Urban Desires and Lust for Land

The Commodification of Rural Spaces in the Global South

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Translated from the French by Oliver Waine

Series: Land Rights in the Urban Global South

In the Global South, vast swathes of periurban and agricultural land are being sold off and converted into financial windfalls. Éric Denis shows that the working classes also play a role in this commodification of land, giving rise to new means of producing the city. Moreover, this lust for land reveals these populations' desire to see the city expand and reach their doorstep.

In emerging and developing countries, the commodification of land has become a fundamental driving force of urban production and economic growth. Turning land into profits is not the preserve of big institutional actors or private investors (whether local or international), though: it also concerns more modest forms of investment – in micro-parcels of land – just as much, if not more so when considered in terms of the total amount of land converted in this way and the number of inhabitants concerned. These micro-parcels are sold off and then subdivided for urban uses, mostly residential. Such capitalistic uses of land reflect an emerging type of city and allow us to observe the effects of a desire for urbanity that is shared far beyond formal city boundaries and is evident in the sale and purchase of plots of land in even the most remote villages, leading to a constant expansion of built-up areas. The rising value of this land, divided into lots to meet the potential needs of families with highly variable income levels, foreshadows the idea that the city will soon arrive at – and incorporate – these lots.

This is where urban desires reside. To be clear, we are not talking about a desire to migrate towards the bright lights of the city, but rather about a shared belief in the possible emergence of an urban society in the places where these people live, which in some cases are very far from existing cities. The rise in value of the innumerable parcels of land removed from agricultural use is based on the very widely shared conviction that an urban transition is imminent, alongside the possibility of a certain emancipation from local ties and affiliations (castes, extended families, clans, etc.), and on its anticipation by a very wide spectrum of actors that cannot be reduced to institutional investors and the richest families alone. This paper analyses the commodification of farmland through its transformation into urban land, and how even the poorest households seek to capture and realize the potential value of the parcels they own.

Figure 1. Sale of lots for development, Sri Kumaran Nagar project, Bahour, Puducherry, India, March 2015

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New forms of urban production in societies undergoing reconfiguration

While the demographic growth of cities in the Global South is starting to slow down, the urban sprawl generated by these cities continues at a brisk pace, and is even accelerating. Indeed, the number of conversions of agricultural and rural land (including forests, wetlands and wasteland, and the commons as well as private property and resources) into plots for subdivision has skyrocketed following the liberalization of economies and adjustment measures associated with debt negotiations (1980s–1990s–2000s).

As a consequence of these macroeconomic transformations, new trends in terms of the production of cities and the (unequal and uncertain) reconfiguration of urban societies have become established:

- greater openness to foreign investors, who benefit from special regimes and offer exclusive, high-end products;
- the management and development (inventory, sale, rental) of public land holdings and the adoption of measures to attract investors, who are at the heart of a transition from the public government of cities to shared forms of governance that involve more and more private actors;
- a massive capitalization of land and real estate, at both institutional and individual levels (creation of land banks);
- the use of land as consideration (in the legal sense of the word) in exchange for credit expansion – and therefore money creation;
- the destruction or non-emergence of social protection systems and the failings of financial inclusion, health services and education services, leading to widespread uncertainty that encourages capitalization of gold and land;

- the expansion of informal neighbourhoods – through the occupation of public land or the illegal subdivision of private property – in response to a large-scale need for housing, in a context where public housing programmes have been comprehensively reduced.

These factors enable us to produce a clear, nuanced and contextualized diagnosis of the growing discrepancy between the slowdown in cities' demographic growth and the explosion of urban sprawl in the Global South (Denis 2011; Shatkin 2015; Aveline-Dubach 2015). For example, the number of new, empty dwellings – that have been the subject of transactions but are unoccupied – is often presented as a sign of a speculative economy and of the development of real-estate bubbles (Aveline 2008), by far the largest of which is currently the Chinese housing bubble. However, China is just one country among many others whose economic growth, methods of wealth accumulation, and urban transition are stimulated by the commodification of land.

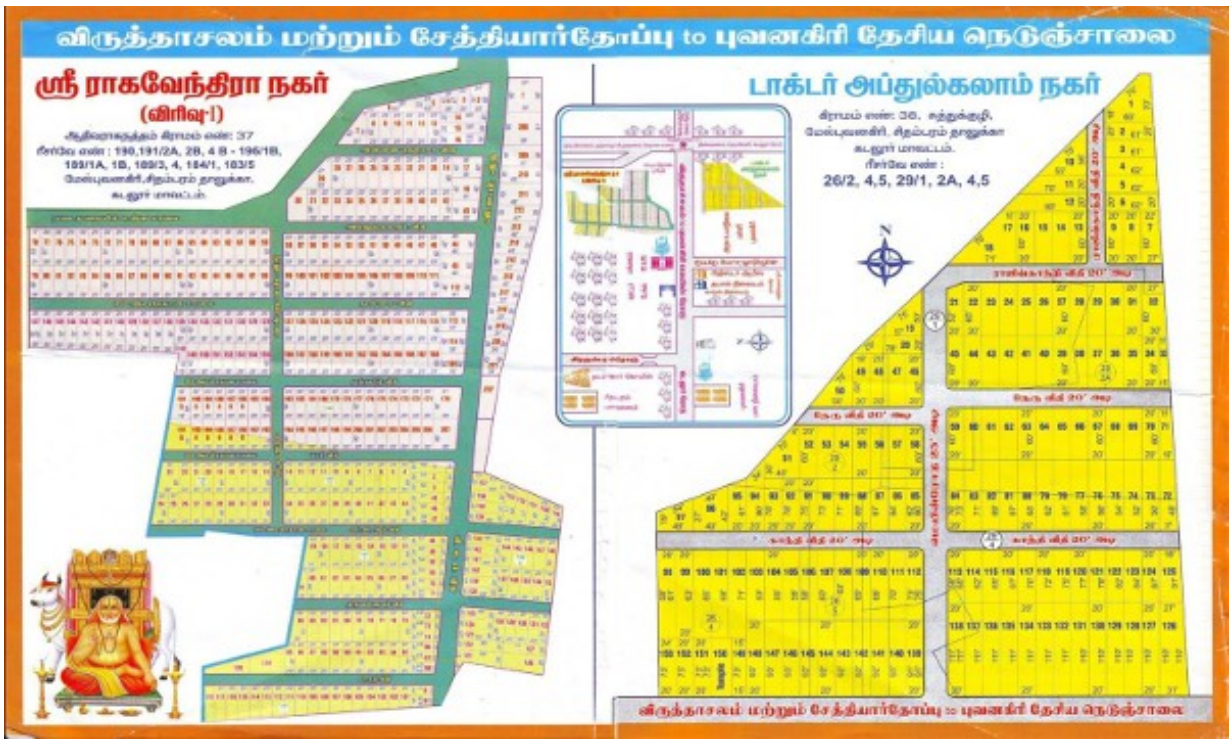
What is meant by "financialization of land"?

The massive conversion of periurban land and the commodification of public holdings are as much a response to the funding needs of urban economies as to functional requirements (housing, providing services, producing goods), if not more so. Land ownership and the massive conversions that are extending and renewing forms of urban development are part of a profound transformation in the way cities are produced. These land conversions respond to the need to have something tangible (to use as consideration) in exchange for growth in credit. Accordingly, the financial sector imposes a form of capitalization (without development) of land. This is the case in particular for land banks belonging to large real-estate groups: they are used in a non-fungible and non-moveable way as security for lines of credit.

More generally, land is used as a means of accessing money in societies that have become highly unequal and where the precarity of forms of contractualized employment restricts access to credit. The production of the city, particularly in the Global South, takes place on this land in a context where the the future of the middle class is neither guaranteed nor stable. Land is one of the only forms of consideration available in exchange for wealth production, and therefore for credit approvals by banks. In this way, the use of land as a commodity to be captured, dumped on the urban market, and invested in has become established as the prime condition for the financialization of urban economies.

At the heart of land conversion for urban finance, several logics simultaneously come into play: creative destruction (through the conversion of farmland, natural environments and industrial wasteland), the privatization of common-pool resources (inducing the conversion of value into wealth) and the commodification of public property in the form of (total or partial) sales or (transferable or non-transferable) concessions. Land is appropriated for its financial value, for whatever it is worth on a market that sees it solely for its future uses and potential.

Figure 2. Two projects by ANBU Real Estate: Sri Raghavendra Nagar (left) and Dr Abdul Kalam Nagar (right), Bahour, Puducherry, India, March 2015; plots measure 20 × 60 ft (6.1 × 18.3 m), or 1,200 sq. ft (111 m²) in total



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Land monetization for all

This capture of land concerns not just the big institutional real-estate players but also the poorest households. It takes the form in particular of titling programmes that individualize and regularize ownership (*cf.* de Soto 2005, and his critics, notably Gilbert 2012), "evictions by the market" (Durand-Lasserve 2007), forced displacements, and rehousing operations (Raman 2015). The role and importance of land is central to the implementation of "slum-free city" programmes throughout the world. All of these actions clearly form a system in the competition for space in the city. It is also necessary to anticipate the unprecedented acceleration of illegal construction brought about by speculative motives and the stockpiling of land ownership opportunities with a view to boosting their rental and resale value (Sims 2013).

The monetization of land also concerns the poorest in society. They are essential actors in this process, which they use to counteract the chronic deficit of financial inclusion, and therefore their inability to borrow money, as well as the absence of social protection and the cost of eduction. In India, in 2011, only 35% of households had a bank account. Land monetization is therefore also a means of insuring against widespread uncertainty: land becomes a reserve for protecting capital – however limited – from inflation, and for facilitating borrowing. Micro-parcels of former farmland, grouped together and repurposed as housing-tract projects by small developers, or even by farmers themselves, become financial reserves that can, if necessary, be ceded (quite easily, almost like liquid assets) to pay for a wedding, for studies or for hospital fees, for example, just like the gold that these same populations seek to capitalize. In 2013, some 68% of Indian household savings consisted of gold, land and/or real estate.

This very powerful dynamic radically shakes up land use in whole villages, particularly in India. Vast swathes of fertile land are sterilized as a result and remain empty for years, sometimes even for a decade, essentially becoming wasteland while at the same time changing hands several times. Although unused, they have strong potential and therefore increase in value.

Conversion of farmland and questioning the limits of urban development

In these contexts, using terms such as dispossession or expropriation is often difficult, particularly as resistance is not always observed on the part of those who are giving up their land. For multiple reasons, linked to harvest unreliability and falling yields, farmers are often quite willing to sell (Vijayabaskar 2010), or even become active agents of land conversion themselves by acting as developers. And yet this does not mean that land conversion, with its attendant social and environmental impacts, is "the necessary cost of economic growth" (Chakravorty 2013).

The powerful dynamics of land conversion complicate and aggravate urban environmental questions. These processes effectively sterilize large areas, including some of the most fertile land. They lead to the transformation and irreversible filling-in of reservoirs, drains and irrigation canals. They are therefore closely linked to environmental disasters and are often the cause of floods incorrectly blamed on climate change.

Figure 3. VIP City, Kolathur, Tamil Nadu, India, March 2011 (plots that have been sold and resold, but still not developed as of February 2016)

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These conversion trends take place in spaces situated between the urban and the rural, beyond the immediate peripheries of cities, particularly in Asia, in artificialized, densely populated environments that have long been known for their multiplicity of activities. The financialization of land is not only observed close to major metropolises; it also concerns the smallest towns and villages.

Land as a quasi-currency functions almost everywhere on the basis of the idea of a "desire for urbanity" and the possible transition to urban life without migration, in one's current place of residence. This raises the question of the limits of urban development and brings us back to the interpretation of Brenner's theory (2014) regarding the existence of "planetary urbanization" and

the need to "study the processes of urbanization in their entirety", including outside cities. This also raises the question of a regulation of land use that better incorporates the joint control of environments classified as rural and urban into issues and landscapes that are increasingly convergent and interconnected. This presupposes the invention of development tools that transcend the sharp dichotomy between forms of legislation and urban and rural administrations.

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