The "ideal market" as a normative figure of thought. Analysing the reasoning of the World Bank pro land grabbing

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Abstract
The self-conception of most mainstream economists relies on the opinion that economics is a value-free science. By contrast, I argue that every economic theory necessarily implies normative assertions. Not only the questions under investigation but also the answers given are always influenced by normative convictions. Subsequently, I will inductively reconstruct some of the specific normativity of economic mainstream theory by analysing the political economic debate on large-scale land acquisition. This article focusses on the reasoning of the World Bank as one main proponent. It shows in which way the arguments of the World Bank are based on key economic terms and how these terms are normative, albeit implicitly. At its heart is a kind of "market faith". The reconstruction of this normativity conveys a critique of the World Banks arguments by showing after careful analysis that these arguments in favour of large-scale land acquisition do not hold.

Keywords: Market faith, ideal market, normative presumptions of economic theory, large-scale land acquisition, land grabbing, World Bank

JEL classification: P16, Q18

1. Introduction

The self-conception of mainstream economics – by which I mean the style of economics taught and practised in today's graduate schools which is mainly grounded in neoclassical theory – relies on the opinion that economics is a value-free science. The claim of mainstream economics and the self-image of the discipline as a value-free endeavour in its core as a science is very well documented.[1] However, there are some prominent economists working on the edge of mainstream economics who are very reflective about their normative assumptions.[2] Economics as a science regards itself as necessarily being concerned with descriptions and explanations, which often are opposed to prescriptions as the seemingly

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[1] In representative economic textbooks, which particularly express the mainstream view, one can find notions of the value-freedom of what is stated in the book. In Gregory Mankiws *Principles of Economics* (2014: p. 28 f) one can read that only "positive analysis" is "scientific" and "normative analysis" is not. "When you hear economists making normative statements, you know they have crossed the line from scientist to policy adviser, I don't view the study of economics as laden with ideology".
Hal Varian (Intermediate Microeconomics, 2010, 8th ed., p. 446) considers the Pareto criterion ("efficiency") as a value-neutral norm.
In other textbooks one finds the notion that economics is concerned "with both positive and normative questions" (Pindyck/Rubinfeld: *Microeconomics*, 9th. ed., Global Edition, 2018, p. 28 f). However, a "normative approach" starts not until p. 607 ff. Also, "normative questions" are just conditional imperatives, imperatives of self-interest. And "value judgements" are not part of economics. ("When value judgements are involved, microeconomics cannot tell us what the best policy is.") On the other hand, the notion of a "distortion" of the "functioning of a market" (p. 150), leading to "the economy as a whole to be productively inefficient" (p. 628), is regarded as value-free, i.e. beyond ethical doubts or reflections.
In Samuelson/Nordhaus (Economics, 19th ed., 2010) there is a "positive" and a "normative" strand in the whole of economics (p. 6), but only "positive economics" is regarded as "science".
[2] For example Amartya Sen (Sen 1987).

only field of ethics. By contrast, I argue that every economic theory necessarily implies normative assertions.[3] The reason is that even a mere explanatory theory in the social sciences cannot avoid the linkage between the context of assertion and the context of application, which means that not only the questions under investigation but also the answers given are always influenced by normative convictions.

To analyse the specific normativity of economic mainstream theory I will not reconstruct it out of economic textbooks but focus on the political economic debate on large-scale land acquisition. It is a highly controversial practice and the rationales of its proponents like the World Bank can be shown to be based on mainstream economic theory. However, the World Bank of course does not represent mainstream economic thinking in general.

Since 2008 the commercial interest in land has attracted wide media attention. Large-scale land acquisition for commercial production in the Global South reached a big amount since 2008. In a new report, the World Bank argues in favour of large-scale land acquisition. What are the reasons the World Bank gives when arguing in favour or against certain courses of action? The issue here is the justifications for practices. This article shows in which way the arguments of the World Bank are based on key economic terms and how these terms are normative, albeit often implicitly. At its heart is a kind of “market faith” which is crucial in shaping the rationales in favour of large-scale land acquisition. The reconstruction of this normativity conveys a critique of the World Banks arguments by showing after careful analysis that these arguments in favour of large-scale land acquisition do not hold.

2. Perspective: normativity and economics

The question of normativity in economics was initially discussed in the so called “Werturteilsstreit”, a debate opened in Germany at a conference of the “Verein für Socialpolitik” in 1909. According to Max Weber there is no absolutely objective scientific inquiry of social phenomena which is independent of specific points of view according to which the object is selected and analysed.[4] This point – understood as a matter of selection of the object of inquiry – was uncontroversial. Though economists, as persons, certainly have values and convictions, what they, as scientists, claim as valid is just on “how things really are”, not on “how things should be”. According to Hans Albert this is the case if a theory includes no value judgement (“Werturteil”). He defines a value judgement as an assertion that (1) characterises a fact as positive or negative, that (2) validates a normative principle and (3) expresses the expectation that addressees of the sentence should align themselves with that principle.[5] According to Albert the only acceptable reason to depart from the ideal of a value-free social science in this sense would be the “practicability” of a theory. Nevertheless, in this case value judgements should be made explicit.[6]

[3] Normativity instead of values.
[4] Max Weber, “‘Objectivity’ in Social Science and Social Policy,” *Methodology of Social Sciences* (New Brunswick: Transaction Publishers, 1949 [1904]), p. 72.
[5] Hans Albert, “Theorie und Praxis: Max Weber und das Problem der Wertfreiheit und der Rationalität”, Werturteilsstreit, ed. H Albert and E Topitsch (Darmstadt: Wissenschaftliche Buchgesellschaft, 1990), pp. 200-236.
[6] Max Weber, “The Meaning of ‘Ethical Neutrality’ in Sociology and Economics”, *Methodology of Social Sciences* (New Brunswick: Transaction Publishers, 1949 [1904]), p. 22 (The English translation in this version is, in my opinion, different from the original German text.)

In contrast, in Max Weber's opinion we are not readily able to keep the separation between positive and normative assertions. Therefore it is not just a matter of selection but of shaping the object of inquiry.[7] Weber distinguishes between (logical) ideal-typical terms and (practical) ideal-types which are just separated by a "hair-line":

> "There is still another even more complicated significance implicit in such ideal-typical presentations. They regularly seek to be, or are unconsciously, ideal-types not only in the logical sense but also in the practical sense."[8]

Therewith Weber applies a much less narrow term of normative assertions than Albert. He does not reduce normativity to prescriptions. Nevertheless Weber judges the blending of these two aspects as a danger. Therefore he argues for a duty of scientific self-control to sharply separate between the description of reality by ideal types in the logical sense and the judgement of reality by ideals.[9]

The important question is whether it is possible to comply with this request at least in economics. Today, most economists distinguish between normative and "positive economics".[10] Accordingly, normative economics is obviously expected to be normative, whereas "positive economics" is assumed only to "predict and explain economic outcomes and processes".[11] Theses explanations and predictions are supposed to be value-free in the sense, that the values respectively the normative convictions of the investigating economist do not influence the answers given to the questions. Even Hausman and McPherson do not "directly challenging" this standard view.[12] According to the same pattern Dasgupta argues, that while economics lies on some "ethical foundations", the differences in political recommendations are based in different views on facts rather than on normativity.[13] In the opinion of Dasgupta they are entitled to do so, because the normative foundations were settled decades ago.[14] This implies twofold. First, the normative foundations seem to be remarkable uncontroversial.[15] Second, and this is the more important point for my argumentation here, it implies the opinion, that we are able to distinguish between normative convictions and facts. If a "normative" dimension of economics is conceded, it is usually identified with so called welfare economics. If so, according to Putnam/Walsh, this is seen as "a sort of red light district", to which mainstream economists could go in order to do things which were not allowed in pure "predictive", "analytical" or "scientific" economics."[16] Against this position I claim that it is not possible to separate a value-free core of economic analysis from a normative part of theory.[17]

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[7] Max Weber (1949 [1904]) p. 511.
[8] Max Weber, "The Meaning of 'Ethical Neutrality' in Sociology and Economics", *Methodology of Social Sciences* (New Brunswick: Transaction Publishers, 1949 [1904]), pp. 97, 110.
[9] Ibid. 98.
[10] Mas-Colell et al., *Microeconomic Theory* (Oxford University Press, 1995) p.307; Pindyck/Rubinfeld (2018) p. 28 f; Samuelson/Nordhaus (2010) p. 6.
[11] Daniel Hausman and Michael McPherson, *Economic Analysis, Moral Philosophy, and Public Policy* (New York: Cambridge University Press, 2006) p. 30, 60.
[12] Ibid. 306.
[13] Partha Dasgupta, "What Do Economists Analyze and Why: Values or Facts?" *Economics and Philosophy,* 2005 pp. 221-278.
[14] Ibid. 225.
[15] To a philosopher, acting in a diverse scientific community of various ethical theories struggling for the best argument, this position seems naïve not to say conceited.
[16] Putnam/Walsh, *The End of Value-Free Economics* (Routledge, 2011) p. 3.
[17] Exceptions are strands in economic thinking like Austrian Economics, the Chicago school and others. Whereas these schools of thought certainly had an influence on mainstream economic thinking they not represent the economics taught in classical textbooks.

The reason is that even a mere explanatory theory in the social sciences cannot avoid the linkage between the context of assertion and the context of application, which means that not only the questions under investigation but also the answers given are always influenced by normative convictions. To see in which way this is the case we have to take a closer look on rationality. As Hausman and McPherson rightly state "rationality is a normative notion".[18] If we name an action as "rational" we implicitly claim that it is a good one. The definition of rationality in mainstream economics corresponds to what Habermas calls instrumental rationality: a rational action is a goal-directed behaviour which aims at a successful intervention in the world to reach a projected end.[19]

The "explanations" of an empirical-analytical science like so called "positive economics" always imply a technical interest *sensu* Habermas. The technical interest preforms the meaning of the possibility of possible statements to the technical control over objectified processes.[20] The very meaning of predictive knowledge is technical control. In this way the live structures of instrumental action – an action with the aim to achieve a previously determined end – attains a transcendental role for the empirical-analytical science.[21] Therefore, even an apparently pure explanation implies the practical sense of shaping its object. That explanation and shaping are necessarily connected leads to a merely apparently value-free social science which results in an objectified perception of its object.[22] The transcendental framework of instrumental action reduces thereby the sense of science to purposive-rational utilisation of means.[23] Moreover, we can say that economics, as a social science, is situated in a performative setting.[24] Different from natural sciences in social sciences like economics the object of investigation consists of subjects. Therefore a subject (the economist) makes an assertion (the theory) towards other co-subjects (the scientific community) about an object which in turn consists of subjects. The organisation of the economy regulates social interactions, the interactions between people. If the only type of rationality on which the theory is based, is instrumental rationality, it implicitly justifies instrumental rationality as the normatively right model of interaction. The concept of instrumental rationality leads to the position that although reasons for actions (or choices) are subject to evaluation, economists must not evaluate them.[25] This attitude towards the object is often regarded as ethical neutrality, but it should better be named as indifference towards or even disinterest in the reasons people have for their actions. It presupposes that preferences are impervious to argument. Merely the agency of a person in the sense of its impact is of interest. Others are conceived of as set of constraints to reach predetermined ends, whatever these ends may be. This attitude of instrumental rationality not only can be in conflict with morally right behaviour as Hausman and McPherson claim[26] but in fact contradicts it, because others are solely treated as means and not as ends in themselves. To treat others as ends in

[18] Daniel Hausman and Michael McPherson (2006) p. 64.
[19] Jürgen Habermas, *The Theory of Communicative Action, Volume 1* (Boston: Beacon Press, 1984 [1981]) pp. 10 ff.
[20] Jürgen Habermas, *Knowledge and Human Interests* (Boston: Beacon Press, 1972 [1968]) pp. 195–196.
[21] Ibid. 192.
[22] Ulrich Thielemann, *Wettbewerb als Gerechtigkeitskonzept. Kritik des Neoliberalismus* (Marburg: Metropolis, 2010) pp. 74-78.
[23] Jürgen Habermas (1972) p. 193.
[24] Ulrich Thielemann, "Integrative Wirtschaftsethik als Kritische Theorie des Wirtschaftens. Die Unmöglichkeit der Wertfreiheit der Ökonomie als Ausgangspunkt der Wirtschaftsethik", Wirtschaftsethik als kritische Sozialwissenschaft, ed. M Breuer, A Brink and OJ Schumann (Bern: Haupt, 2003), pp. 89–115 at pp. 95 ff.
[25] Daniel Hausman and Michael McPherson, (2006) p. 76.
[26] Ibid. 92-93.

themselves would imply that we are interested in the reasons for their behaviour. Hence, Hausman and McPherson are right in stating that rationality and morality are not in conflict if we understand acting rationally as acting on good reasons.[27] But that would demand a different conception of rationality. Habermas argues for a communicative rationality with a *telos* of communicative understanding instead of instrumental control.[28]

Since the vary meaning of predictive knowledge is instrumental or technical control, a social scientist constructing a seemingly value-free theory informs his audience about the given power structure as a fact (the impacts of people), thereby making himself an agent of instrumental or enforcement rationality.[29] That is the reason why Hausman and McPherson are right in claiming that so called positive economics and normative economics are linked via the theory of rationality in a way that mainstream normative economics can be derived from the theory of rationality and components of “positive economics”.[30] Consequently they would have to conclude that there is no such thing like “positive economics”. Unfortunately however, they neither draw this conclusion nor further scrutinise the normativity of the theory of instrumental rationality itself. When it comes to the derivation of political recommendations for the organisation of the economy a further normative consequence of a theory of explanation and prediction gets obvious. If the implicit aim of a theory is technical control it always serves specific interests.[31] That is not illegitimate per se but it has to be deliberated. Which interests are served is determined by additionally economic concepts well-known in welfare economics.

In this article I will inductively reconstruct the specific normativity of economic mainstream theory by analysing a specific political economic debate. Large-scale land acquisition is a highly controversial practice and the rationales of its proponents like the World Bank are based on mainstream economic theory. I will first introduce some data facts on large-scale land acquisition.

3. Background: large-scale land acquisition

Since 2008 the commercial interest in land has attracted wide media attention. Large-scale land acquisition (LasLA), also called land grabbing, for commercial production in the Global South, however, is nothing new. Already during colonisation European big landowners appropriated huge land areas in Africa, Latin America, and Asia for the sake of export production. Later on, national and transnational corporations bought parts of this land. What is new today is the scale of commercial interest in land. According to The World Bank in the years 2008/2009 alone, land deals covered 46.6 million hectares.[32] The relatively new report of the International Land Coalition, a collaboration of 40 partners ranging from NGOs to international research institutes, estimates that between January 2000 and November 2011 land deals in the scale of 203 million hectares were approved or under negotiation. 71 million

[27] Daniel Hausman and Michael McPherson (2006) p. 93.
[28] Jürgen Habermas (1984) pp. 10 ff.
[29] Ulrich Thielemann (2010) pp. 74-78, 89-90.
[30] Daniel Hausman and Michael McPherson (2006) p. 76.
[31] Ulrich Thielemann (2003), pp. 89-115 at pp. 101 ff.
[32] The World Bank, “Rising Global Interest in Farmland. Can It Yield Sustainable and Equitable Benefits?” Report, September (2010), p. xiv.

hectares thereof could be confirmed by cross-reference.[33] According to the Land Matrix Project the assured size of transnational concluded deals initiated since 2000 is 35 million hectares.[34] Of the overall land acquisition 78% is for agricultural production, thereof three-quarters for biofuels which is about 40% of the area. Other sectors of investment are Food crop (ca. 11%) and forestry (ca. 8%).[35] The main target of land-acquisition is Africa (over 60 %), followed by Asia (ca. 20%) and Latin America (ca. 9%).[36]

The main trigger of the latest rush for farmland was the food price crisis of 2007 to 2008. Maize and wheat prices doubled between 2003 and 2008 and are still 30 up to 50% above their averages over the past decades.[37] Land acquirers are foreign as well as elite national actors and state as well as private actors.[38] Primarily motives of government-backed land acquisitions are food and energy security. With the food price crisis resource-poor countries realised the dangers of being dependent on world market prices. The prime motive of land acquisitions by the private sector is a competitive return on investments. The cause for land acquisition, therefore, is the expectation of rising demand in land. It is expected that population growth and changing diets of the world's growing middle classes, particularly growth in meat consumption, will cause rising demands in food and energy. Furthermore, the production of biofuels requires additional land and European governments set high consumption targets for biofuels. But land is finite. Therefore it is expected that the demand in land for food and energy production will rise.[39]

While opponents of LasLA point to negative social and environmental impacts, proponents conceive of LasLA as much needed investments into the formerly neglected agricultural sector, bearing potential for capital influx, infrastructure investment, technology transfer and job creation. While proponents of LasLA speak of "investments" in agriculture the critics call it land "grabbing".

On important proponent of LasLA is the World Bank. What are the reasons the World Bank gives when arguing in public debate in favour of LasLA? First of all, it is worth noting that despite the basically positive judgement of LasLA the World Bank seems to take seriously the critique of several NGOs in its newest report of 2010 Rising Global Interest in Farmland. There is talk of the "displacement of local people from their land", of the "generation of negative environmental or social externalities", and furthermore of the "loss of livelihood".[40] In spite of taking note of all these negative consequences of LasLA the World Bank nevertheless judges LasLA as a positive "tool" for improving development in the concerned countries. According to the World Bank, "investments" in agriculture can contribute to a more "efficient" use of the resource land.[41] "When done right, larger scale farming systems can also have a place as one of many tools to promote sustainable agriculture". The World Bank

[33] Ward Anseeuw, Liz Alden Wily, Lorenzo Cotula, and Michael Taylor, "Land Rights and the Rush for Land: Findings of the Global Commercial Pressures on Land Research Project. Report" (Rome: ILC, 2012) p. 19.
[34] The Land Matrix Global Observatory, Get the idea. Available at: http://www.landmatrix.org/en/get-the-idea/dynamics-overview/ (accessed 26 September 2014).
[35] Ward Anseeuw, Liz Alden Wily, Lorenzo Cotula, and Michael Taylor (2012) p. 24.
[36] Anseeuw et al. (2012) p. 23.
[37] Lorenzo Cotula, Sonja Vermeulen, Rebeca Leonrad and James Keeley, "Land grab or development opportunity? Agricultural investment and international land deals in Africa." Report (London/Rome: IIED/FAO/IFAD, 2009) p. 53.
[38] Ward Anseeuw, Liz Alden Wily, Lorenzo Cotula, and Michael Taylor (2012) p. 21.
[39] Lorenzo Cotula, Sonja Vermeulen, Rebeca Leonrad and James Keeley (2009) pp. 53-54.
[40] The World Bank (2010) p. xxi.
[41] Ibid. xi.

argues that LasLA contribute to “development” in four ways: by supporting local infrastructure, by generating employment, by providing access to markets and technology for local producers and by higher tax revenues.[42]

The World Bank is not just a proponent in the discussion on land-acquisition but an important actor in these acquisitions in three ways: as core institution of the so called structural adjustments (together with the IMF), as political actor who negotiate with countries the conditions for the financing of projects and as economic actor who directly and indirectly finance projects of land acquisitions.[43] In regard to its role as political actor two institutions of the World Bank Group play an important role: the International Financial Corporation (IFC) and the Foreign Investment Advisory Service (FIAS). These two institutions provide technical assistance and advisory services for governments of so called developing countries.[44] Daniel and Mittal conclude, that IFC/FIAS

> “have not only encouraged and facilitated land grabs but have deeply influenced the legislation and policy agendas of developing countries, directly shaping social and economic outcomes that affect local livelihoods and food security”.[45]

4. Results: “Market faith” in the arguments of the World Bank

In its newest report no LasLA the World Bank states that its purpose is to:

> “Outline options for different actors to minimise risks and capitalise on opportunities to contribute to poverty reduction and economic growth.”[46]

The World Bank claims that this purpose is “analytical rather than normative”.[47] Where does this opinion stem from? One possible answer is that the World Bank mainly draws on (mainstream) economic thinking when arguing in favour of LasLA in general. The self-conception of Mainstream Economics relies on the opinion that economics is a value-free science. As a science it regards itself as necessarily being concerned with descriptions and explanations, which are opposed to prescriptions as the seemingly only field of normativity. To be sure, whereas my argumentation for the unavoidable normativity of economic theory is of very general scope, I do not claim that the concrete economic concepts introduced by the World Bank are representative for mainstream economics in general. My paper does not aim at an examination of standard economic textbooks but of the World Banks argumentations on large-scale land acquisitions, obviously inspired by these textbooks.

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[42] Ibid. xi.
[43] Andreas Exner, Teilbericht 4a: Ökologische und soziale Folgen der Biomasseproduktion für energetische Zwecke. Die Situation in (potenziellen) Exportländern mit Fokus auf den globalen Süden und dem Fallbeispiel Tanzania (Klagenfurt: Im Auftrag des Österreichischen Klima- und Energiefonds, April 2011) p. 27.
[44] Daniel/Mittal, *(Mis)investment in Agriculture The Role of the International Finance Corporation In Global Land Grabs* (The Oakland Institute, 2010).
[45] Ibid. 30.
[46] The World Bank (2010) 1.
[47] Ibid. 1.

4.1 Efficiency and maximisation

According to the World Bank the aim of large-scale land acquisitions should be poverty reduction in the sense of increasing incomes and economic growth.[48] Both can be reached through a "more effective use of resources".[49] In accordance with the understanding of economics as a positive science, the report does not word "the aim should be" and thereby make clear the normative sense of this assertion. Instead it is formulated that one part of the purpose is to "outline options for different actors […] to contribute to poverty reduction and economic growth".[50]

The effective use of resources is regarded as a main purpose in economic theory. Its reference point is efficiency. Efficiency means that with a given set of resources a maximal output of useful products or services is realised. The purpose of efficiency therefore does not confine to an increase of production but aims at a maximisation. Otherwise, efficiency enhancing opportunities would be forgone, and cases of inefficiency would persist. There never can be too much efficiency from the mainstream economics' point of view. This matches to a utilitarian understanding of efficiency since utilitarianism demands to maximise the sum of positive and negative consequences of an action measured as just one unit, i.e. utility.[51] This normative reference point of maximisation also lights up when the World Bank talks about the "yield gap" which is defined as the difference between the potential and the actual output.[52] According to the World Bank this "yield gap" has to be closed.[53] Remarkably, the chapter on the "yield gap" is named "The scope for and desirability of land expansion".[54] Despite the crucial point of maximisation the World Bank also reveals its understanding of productivity when talking about the "yield gap". To identify the "yield gap" the World Bank accesses the potential financial revenue of crops.[55] The question then is not, how much wheat is produced, e.g. to feed the local population, but how much revenue can be realised. How strong this normative notion of maximizing the revenue underlies the argumentation of the World Bank gets clear, when the terms "non-cultivated area" or "unused land" are introduced. The flip-side of utilitarian efficiency is a specific meaning of waste. This notion of waste gets obvious in the definition of "unused land". According to The World Bank this is land which is suitable for cropping and "populated with less than 25 persons/km²".[56] Of course, this land is not unused in the ordinary meaning of the term. It is only used by a few small-scale peasants and, by the way, often additionally by pastoralists who do not settle on the land but are nevertheless strongly dependent on it.[57] However, compared with the normative reference point of utilitarian efficiency this land is "wasted", "underused", or by exaggeration "unused".

Talking of a "yield gap" in that sense and of the "effective use of resources" to increase economic growth, the World Bank builds on a utilitarian definition of efficiency, which is of

[48] The World Bank (2010) p. 1.
[49] Ibid. xi.
[50] Ibid. 1.
[51] Dieter Birnbacher, "*Utilitarismus", Handbuch Ethik*, ed. M Düwell, C Hübenthal and MH Werner (Stuttgart: Metzler, 2006), pp. 95-107.
[52] The World Bank (2010) p. xv.
[53] Ibid. xi.
[54] Ibid. 52, my italics.
[55] The World Bank (2010) p. 53.
[56] Ibid. xv.
[57] Andreas Exner (2011) p. 11.

course a normative criterion. It is a criterion of judgement. The implicit aim is increasing the net value or total wealth. The World Bank refers to this idea in terms of a "social benefit":

> "Even investments that are highly profitable for an investor will generate sustainable social benefits only if they are not associated with environmental externalities".[58]

An ethical reflection immediately raises the question for whom the net value is produced. Who does benefit from the increasing total wealth? From a utilitarian point of view this question doesn't matter. The ethical maxim of classical utilitarianism is to maximise the sum of pleasure and pain and thereby the overall utility. The economy, and ultimately society at large which encompasses the economy, is thus regarded as a collective subject. An action is ethically right if the overall utility, in case of the economy the total wealth, is increased. Thereby individuals become mere "represents" of utility quanta.[59] They are off-settable assets. It was Gunnar Myrdal who named this construction of social harmony sarcastically a "communistic fiction".[60] By taking no account of potential social conflicts between individuals endowed with moral rights, and of questions of distributional justice, *prima facie* legitimation is attributed to every possible distribution, as long as the sum of utilities, however these are qualified, grows. We can detect an interesting friction in classical utilitarianism. On the one hand classical utilitarians claim that there is no such thing as community because it is just the individual which can experience pleasure or pain and therefore it is just the individual which has to count.[61] On the other hand the ethical maxim of maximising the trans-personal sum of pleasure and pain seemingly leads to the contrary. To transfer this maxim e.g. to the collective entity of "the economy" implicates that it is just the collective body which counts. A classical utilitarian position implicates that individuals have no moral rights besides the claim that their utility, however measured, counts as much as everybody else's. Even if economic activity comes along with a distribution which violates what is seen from other ethical perspectives the moral rights of individuals, this does not matter for utilitarianism as long as the overall utility increases. This is why classical utilitarianism conflicts with nearly all other ethical theories. And this critique prompted various attempts to either advance utilitarianism, or to overcome it.[62]

Economists often argue that the concept of efficiency is "neutral" towards distributional issues.[63] First of all, this "neutrality" in practice means a lack of interest or even carelessness towards distributional questions, and this position is not "neutral" in an ethical sense. If economists, as the "experts for the economy", always argue for the (most) efficient measures they already take up a position in distributional questions, even if they notice, mostly en passant, that distributional justice can be a reason to choose a less efficient measure.[64] In fact, the Pareto criterion is used as a measure of economic improvement, which is not ethically neutral.[65]

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58 The World Bank (2010) p. xxi.
59 Konrad Ott, *Moralbegründungen zur Einführung* (Hamburg: Junius, 2001) p. 104.
60 Gunnar Myrdal, *Vetenskap och politik i nationalekonomien* (Stockholm: Norstedt & Söners Förlag, 1930) p. 174.
61 Jeremy Bentham, *An Introduction to the Principles of Morals and Legislation* (Oxford: Clarendon Press, 1907 [1789]) p. 12.
62 I will not discuss these advancements of utilitarianism here.
63 Hal Varian, Grundzüge der Mikroökonomik (München/Wien: Oldenbourg, 2007) pp. 693–694.
64 Ibid. 686.
65 Debra Satz, *Why Some Things Should Not Be for Sale. The Moral Limits of Markets* (New York: Oxford University Press, 2010) p. 20.

Second, this ethical specificity and hidden, thus unexamined partiality gets all the more relevant if efficiency and distribution are linked. If efficiency and distribution were separated, and separable, economists would have no compelling reason to care about efficiency and distribution at the same time. They could just claim that distributional justice is not their urgent business and that distributional questions can be answered as politically desired after the most efficient measure has been chosen. However, if a market "functions" efficiently, goods are allocated to those who are willing and able to pay the highest prices. This fact alone makes clear that we cannot pick the (most) efficient measure without already making a decision for and against specific distributional patterns.

Against the point that the linkage between allocation and distribution makes the (ethical) neutrality of assertions on efficient measures impossible, sometimes the so called Kaldor-Hicks criterion is quoted. After making explicit, what is mostly just implied in economic modelling, viz. that there are winners as well as losers in the competitive market, this criterion defines that a development or a measure is efficient, if it is possible to compensate the losers in the respective setting. Such a criterion implies that a measure's effect on distribution is not relevant because resulting disadvantages could be compensated.[66]

However, if a measure is efficient in a utilitarian sense, it is by definition always theoretically possible to compensate those who lose.[67] As Sen correctly remarks:

> "If compensations are actually paid, then of course we do not need the compensation criterion […] On the other hand, if compensations are not paid, it is not at all clear in what sense it can be said that this is a social improvement ('Don't worry, my dear loser, we can compensate you fully, and the fact that we don't have the slightest intention of actually paying this compensation makes no difference; it is merely a difference in distribution'). The compensation tests are either redundant or unconvincing."[68]

We can argue – making a slightly different crucial point: The Kaldor-Hicks criterion is unconvincing because it is redundant to utilitarian efficiency. Even with Kaldor-Hicks in mind one could always argue in favour of any measure as long as it is efficient, no matter what the distributional consequences are. Acknowledging that, the Kaldor-Hicks criterion says not more on distributional questions as the principle of utilitarian efficiency does.[69]

Despite this ethical critique on the Kaldor-Hicks criterion, a completely different reason is usually mentioned in economics for shifting the definition of efficiency. The starting point for this shift is the impossibility of an interpersonal comparison of utility, which actually is implied by the utilitarian logic of offsetting the higher benefits of individual A with the losses of individual B. It is claimed that there is no point of reference for such a comparison. The criterion of efficiency, however, is not abandoned. It is shifted from a utilitarian definition of efficiency to a Paretian one. The Paretian definition of efficiency can also be found in the argumentation of The World Bank.

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[66] Persky, "Cost-Benefit Analysis and the Classical Creed." *Journal of Economic Perspectives* 15, 2001, pp. 199–208) pp. 201–202.
[67] Ulrich Thielemann (2010) p. 304.
[68] Amartya Sen, *On Ethics & Economics* (Oxford: Blackwell, 2000) p. 111.
[69] However, there are mainstream economists who complain that the Kaldor-Hicks criterion is still "too" normative compared to the statement of efficiency alone (Persky 2001, pp. 201–202), thereby (unconvincingly) implying that statements on efficiency without broaching the issue of distribution should be more value-free than the Kaldor-Hicks criterion.

4.2 Pareto-efficiency and the market principle

The criterion of Pareto-efficiency judges changes at first glance in market interactions. Every change in a social setting is Pareto-superior if at least one person gains without anyone losing. By definition, with just a single person losing in its level of utility implies that such a social change is to be labelled as Pareto-inefficient. Hence, the Pareto criterion seems to be an explicitly ethical criterion. It already gives an answer on trading of allocation and distribution. It sets limits to the utilitarian concept of efficiency.[70] With reference to the utilitarian framework, a change which raises the total sum of utilities (however measured) is only Pareto-superior, if the potential losers are actually compensated. This reveals that efficiency in an utilitarian and in a Paretian sense are not the same and can contradict each other. In contrast to the utilitarian definition of efficiency the Pareto criterion does not judge every utility maximisation as ethically right. Even if the total utility rises, single persons can get worse, and this needs to be prevented from a Paretian point of view on efficiency grounds. However, in economic theory this fact is seldom recognised. In contrary, the opposite is the case, if any reflection is undertaken. Buchanan notes that on an ideal market utilitarian and Paretian efficiency fall together.[71] That is right, because by definition *homines oeconomices* on an ideal "free" market would only consent to exchanges which are not only efficient in an utilitarian sense but also Pareto-superior. Nevertheless, this falling-together depends on the constraining framework of an ideal market. The conceptional difference between utilitarian and Paretian efficiency remains. The World Bank, too, uses both variants of efficiency as if they mean the same, or at least never can contradict.

> "The normative implications of the Pareto criterion are the reason why the World Bank seeks for 'mutually advantageous solutions'."[72]

> "Still, any land transfers will need to be voluntary and negotiated to compensate current land users in a way that makes them better off than without the investment."[73]

As the land effectively is taken away from its previous use (by peasants), which is a loss for them, compliance with the Paretian proviso implies that land transfers can only be justified if they are accompanied with compensations. Thus, the World Bank argues for compensations:

> "Compensation should ensure that those whose rights are affected benefit from the transaction or are at the very least not disadvantaged by it."[74]

Remarkably this argumentation is put forth under the headline 'fairness and […]'.[75] The World Bank judges the distributional effects of an Pareto-efficient market as desirable by claiming that large-scale land acquisitions are able to "bring about increased productivity and equity by closing yield gaps".[76]

[70] Ulrich Thielemann, *Das Prinzip Markt. Kritik der ökonomischen Tauschlogik* (Bern: Haupt, 1996) p. 42.
[71] James Buchanan, *The Economics and the Ethics of Constitutional Order* (Ann Abor: University of Michigan Press, 1991) p. 32.
[72] The World Bank (2010) p. 77.
[73] Ibid. 66.
[74] Ibid. 77, my italics.
[75] Ibid. 77.
[76] Ibid. 66, my italics.

To understand in which ways the Pareto criterion further influences the argumentation of the World Bank we must take a look at the process it is attributed to: the market. In economic theory it is postulated that a market, in principle, brings about Pareto-superior changes and therefore, by tendency, is moving towards a Pareto-optimal equilibrium. This postulate is already implicated in the definition of the market as the net of money facilitated exchange. By exchange is always meant a voluntary, in the sense of non-violent, exchange. Since market participants are conceived of as *homines oeconomici*, they voluntary agree on an exchange only if they expect an outcome advantageous for them, or at the very least no disadvantage. According to that concept exchange must be Pareto-efficient by definition. Of course, this only holds true for the ideal type (*sensu* Weber) of a market. Hardly any economist today believes in real markets all matching the properties of an "ideal market". Quite to the contrary, much economic theory is about "market failure", and this fact is often pointed out as an argument against the critique of "market faith". However, my argument is that in the *eo ispo* normative concept of market failure the empirical market fails in relation to the "ideal market". Before I develop this argument further, let us see how this pattern of thought shapes the argumentation of the World Bank in case of large-scale land acquisitions.

The World Bank takes up many of the criticisms of the opponents of large-scale land acquisitions and recognises many of the criticised impacts. However, while talking of the "loss of livelihood" in consequence of the "displacement of local people from their land", and of the "environmental and social sustainability" as a norm possibly being threatened,[77] these negative consequences of large-scale land acquisitions are all conceptualised as consequences of "market failure". That would be a case of "market failure", where "failure" is defined by any deviation from the market principle as the normative point of reference. The market principle itself cannot fail. In contrary, it defines the failings.[78] That's why economists talk of "external" effects. They are external to the market and not attributable to it. In contrary, they have to be "internalised" into the market. Therefore Debra Satz rightly notes that this reasoning "is at least theoretically imperialistic about the range of the market".[79] Thus public intervention into the market is not per se bad. Rather, it is just the duty of the state to create a framework which makes the real markets to function like the "ideal" market. For both "conceptual" consequences – negative ramifications as "market failures" and the aim of public intervention – we can find evidence in the World Bank report. Along this line the World Bank conceptualises all outcomes of large-scale land acquisitions, which are judged as undesired, as "market failure", e.g. as "external" effects.[80]

For example, in case of the displacement of local people, displacement is understood as "expropriation" which in turn is defined as displacement without "proper" compensation.[81] According to the World Bank expropriation takes place because the "existing" property rights are not "recognised".[82] Thus, in the opinion of the World Bank an "appropriate framework" includes the recognition of rights. It specifies that rights "need to be recognised, clearly defined, identifiable on the ground, and enforceable at low cost".[83] This claim sounds convincing. However, it immediately raises the question what is meant by "existing" property rights. The World Bank defines the term "existing" to encompass informal rights including

77 Ibid. xxi.
78 Thielemann, "Heterodoxy, positivism and economism." *real-world economics review*, issue no. 94 (2020) p. 166.
79 Debra Satz (2010) p. 92.
80 The World Bank (2010) p. 38.
81 The World Bank (2010) p. 69.
82 Ibid. 70.
83 Ibid. 68.

common property.[84] That is consistent with the Pareto criterion since every former actual usage can lead to a loss of utility if the access to land is impeded. Accordingly, the outcome of these large-scale land acquisitions is not Pareto-efficient. Here the *prima facie* legitimation of the initial distribution of the Pareto criterion gets obvious. Consequently, the lack of recognition of existing property rights is judged as a "market failure". In turn, if the large-scale land acquisitions merely regard the existing land rights, then they are judged as ethically unproblematic by the World Bank, provided that "proper" compensation is actually paid. The World Bank argues that the recognition of property rights is in the interest of investors since this ensure legal security thereby preventing negative effects on the investment.[85]

Another often stated cause for the existence of "market failures" is a lack of information, for example about the real preferences of the contract parties. However, missing information about the real preferences would not change the Pareto-efficiency of the outcome. Whether my counterpart does reveal his real preferences or not, I, as a *homo oeconomicus*, would agree to the exchange only if I promise myself to gain an advantage. Thus the result of the exchange would nevertheless be Pareto-efficient. The only possible consequence would be that no social utility maximisation is reached.[86] The World Bank criticises for example cases where land is being sold "well below under its potential value".[87] According to the World Bank the reason for this type of transfers is the insufficient information of one contracting party. In turn, the lack of information as one form of "imperfection" of the market is likewise the evaluation criterion for a price below its potential financial market value. Thus the World Bank claims that an "appropriate framework" includes an open, in the sense of transparent, process with information on prices, contracts, and rights being publicly available and that the transfer is based on an informed agreement.[88]

Opponents of large-scale land acquisitions judge many outcomes as environmentally or "socially unsustainable". The World Bank takes up this critique too. However, at a first glance it does not define the term sustainability at all. There is not even a reference to the most commonly definition of the WCED: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".[89] Instead, the World Bank implicitly argues that every development is sustainable as long as no "external effects" occur.[90] The concept of "external effects" originates from environmental economics. They denote effects on a third party resulting out of "voluntary" market exchange which itself are consequently not coordinated through the price mechanism of the market and thereby result in an inefficient use of resources. The definition of unsustainable consequences, in this context especially: of land acquisitions, as "external effects" implicates that environmental and social problems only occur if there is no efficient

[84] Ibid. 69.
[85] Ibid. 70.
[86] The notion, that asymmetric information hinder the attainment of Pareto efficiency (cf. Greenwald/Stiglitz 1986) due to "adverse selection" (cf. Akelof 1970) runs counter the most basic presupposition of the Pareto-Principle: the self-interested rationale of market participants. If it is in the self-interest of one party to hide information (instead of giving them away for free), then the other party's desire of knowing more details of the targeted transaction is just that: a desire, or "nirvana economics" (Demsetz 1969). Of course it might be the case that is is just in the short-term interest of the one party to hide information. Then, regulatory measures (like consumer protection, liability law, and the like) might be advantageous for both parties. The unattainability of Pareto-efficiency is not conceivable.
[87] Ibid. xxi.
[88] Ibid. 68.
[89] *World Commission on Environment and Development, Our Common Future*. New York: Oxford University Press, (1987) p. 43.
[90] The World Bank (2010) p. 68.

allocation of resources. That in turn means that as long as the market “functions”, which means it functions right, measured against the concept of an “ideal” market, there are no unsustainable developments.

> “The public sector takes care of environmental externalities and allows markets, including those for land, to function smoothly.”[91]

Any possible grievance (here: associated with large scale land acquisitions) cannot stem from the workings of pure market transaction, i.e., the process of buying and selling. Tools for the solution to so defined environmental problems exclusively aim at “internalising” these “external effects” into the market and thus ensure an efficient allocation.
As we have seen, the concept of “external” effects does not challenge the market principle, quite the contrary the concepts strengthens it. Yet, how can we realise that the outcome we observe really is an “external effect”? The definition only allows for one answer: by means of the inefficient allocation. Accordingly The World Bank argues:

> “Even investments that are highly profitable for an investor will generate sustainable social benefits only if they are not associated with environmental externalities.”[92]

> “Unless proper regulation is in place, negative social and environmental externalities arising from land transfers that are desirable for individual parties may outweigh or reduce the social benefits to the point where they become undesirable.”[93]

Remarkably, this is an utilitarian argumentation. The underlying term of efficiency is the utilitarian efficiency. Accordingly, external effects prevent a maximisation of the use out of the given resources. The World Bank seems to assume that an utilitarian argumentation can be unproblematically combined with a Paretian one. However, we have already demonstrated that this is not the case. Remarkable enough in the context of the discussion about “external effects” the World Bank claims that the only legitimate reason for politics to regulate market exchange is to secure utility maximisation.

> “As long as property rights to land and, where necessary water, are well-defined and a proper regulatory framework to prevent externalities is in place, productivity- and welfare-enhancing transactions can occur without the need for active intervention by the state.”[94]

> “The public sector needs to be involved only to ensure that no negative external effects on others or the environment are imposed.”[95]

> “A good policy, legal, and institutional framework can minimise risks and maximise benefits.”[96]

[91] Ibid. 62.
[92] Ibid. xxi.
[93] Ibid. 87.
[94] Ibid. 26.
[95] Ibid. 27.
[96] Ibid. 68.

That implicates that reasons of justice are no ethically legitimate reasons for the state to intervene into markets. Thus, that markets lead to Pareto-efficiency and therefore every person wins relative to the *status quo*, is judged to serve justice entirely. That further strengthened the market principle as normative point of reference. Consequently, the World Bank argues for "more market" in a dual sense. First, in a quantitative sense, it argues for the expansion of market exchanges, e.g. by a better market access of local farmers.[97] Second, in a qualitative sense, it argues for a regulatory framework which ensures that the market "functions smoothly" as it should according to the market principle. In this view, large-scale land acquisitions can never be ethically problematic in themselves. It is just a question of the "right" regulatory framework. The market itself is conceived of as "neutral" or even the potential "best solution" to problems like poverty and hunger, because all proposed regulations aim at the normative reference point of an ideal market.

Even arguing for a redistribution after the market exchange through taxation and transfer would become impossible, if it has negative consequences on efficiency. Accordingly Mas-Colell et al. tells us which ways and forms of redistributively relevant policy measures are *admissible*. A redistributive measure is admissible if, among others, the tax is imposed in a "non-distortionary" manner, with the transfer organised in a "lump-sum" manner (i.e. only once and without any impact on the "actions" of the recipients, howsoever this can be imagined). Only then it does not violate the first welfare theorem.[98]

The taxes paid (which are losses for the net-payers and at least *prima facie* violate the Pareto criterion!) are either assigned to the "initial endowment" of the "consumers", so that they are conceived of as "transfers prior to the opening of markets".[99] However, seen dynamically (time as a continuum) this redistribution is not Pareto superior. It is also likely that it reduce future efficiency by reducing the capability of net-payers who are assigned by the market to be the most productive.

The other possibility is to regard the taxes and transfers as investments, provided an "aggregate surplus increases with the change in the tax"[100] and the *prima facie* net-payers can take the tax payments from their profits which otherwise (without these "lump-sum" transfers) would not be available. If "wealth" is redistributed in this sense "appropriately", then and only there would be no interference with the market principle and politics (the democratic sovereign) has no reason not to "letting the market work". The second welfare theorem "offers a strong conceptual affirmation of the use of competitive markets". So different ethical frameworks will then give rise to different social optima. The leeway for legitimate policy-making, or "different ethical frameworks", according to Mas-Collel et al., is, it seems to me, extremely narrow. Other authors concede that, while the Second Welfare Theorem claims a space for redistribution on justice grounds not interfering with efficiency, in practice political interventions in the name of justice indeed lower efficiency.[101]

Markets are not ethically neutral for various reasons. The clue of the Pareto criterion is that it is in itself a social criterion in the sense of inclusiveness. The question who benefits from a Pareto-efficient measure can be answered with: everybody does. Yet, the Pareto criterion is silent with regard to another question, namely relative to what the persons benefit. The

[97] Ibid. xv, xxi, xxii, 4, 16, 33, 49, 51, 65, 67.
[98] Mas-Colell et al. (1995) pp. 328, 331, 557.
[99] Ibid. p. 328.
[100] Ibid. cf p. 334.
[101] Pindyck/Rubinfeld (2009) p. 777.

criterion of Pareto-efficiency does not challenge the initial distribution. Sen rightly notes: "A state can be Pareto optimal with some people in extreme misery and others rolling in luxury, so long as the miserable cannot be made better off without cutting into the luxury of the rich".[102] The Pareto criterion comes down to an implicit legitimisation of any given initial distribution. It does therefore not allow adequately addressing issues of distributive justice and/or fairness in cases, where the initial distribution is to be labelled unjust (from whatever ethical perspective).

James M. Buchanan as one of the most consistent advocates of Paretian economics argues, that "market distortions" by definition cannot occur if a transaction is exercised through an ideal market.

> "[S]o long as exchange remains open and so long as force and fraud are not observed, that upon which agreement is reached is, by definition, that which can be classified to be efficient."[103]

Buchanan, of course, talks about Pareto-efficiency here. A Pareto-inefficient outcome would not find the agreement by the parties involved for being stable. Even persons, who are not involved in the exchange, implicitly agree because they theoretically could pay a higher price to prevent a possible harm to themselves. In not doing so they reveal that they agree to the ongoing exchange.[104] In this perspective, pastoralists being harmed by environmental destructions as the result of large-scale land acquisitions would agree by not making an alternative offer to buy the land. However, that is no point the World Bank wants to make. Perhaps this is the reason why the World Bank deviates from the Pareto-efficiency when it comes to the definition of "external" effects. Though, this conceptional view on "external" effects can hint at the normative essence of the Pareto criterion.

As mentioned earlier, the Pareto criterion is an ethical criterion. As we have seen the World Bank indeed uses it as a normative point of reference and judges the deviation from it as a matter of (un)fairness. This rises the question what arguments for the ethically legitimisation of the Pareto criterion are pointed out. Proponents argue that Pareto-superior changes obtain universal, voluntary approval, and that it would be a pretension to dissent out of "external" moral reasons. The Pareto criterion thereby reduces the question of ethically legitimisation to the factual approval out of self-interest under given constraints.[105] The given constraints not only include the status quo distribution of resources but also the overall market power of the actors. In market exchange it is just the purchasing power of the buyers and the productivity or competitiveness of the seller which count. Thus, the Pareto criterion is equivalent to an ethic of the law of the powerful.[106] Instead of the legitimacy it sets the market power. Therewith it serves to gloss over possible moral reasons against large-scale land acquisition.

5. Discussion

Let me briefly outline which possible reasons against large-scale land acquisitions are silenced by positing the Pareto criterion as the normative reference point. First of all, the

[102] Amartya Sen (2000) p. 32.
[103] James Buchanan, *Liberty, Market and State* (Brighton: Wheatsheaf, 1986) p. 95.
[104] Ulrich Thielemann (1996) p. 183 ff.
[105] Ulrich Thielemann (1996) p. 166 ff.
[106] Ibid. 171.

conception of a market as "neutral" instrument is misleading. There are effects of markets which are necessarily entangled with market interactions. I name this sort of effects an internal effect of markets.

One internal effect of markets which can be a reason for constraining a market is its partiality for the competitive.[107] This partiality can be judged to be problematic in multiply senses. The first is its coercion to entrepreneurship.[108] The people who rely on markets for their livelihood are forced "to submit to the mechanism of competition and to strive continually to maintain their competitiveness".[109] External, or "outside" interests as Weber called it, which lead to a reduced competitiveness have to be eliminated if one don't want to lose ones job or to go bankrupt. These external interests can nevertheless be morally justified. In Sandels words: "Sometimes, market values crowd out non-market values worth caring about".[110] This recognition raises questions of teleological nature, of our ideas of a good human life. These questions can't be fully answered scientifically but nevertheless should be raised and discussed in science to enrich the public debate. The coercion to entrepreneurship can be criticised as economisation of our life.[111] This criticism was mainly offered in the Global North[112] but it is part of the criticism of land grabbing offered of civil movements in the Global South, too. Via Campesina, an international peasants movement, and other NGOs/CSOs and social movements launched a policy proposal during the World Food Summit in 1996 calling for food sovereignty.[113] One claim is the access of smallholder farmers, pastoralists, fisherfolk and landless people to land, water, seeds and livestock breeds and credit to be able to produce food.[114] This argument is based on their traditional ways of life, even if they aim on an agro-ecological modernisation of their land use. To be sure, this argument has to be discussed with other interests groups in the specific country as for example the urban poor. Nevertheless, the Paretian arguments of the World Bank for more market as on form of competition apologetics is – to use a well-known term of Hayek in a different context – a "pretense of knowledge".

The second way in which the markets partiality for the competitive can be judged problematic concerns the competition between consumers.[115] Transnational corporations "invest" in land because they assume the demand on food and biofuels to rise. The food price crisis of 2007 to 2008 was the main trigger of the latest rush for farmland. It is likely that these corporations will produce for the international market in order to profit on the higher buying power in the Global North. Therewith the prices of food and the production of biofuels will rise and get unaffordable for many poor in the Global South. According to Satz we can classify these markets as ones with underlying high vulnerabilities.[116] First the different consumer groups have widely varying resources and second land is the basic resource for a highly needed good, namely food. The possibilities for the poor countries to take countermeasures are hardly constrained by international trade agreements. Hunger crisis as the one in 2008 will

[107] Peter Ulrich, *Integrative Economic Ethics. Foundations of a Civilized Market Economy* (New York: Cambridge University Press, 2008) p. 131; Ulrich Thielemann (2010) p. 327.
[108] Ibid. 331.
[109] Peter Ulrich (2008) p. 131.
[110] Michael Sandel, *What Money Can't Buy. The Moral Limits of Markets* (New York: Farrar, Straus and Giroux, 2012) p. 9.
[111] Peter Ulrich (2008) p. 359.
[112] Peter Ulrich (2008). Michael Sandel (2012).
[113] Michael Windfuhr and Jennie Jonsén, "Food Sovereignty Towards democracy in localized food systems," Report (ITDG Publishing, 2005) p. 11.
[114] Ibid. 13.
[115] Ulrich Thielemann (2010) p. 39.
[116] Debra Satz (2010) p. 97.

get more likely. The large-scale land acquisition has to be seen as a global competition for land which is a very basic and absolutely scarce resource.

Not least, the large-scale land acquisitions are not only the introduction of markets but also enormous changes and concentrations in property rights. If most of the land in a country is owned by few international corporations this will enormously reduce the possibility of a country to define its own agricultural policies.

6. Conclusions

I started this paper by arguing for the unavoidable normativity of economics. Following that it is not possible to separate a value-free core of economic analysis from a normative part of theory. Since the vary meaning of predictive knowledge is instrumental or technical control, a social scientist constructing a seemingly value-free theory informs his audience about the given power structure as a fact (the impacts of people), thereby making himself an agent of instrumental or enforcement rationality. Moreover, if the implicit aim of a theory is technical control it always serves specific interests.[117] That is not illegitimate per se but it has to be deliberated. Which interests are served is determined by additionally economic concepts well-known in welfare economics.

After describing some facts about large-scale land-acquisition, I inductively reconstructed the specific normativity of economic mainstream theory by analysing a specific political economic debate: the rationales of the World Bank pro large-scale land-acquisition.

This reconstruction showed that the argumentation of the World Bank is based on standard economic concepts like an "ideal market" either characterised by utilitarian or Paretian efficiency.

The discussion showed that the argumentation strategy of defending large-scale land acquisitions against its critics by claiming that large-scale land acquisitions are principally good because of their nature as market transactions failed. The (logical) ideal typical term of a market (the "ideal market") also functioning as a (judgemental) ideal type (the market principle) is not convincing and therefore can neither be used to legitimise large-scale land acquisitions in principle nor to define the right regulatory framework to make the real large-scale land acquisitions to be desirable. The Pareto criterion is equivalent to an ethic of the law of the powerful. Instead of the legitimacy it sets the market power. Therewith it serves to gloss over possible moral reasons against large-scale land acquisition. To substantiate this claim I shortly presented a few of these possible moral reasons in the discussion. However, an encompassing judgement of large-scale land-acquisition is beyond the scope of this paper.

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[117] Ulrich Thielemann (2003), pp. 89–115 at pp. 101 ff.