumah, p. 6).
7. Conclusion

This thesis has contributed to the discussion about foreign investments in developing countries, its possible motives as well as its potential effects. Generally, economic debates are discussing the benefits of free trade policies, but this thesis is demonstrating that they are not necessarily beneficial for all involved parties. The purpose of this study was to use a case of land grabbing in order to explain the exploitation of developing countries by developed countries by using neocolonialism and dependency theory. The case of Unilever and Feronia Inc in the DRC is a typical example of what mentioned theories are defining as neocolonialism, where multinational corporations are economically interfering in developing countries with their own profit on their agenda, while neglecting economically less powerful populations and their wellbeing. In accordance to the theories, this extraction of wealth, in form of agricultural commodities, can explain both development (as in the corporation’s shareholders) and underdevelopment (as in the affected rural communities in the DRC). Also, considered economic structures in the DRC and which markets that have been targeted by rent-seeking corporations (agriculture and mining), the capitalist system of open markets and free trade could be considered as disadvantageous for the most deprived.

Although this study indicates that neocolonialism covered by a neoliberal approach is currently observed on the African continent, more is needed to draw a definitive conclusion. Yet, it is in accordance to neocolonialism that the present form of imperialism are not necessarily manifest, so definitive conclusions, whatever it composes, can be problematic. Anyhow, a few ideas about how to continue to fill the academic gap of land grabbing will be suggested in the next section.

Yet, I shall not underestimate the validity of this thesis. The analysis of contemporary colonialism and its winners and losers is not only applicable on land grabbing, but on all extracting industries. These have not only occurred in the DRC, but on the whole continent, as well as in other parts of the world. The characteristics of development and underdevelopment is, as described before, the exploitation of some countries by a transfer of wealth to other
nations. Thus, it is possible to attack the problem in several different ways, focusing on different actors or countries.

8. Further Research

There are several different approaches that could be used when exploring foreign investments in developing countries. For example, it would be interesting to quantitatively study the strength of the correlation between economic development and underdevelopment, by, for example, incorporate a larger number of developing countries and analyze their economic relations to developed countries. A comparative research using the methods of most-different or least-difference would likewise be interesting, as well as central for the establishment of the subject. Furthermore, I consider it necessary to give space for studies signifying opposite trends than mine, in order to avoid a systematic skew and a subjective field of research (Esaiasson et al., p. 322).
9. Bibliography

Literature


E-books


Reports


Articles


Von Braun, Joachim & Ruth Meinzen-Dick, 2009. ”Land grabbing’ by Foreign Investors in Developing Countries: Risks and Opportunities” in IFPRI Policy Brief.

Internet websites


