Global Granaries.

Peasants, Capitalist Farmers and Peripheral Financialization in Romania

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AUTHOR'S DECLARATION

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Abstract

Since the 2000s, financial asset managers have promoted arable land and agricultural commodity derivatives as alternatives to traditional investment in stocks, bonds, or real estate. Part of the more general trend of financialization of the global economy of the last decades, investment in these assets skyrocketed after the 2007 financial crisis. In this thesis I look at how financialization unfolds in Romania's rural areas and agribusiness sector. Romania was a target for financial investors because of its fertile and cheap arable land, as well as its status as European Union member state. Landscapes disrupted by postsocialist transformations have been appropriated by capitalist farmers through the cultural and social displacement of smallholding peasants, which sell their land and invest in value tokens to distinguish themselves from their ascribed peasant identity. But for appropriation to happen, land had to be standardized through inscriptions into market devices such as the land registry system which made private property legible and secure. Global market narratives emphasizing land fertility, organicity, and scarcity had to be articulated in conjunction with local ones to reveal the potential for profit and legitimize land acquisitions. In reaction to this, local farms created their own narratives about foreigners buying up all the land and themselves started rushing to buy land, increasing their debt burden but also enhancing the liquidity of the market. At the same time, farms had to be themselves rendered financially legible to be eligible for bank loans to buy land and marketplaces for commodity derivatives trades have to be created from scratch. But, while the creation of a land market has been relatively successful, initiatives to create commodity marketplaces have generally failed. Nonetheless, over-the-counter derivatives are traded between local capitalist farmers and multinational trading companies and are priced in relation to the prices listed on the Exchanges in Chicago and Paris. Despite the absence of local formal commodity Exchanges and lack of direct access to the foreign ones, which could secure these derivatives trades, the increased dependence of farmers on bank loans to finance their land acquisitions allows traders to ask for bank issued promissory notes that securitize the deals. By describing the financialization of agriculture in Romania I show that financialization unfolds unevenly in the global capitalist system and I argue that to understand this unevenness the financialization of arable land and agricultural commodities has to be understood from a relational perspective, as a bundle of social relations which create frontiers of appropriation and capitalization of cheap natures. Financialization in Romanian can be better understood as peripheral financialization, defined by the power hierarchies structured in multiscalar core-periphery relations.

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Introduction

"Romania was once upon a time Europe's granary" is a phrase I often encountered. The claim that this small state at the margins of the continent allegedly fed Europe with its grains is used to conjure up a glorious past against which the annual performance of the agricultural sector is currently measured. However, even though the Romanian state emerged in the 19th century in close connection to the opening of the global grain market, historians debunked the claim that Romania ever was Europe's granary (Murgescu 2012), suggesting that a quantitative comparison between Romanian exports and European imports in the past does not accurately add up to the idea of 'the granary'. Yet, the corollary of the phrase in the present tense, "Romania is once again Europe's granary", has also been frequently invoked over the past decade or so, and the idea of the 'granary' is currently instrumentalized by politicians, business experts, capitalist farmers and the media.

Although it might be argued that it is an empty phrase meant to express a somewhat vain and misplaced national pride with rhetorical purchase, I think this claim might not be sheer mystification. Data shows that Romania is becoming one of the biggest grain exporters of the European Union (EU). And, although it might not be *the* granary, it certainly is *one of the* granaries of the EU, as well as a player in the global grain market. However, these oscillations between past tense, present tense, reality or myth, suggests that Romania's position in the grain market was indeed ambivalent and changing. From this, a set of questions emerge. What are the local social relations, structural conditions and contingent events that make Romania once again 'Europe's granary'? In what global context are these relations, conditions, and events emerging? And what is the relation between the past and the present? This thesis will focus on the role finance capital has played in making Romania a significant grain exporter of the EU by reconfiguring local, national, and global social and environmental relations.

My research works its way up to the de-territorializing abstractions of high finance by starting from the very concrete social relations in a village from the Bărăgan Plain in the Southeast of Romania, the area that has been the most important grain producing region of the country. At the dawn of the 19th century, it was a steppe, sparsely populated along the rivers that define its borders: Mostiștea to the West, Buzău to the North, the Danube to the South and East, and Ialomița cutting it longitudinally in half. Its name, apparently derived from tartaric languages, meant strong wind or storm. This flat wide land is indeed known for its harsh weather, unforgiving droughts during the summer and heavy blizzards during winter. Although the region's heartland was occupied during winter by shepherds descended in transhumance with their flocks from the alpine pastures of the Carpathians, on their way to the trading centers on the Danube, it fitted very much the vision of the barren land, the empty untamed wastelands of frontiers waiting to be turned into productive backwaters by the forces of capital (Tsing 2005; Li 2014a). When the monopoly the Ottoman Empire enjoyed on waterways commerce in this area since the 15th century ended in 1829, as a result of Russians winning the Russo-Turkish war of 1828-1829, this previously untapped frontier was opened up (Chirot 1976).

The frontier was created in the context of a particular global conjecture which saw the rise of industrialized capitalism in Western Europe, centered in England, the 'workshop of the world', and the entwined exhaustion of the ecological surpluses required to feed a growing mass of proletarians and machines. As Moore (2015) argues, the endless accumulation of capital is dependent on the appropriation, for free or at low-cost, of cheap natures: labor, energy, food and raw materials. He argues that with yield growth stagnating since the mid-18th century, England's food prices rose and a search for new ecological surpluses ensued to keep labor costs low. Although the transformation of the American Midwest plains into arable land is featured in Moore as the central component in the new cheap food frontier of the 19th century, the extension of crop cultivation in the Argentinian Pampas (Scobie 1964) and the Russian Steppe (Moon 2014) was equally important (Wolf 1982). The breaking of the Bărăgan by plows should also be understood in the context of this epochal shift.

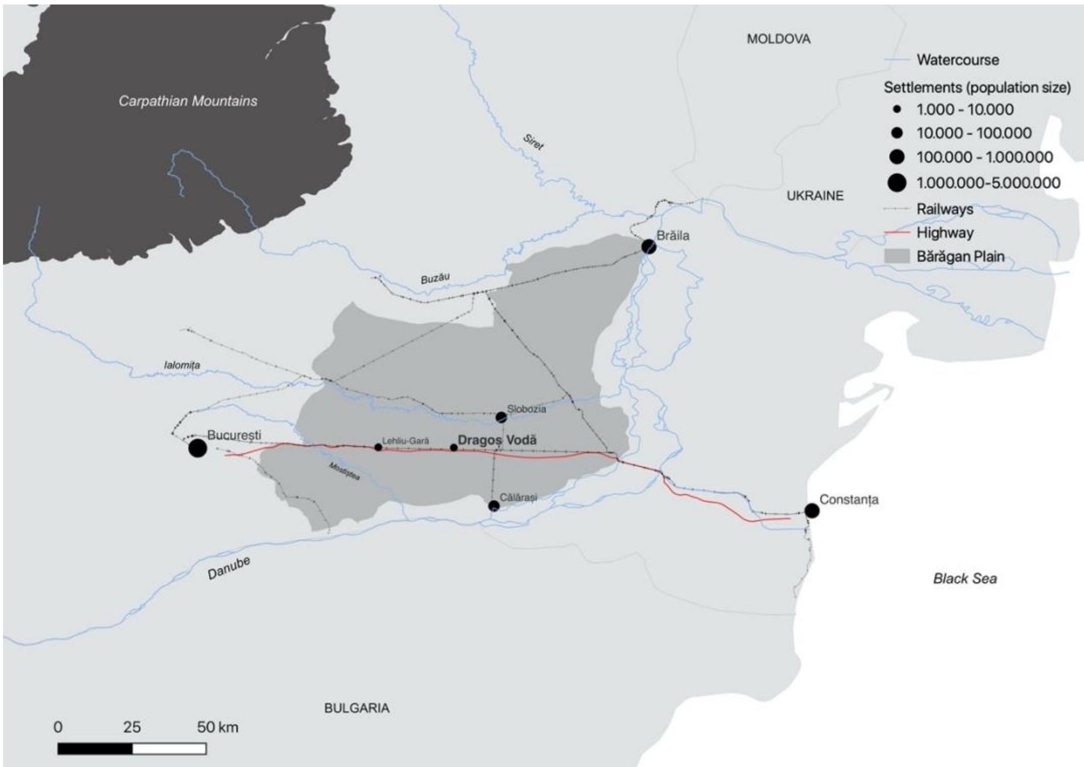


Figure 1 Position of the Bărăgan Plain and Dragoș Vodă in Romania

Extractive commercial ventures established their operations and executive branches in the Danube ports of Brăila and Galați, triggering an increase in grain production (Ardeleanu 2014) which was achieved by transforming pastures and forests into arable land. Faced with a shortage of labor and capital, as well as with the ideals of the 1848 bourgeois revolution brought home by the young elite educated abroad, slavery was abolished in 1856, while a land reform in 1864 populated the estates of landlords and of the state (which recently became the major landowner through the nationalization of the clergy estates) with peasants which started to plow the Bărăgan Plain. At the same time the Danube was put under the administration of the international European Commission which invested in making it navigable (Ardeleanu 2020), while between 1886 and 1895 a railroad connecting Bucharest and the port of Constanța[1], was built right through the middle of the plain further encouraging settlement in the heart of the region. With the opening of the state operated grain silos in 1906 in Constanța, the railway provided the fastest route for grain to be exported, avoiding the cumbersome navigation through the Danube Delta.

Being a global granary is often invoked by Romanians as a reason for boasting. However, this status hid a not so commendable reality. As a granary Romania's position was integral to the global economy but peripheral in relation to its core zones of Western Europe. The local economy was defined by the production of cheap commodities for export, mainly grains, using low-skilled and coerced labour. Cheap food was produced by the unpaid labor of the new settler smallholders recently liberated from their feudal servitute, who populated and plowed the southern fields of the country. They were not granted sufficient land by the reforms to entirely meet subsistence needs and were also required to pay the land they received from landowners. Despite the best intentions of such reforms to improve the livelihoods of the peasantry, they were forced to rent land from the landowners on whose estates they settled, in exchange for labor and produce. The contractual terms of the rent agreements were so dire that they were described as a form of *neoserfdom* by the Romanian Marxist scholar Dobrogeanu-Gherea (1910).

Dobrogeanu-Gherea saw this neoserfdom as a result of a mismatch between the introduced western 'liberal-burgeois' institutions and mechanisms, on the one side, and the still feudal conditions of production and exchange in the country, on the other side. He contended that this rush to import new institutions in the modern era, a 'fetishism of laws and

[1] The port of Constanța was part of the Ottoman Empire territory until the Russo-Turkish war of 1877-1879, during which Romania's allegiance to the Russians led to the independence of the Romanian state and the adjoining of the region of Dobruja, where Constanța is located.

institutions' led to a disastrous social situation, which nevertheless was to the advantage of western countries. It created the appearance of a liberal democracy to legitimize the harsh realities of a servitude producing cheap commodities essential for the reproduction of the Western industrial labor force. Anticipating dependency and world-systems theory (Chirot 1978; Love 1988; Stahl 1978), Dobrogeanu-Gherea argued that the dependency of the state on grain exports and its marginality in the world system were typical features of a country which was *orbiting* around the core capitalist countries on a trajectory imposed by the politics of the hegemonic powers.

Figure 2 Romanian average grain export quantity 2007-2016

There are many striking similarities with the current situation. Export quantities of wheat and corn combined constantly grew from mid-19th century up until WWI, from less than 0,5 million tons per year to 2,5 million tons (Murgescu 2010). Likewise, after 2007 exports of wheat and corn grew from an average of 3 million tons combined throughout the 20th century to a peak of 12 million tons in 2019. Even oilseeds, mainly rape and sunflower, rose from almost nothing to 3 million tons the same year. The rise of crop prices on the global market pushed the making of the 19^{th} century food frontier. Crop prices also rose since 2007 leading to a food crisis, especially in the Global South where the workshop of the world has relocated since the 1970s. The chasm between farms is also like the one 200 years ago, with a few large farms cultivating more than a 1/3 of the available arable land and more than a million households the rest. And, prior to this growth of exports, politicians and the media insisted on describing Romanian arable land as abandoned and full of weeds, waiting for investors to take it and cultivate it again.

But there are many differences too. Whereas the share of grains in Romania's total exports was until WWI around 70-80%, today these exports represent only 4-5% of the total, while farmland is worked with agricultural machinery and chemicals and less with manual labor force. From a labor-intensive agriculture that required the settlement of peasants on large estates and the appropriation of their unpaid labor, agriculture is now a capital-intense activity which requires investment in equipment and production inputs. Out-migration is emptying these settlements and transforming most of these peasants into migrant workers and few of them in local capitalist farmers.

So, what exactly happened? How did this nationalist dream of Romania becoming again Europe's granary was realized? Why now? Is this growth part of a solution to a new exhaustion of ecological surpluses? Is Romania's economy still peripheral in the world economy considering only 4-5% of its exports are grains? How exactly does the export of grains contribute to its position? To begin to answer this question I take a dive into the intricacies of the financialization of the global economy.

Financialized capitalism

The rampant poverty generated by WWI and the rise of the Bolsheviks in neighboring Russia made the Romanian government fearful. To avoid a communist takeover, a new land reform was made in 1920 which completely changed the property relations in agriculture. Large estates became a minority and most agricultural production was now done on the recently received land by smallholding peasant households (Mitrany 1930). Yet, the reform coincided with a new exhaustion of ecological surpluses and cheap food (Moore 2015). This time new ecological surpluses were appropriated through a reconfiguration of relations of production brought by the US Green Revolution which introduced the motorization of mechanical work, the use of chemicals and hybrid corn seeds (Moore 2015). However, Romanian smallholding households were not endowed with sufficient land and did not have the capital they required to incorporate these new advances. Unable to adapt to the new conditions and focusing on grain production for export in the context of depressed global prices led to a further impoverishment of the population, as well as to a class differentiation within the peasantry which kept alive the legacy of the neoserfdom relations of production.

Only after WWII with rise of the socialist regime did the Green Revolution make its way into Romanian agriculture. The forced process of the industrialization of the economy absorbed a part of the agricultural labor force, land was forcefully collectivized, concentrating the fragmented land into large farms, and agricultural production was diversified (Murgescu 2010). Grains were processed domestically in manufactured feed and foodstuff for internal consumption and less for export. However, despite the development leap socialism brought, Romania was still peripheral, or semi-peripheral as some would say (Ban 2014), to the core countries of the world economy, as it was dependent on technology imports paid for with exports of cheap commodities, but also because of the same sort of mismatch logic observed by Dobrogeanu-Gherea, this time though between the imported institutions of Stalinist socialism and the actually existing social relations on the ground.

The regime's concentration on heavy industry meant that the agriculture and the food industry received less investment, hence the innovations of the Green Revolution in agriculture were only partly incorporated and agriculture was still dependent on manual labor force, which was becoming less available as it was draining in the industrial sector (Murgescu 2010). The socialist regime tried to benefit from the proletarianization of the labor force, but also to contain agricultural labor force and adopted an implicit strategy of under urbanization, making workers reside in villages and provide for their own subsistence while commuting for work in urban factories (Petrovici 2017). This contributed significantly to the reduction of labor costs. In a certain way, the socialist regime reproduced and enlarged the core-periphery dynamics of the world system within the state, expressed as an urban-rural hierarchy of power and class distinction, although its overt goal was of eliminating these differences.

The dissolution of the socialist regime starting with the 1980s coincided with a new global exhaustion of cheap food. According to Moore (2015) a reconfiguration of relations of production was achieved through financial control. Indebtedness of peripheral states allowed creditors to push debtors to adopt neoliberal policy packages that included privatizations and liberalizations, transforming these states in export-oriented and import-dependent economies, exporting cheap food, cheap labor and cheap raw materials, while the rising indebtedness of private family farms in the core zones led to bankruptcies and the concentration of land into bigger and more capitalized agribusinesses.

In 1990, Romania too embarked on the neoliberal adventure, removing market regulations, privatizing state assets and decollectivizing agriculture. On one hand, the economic goal of this adventure was the erasure of the socialist economy legacy and the development of a competitive market economy that would resume growth. On the other hand, the political goal of these economic transformations was to establish liberal democracy and avoid a backslide into what Burawoy (2001) calls "the totalitarian other". One of the first measures taken by the new government in this direction was to restore, and, to a lesser extent, establish for the first time, *de facto* private property rights over agricultural land, while gradually liberalizing the agricultural commodity and land markets.

The privatizations and liberalizations adopted after the demise of the socialist regime led initially into an opposite direction than that outlined by Moore (2015), to a disinvestment in agriculture, as well as to a fragmentation of the large socialist farm units. The country was increasingly more dependent on food imports, including grains, and relied on peasant-worker households for food, households which were shrinking, undercapitalized, and facing a lack of labor force due to out-migration and declining natality. This process had a profound impact on the national economy and rural livelihoods, not only because it reorganized the structure of land ownership, but also because it changed relations of work and the entire agri-food supply chain. Simultaneously, changes in the architecture of the national financial system led to the emergence of new financial institutions and agencies, as well as new relations between agriculture and finance. Yet after the first postsocialist decade things changed.

Few scholars have tried to position the changes Romania underwent in relation to the financialization of the global capitalist system. The privatization, liberalization, and stabilization policies promoted by international institutions such as the International Monetary Fund (IMF), the World Bank, and the European Union (EU), are part of a global phenomenon often referred to as globalization, which, as the story goes, has been unfolding since the 1970s and has created an ever more interconnected world economy moored in market capitalism. But framing what was happening in Romania and in Central Eastern Europe in general as part of this "political project of globally imposed marketization" (Kalb 2001), has not been a priority for mainstream scholarship of the region. Most postsocialist scholars, at least for the first decade after the fall of socialism, have focused on the socialist "heritage" that led these countries to a "skewed" form of capitalism and hindered the development of liberal democracies in the region (Burawoy 2001). Only after the 2000s scholars of the region have started framing local transformations as outcomes of a global neoliberal capitalist political economy (Ban 2016; Bohle 2006; Chelcea and Druţă 2016; Dale and Fabry 2018; Dorondel 2016; Hann 2007; Kalb 2009; Kalb and Halmai 2011; Makovicky 2016; Vincze 2015). Within this framework, the "skewness" of Romania's postsocialist capitalism is not a derail from the ideal model of capitalism, but the consequence of its peripheral position, understood here following Dobrogeanu-Gherea as resulting from the contradictions between the imported institutional frameworks of the core's financialized capitalism and the social relations that these institutions should govern on its margins (see also Li 1999; 2007).

The financial crisis of 2007 raised a whole new set of questions about how much the global economy, and consequently the globalization of neoliberal capitalism, is driven by financial interests and money flows that have not yet been fully explored (Ban and Bohle 2019; Gabor 2011; Becker et al. 2010; Mikuš 2021; Pellandini-Simányi, Hammer, and Vargha 2015). I will try to fill this gap by looking at the multiscalar social relations that enable the links between financial capital and agriculture in postsocialist Romania.

Financialization has been the new buzzword in the social sciences after the crisis, aiming at capturing the increasing presence and complexity of financial relations in the global economy since the 1970s. Like most buzzwords, though, financialization has multiple meanings (Christophers 2015). The most encompassing definition of the concept, and probably the most employed one, has been given by Epstein (2005) as:

> the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operation of the economy and its governing institutions, both at the national and international levels. (1)

Several scholars have criticized this definition precisely for being too broad and vague, thus lacking analytical precision. Two more refined approaches to financialization stand out in the literature, which I will call the *accumulation* and *distribution* approaches.

The accumulation approach, on the one hand, has gained popularity through the work of Greta Krippner (2005), but better characterizes the work of Marxist scholars (Arrighi 1994), even though other Marxists have never used the term financialization explicitly (Harvey 1982) or have even rejected it (Harman 2009; Mavroudeas and Papadatos 2018; Roberts 2018). This approach sees financialization as a result of or a solution to capitalism's inherent tendency of the profit rate to fall. Financial speculation, in the sense of investment whose returns are deferred into an unknown and unpredictable risk-laden future, offers the possibility of higher rates of accumulation and an alleviation, albeit temporary, to the fall of the profit rates.

The distribution approach, on the other hand, has been outlined by post-Keynesian and other heterodox economists (Stockhammer 2004). These scholars argue that financialization is the result of a struggle between financial and industrial capitalists, which the former, usually referred to as rentiers, have won and are now appropriating the largest share of the income generated in the global economy.

The distinction between the two approaches is not clear cut. However, they differ in one crucial aspect. Whereas the accumulation approach incorporates financialization in a critique of the capitalist system, the distribution approach treats this process as a contingency undermining an otherwise perfectly fine social capitalism.

Both approaches have been deployed (separately or in combination) in tackling what I have identified as the four major, overlapping themes of the financialization literature. First, the *financialization of state and by the state* literature discusses the subordination and reliance of social reproduction services, such as pensions (Toporowski 1999), healthcare (Cordilha 2021; Mulligan 2016), or housing (Aalbers 2017), on markets accommodating financial investment. An important role in this process is played by neoliberal privatization and liberalization policies. It also deals with the control of financial markets over central banks' monetary policy (Epstein 2001), sovereign debt (Fastenrath, Schwan, and Trampusch 2017; Schwan, Trampusch, and Fastenrath 2021) and sovereign wealth (Clark, Dixon, and Monk 2013) management.

Second, the *shareholder value* literature has approached the pervasive idea that corporate managers' mandate is to increase the market price of the corporation's assets to the benefit of those who own its stock, the shareholding rentiers (Glyn 2007; Fligstein and Shin 2007; Froud et al. 2000; Knafo and Dutta 2020; Lazonick and O'Sullivan 2000; Orhangazi 2008). This literature points beyond the financialization of the state to the financialization of corporate management and the way in which it is aligned with, subordinated to or prevalent over shareholders' interests.

Third, the literature on *financial markets and devices* has focused on the sociotechnical processes that lead to the constitution of financial markets and instruments that facilitate the circulation and accumulation of value, looking at the intentionality embedded in and performativity of financial cognitive models, calculative devices, and market infrastructures (Appadurai 2016; Beunza, Hardie, and MacKenzie 2006; Çalışkan 2010; Lépinay 2011; LiPuma and Lee 2004; 2004; MacKenzie 2006; Millo 2007; Muniesa 2007; Miyazaki 2013). Out of the four themes I distinguish, this one does not seem to employ either the accumulation or distribution approach. It appears so mainly because it avoids the politics that characterize both approaches, resolving itself into an almost fetishistic fascination with financial technology[2]. Nevertheless, the distribution approach is somewhat implied in this literature's emphasis of the potential of harnessing finance in a social capitalism[3].

Lastly, the *everyday life financialization* literature has tackled the rise of a mass financial culture (R. Martin 2002; 2015; Weiss 2018) and the entanglement of household's

[2] Technology here is understood in a broad sense.
[3] Although this scholarship has been developed within different theoretical traditions and scholarly networks, Appadurai's (2016) critique of David Graeber's book on debt, which does not acknowledge the emancipatory potential of financial technology, is probably in sentiment with most authors working on this theme.

social reproduction into the financial markets and devices which have been developed and facilitated both by the state - global finance nexus and the rise of the shareholder value culture (Erturk et al. 2007; Langley 2008).

Since many of these works have focused on the core economies of the global system, especially those of the US and UK, but also, to a lesser extent, Japan, France, or Germany, the question which needs to be asked is if these themes manage to capture financialization in an uneven global capitalist system, one which is structured in core zones in which capital and power accumulate and peripheral zones subordinated to the former and from which capital is extracted and appropriated? Can financialization in countries like Romania, which are situated in the periphery of the global capitalist system, be understood by exploring these themes in the local context?

The financialization of agriculture

The agricultural sector offers a vantage point for an analysis of financialization in Romania. Around 65% of the country's surface is agricultural land, most of it arable land. Since 1990 half or more of this land has been used by households utilizing on average 2 hectares or less and who consume more than 50% of what they produce. However, between 2005-2016 the number of these household farms dropped 4,1 millions to 3,3 millions, while the number of medium sized and large farms and their utilized area grew. Despite this transfer of land, almost half of the population still lived in rural areas in 2016, of which around 50% worked in the agricultural sector and represented ¼ of the total working population, half of which are self-employed and the other half unpaid family workers. But, although these households utilize only half of the agricultural land in the country, they still own 2/3 of it, considerable less than two decades ago.

It is not a coincidence that these transformations occur during what scholars have seen as an increased financialization of agriculture. Discussions about the financialization of agriculture emerged after the global financial crisis and focused on the wave of institutional investors making large-scale land acquisitions which dispossess and displace indigenous people, peasants, and small farmers, as well as on and their role in generating food price inflation through the incorporation of agricultural commodity derivatives in their portfolios (Clapp, Isakson, and Visser 2017; Edelman, Oya, and Borras 2016; Fairbairn 2014; Ouma 2016; Visser 2015). As Clapp and Isakson (2018) have shown, the financialization of agriculture reinforces and exacerbates a tendency of power and wealth to concentrate in the hands of a few corporate agribusinesses, undermines socio-ecological resilience by promoting and encouraging petro-farming and agricultural biotechnology, and depoliticizes the global food system preventing the articulation collective action.

Most of these authors have tried to position the financialization of agriculture within a broad process of financialization encompassing the entire global economy, employing definitions of financialization given by Krippner (2005), Arrighi (1994), and Harvey (1982). Krippner (2005) has argued that financialization can be seen as a process by which financial corporations revenues increase, while non-financial corporations are changing their main sources of income, moving away from generating income through production and commerce towards generating income through the assets they hold in their portfolio bringing them interest, dividends, and rents. This notion of financialization has led to a number of studies that have emphasized the financialization of agribusiness corporations. Baines (2017) and Salerno (2017) have shown how global grain trading agribusiness have subsidiaries which capitalize on the information asymmetry provided by their worldwide network of operations by offering financial services such as asset management and risk management. But this move seems to be common to all kinds of corporate agribusinesses. Clapp and Isakson claim that

> under pressure from shareholders to increase profit margins, various agrifood enterprises have also increasingly engaged in financial activities in recent decades. Seed and chemical giants, for example, are dabbling in offering various forms of agricultural credit and insurance. Grain trading companies have a long history of trading commodity futures as a means to hedge their risks in the physical grain trade, (…) but more recently they have begun marketing financial index investment products to farmers and other investors as a means to earn additional income. Even the processing sector has begun to actively use financial markets as a means to hedge the price of ingredients. Meanwhile, the food retail sector has developed other financial income strategies, including offering supermarket-brand credit and other financial services to customers (106).

Although Krippner (2005) focuses on non-financial US corporations, her work draws from Arrighi's (1994) more global and systemic view of the process. Arrighi argued that in the history of the capitalist world economy since the 16th century there have been several systemic cycles of accumulation, each organized around a geopolitical hegemonic center of accumulation of capital and power and defined by two major phases. In the initial phase capital is accumulated by investing in the expansion of production and trade, that is in the formation of fixed capital, in the core zones of capitalism. But, as competition between capitalists increases and the inter-class struggle intensifies, returns from these investments diminish causing a *signal crisis*. Capitalists try to solve this crisis by redirecting capital into different forms of investment and peripheral zones of the system, generating a second phase of the systemic accumulation cycle. In this second phase capital is redirected towards speculative investments in more liquid financial assets – stocks, bonds, treasury bills etc. – that allow capital greater flexibility to get in and out of profitable ventures, much faster than fixed capital. However, the rate of profit continues to fall even in the second phase, which ends up experiencing a *terminal crisis* marking the end of a cycle of accumulation. A new cycle of accumulation that has been fermenting in the second phase of the previous cycle begins as this flexible capital is attracted increasingly attracted into production and trade in a peripheral zone from which a new hegemonic center of capital accumulation and power.

Directly or indirectly, scholars working on the global land rush have employed this notion of financialization to explain the interest in farmland and agricultural commodity derivatives of institutional investors after the financial crisis. For example, following Arrighi (1994), McMichael (2012) argues that:

> "financialization" is symptomatic of a declining hegemon losing its geo-economic competitive edge, as its industrial capitalists switch investment from fixed capital into financial ventures. Preference for liquidity, intensified institutionally by neoliberal led financial deregulation, has encouraged securitization (consolidating and selling debt), mergers (including firm acquisition by private equity companies that unbundle unprofitable units for financial gain) and general financial speculation. (688)
>
> a signal crisis of capital accumulation, insofar as capital is ill-disposed to translate its financial power into new productive forms of investment other than speculative acquisitions, including cheap land in the global South. (682)
>
> the land grab is both a response to food price reversals generating export bans and government initiatives to secure offshore food and biofuel supplies and reflects a speculative interest in food and biofuel futures and associated land price inflation on the part of finance capital. (683)

McMichael's analysis of land grabbing remains suspended at the global scale and never really dwells into how those speculative acquisitions in the Global South take place. In fact, it would seem as if buying land in the Global South is the same as buying corporate bonds on the New York Stock Exchange and the only difference investors consider is the profit the investment yields.

Another common way of employing the concept of financialization in relation to the global changes in the agriculture sector has been by using Harvey's (1982, 2003) notion of accumulation by dispossession and its associated concept of spatio-temporal fix (White et al. 2012). Financialization is not used directly as a concept in Harvey's work, but it is implied in the notion of accumulation by dispossession. Like Arrighi, Harvey also engages with Marx and links capitalist crisis to the tendency of the profit rate to fall. However, Harvey (1982) does not engage in an attempt to systematically historicize the development of capitalism. Instead, he develops a geographical understanding of the logic of capital accumulation and the way in which it tries to solve its crisis. Harvey pays more attention to the means of resolving capitalist crisis by investing the surplus capital produced in core zones into peripheral zones that can absorb the overaccumulated capital and produce new surplus at higher-than-average rates of return. Overaccumulated capital, Harvey argues, is invested in fixed capital – machinery for production, infrastructure for trade and the built environment for the reproduction of labor. This is the spatial component of the fix. But investors are linked to these investments through financial instruments such as stocks, bonds, derivatives, and other contractual instruments that constitute promises of a share of future profits. This is the temporal component. Higher rates of return arise because the peripheral zones are opened through privatizations and liberalizations, most of the times under financial and/or military duress, releasing cheap or even free public and common assets and labor, which can be grabbed using the overaccumulated capital. This is the dispossession part of accumulation. White et al. (2012) for example argue in this vein that:

> We might therefore see land grabbing as an outcome of the inter-relating processes of privatization and financialization which Harvey identifies as central to neo-liberal capitalism. (627)

Financialization in this case remains an abstract process hovering over concrete institutions and social practices. The level of analysis is so high that it comes short of describing how these capital movements are enabled by concrete social relations.

In fact, recently, critical agrarian scholars have criticized the political economy approaches to the global land rush drawing from both Arrighi and Harvey for their perspective "from above". Bringing insights from the literature on financial market and devices, several authors have underlined the failure of political economy approaches to grasp the diversity of the financial actors involved in the financialization of agriculture, their place-specific strategies, or their degree of success (Ducastel and Anseeuw 2017; Li 2015; 2017; Ouma 2014; Visser 2017; Williams 2014).. These authors have criticized the political economists also for failing to understand the different materiality and temporality of farmland financialization in respect to other assets, or to describe the techno-politics of making farmland a financial asset class.

Considering that most of the land acquired by financial investors is in peripheral countries like Romania and that commodity derivatives play an important role in the global pricing of agricultural commodities of which most of these countries are either exporters or import dependent, most critical agrarian scholars have from the start tried to apply financialization outside the global system's core. However, in most of the cases, the critical agrarian literature has uncritically appropriated methodological and theoretical insights from the general financialization literature, overlooking the unevenly structured global capitalist system, even when the literature, as in the case of Arrighi and Harvey, is explicit about this, and taking for granted the themes of the financialization literature as universally relevant. I argue throughout this dissertation that financialization in peripheral zones takes on different forms than in the core and requires a much more relation approach, which I develop in the next section.

Financialization at the margins

In this thesis I employ what Kalb (2020) calls a relational approach to finance. This approach understands financialization as a process of bundling relations which “sometimes seem decidedly local; but even then, these often turn out to be thoroughly multiscalar, from transnational interactions to hierarchies within the household” unfolding unevenly in time and space (Kalb 2020, 4). As Kalb (2020, 2) argues, financialization emerges “out of deeply lived social relations, constituted on scales both intimate and epochal, within and against which humans live their lives and histories, indeed on which they depend for their social reproduction”. Apparently unidirectional, this process is recurrently contested by relational forms which are “either emergent, in the open, still private, or perhaps publicly silenced after prior possibilities were closed down; sometimes fuzzy, sometimes crystal clear and articulate”. As such, the process of financialization is “contradictory, agonistic, and antagonistic, shot through with frictions and divisions” (Kalb 2020, 2).

This approach allows me to go beyond the main financialization narrative which focuses on “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies” (Epstein 2005, 3). I look instead at financialization as a bundle of nested hierarchical relations between core and periphery zones within the global economy, as well as within states, between economic sectors, regions, social classes, households, and environments of the peripheral zones. I argue that peripheral financialization (Becker et al. 2010) works through the failure of the emergence of all those institutions that historically in the core have led to the emergence of a fully financialized economy. One reason for this is a general feature of the political economy of the periphery: peripheral zones are dependent on capital inflows and devise policies aimed to attract foreign surpluses. Key features of these policies are an overvalued exchange rate and high interest rates, serving as guarantees for foreign capital against the depreciation of assets and the possibility to capture a large share of the surplus (Becker et al. 2010; Gabor 2011).

However, in this thesis I try to show that there is more to peripheral financialization than the adjustment of macroeconomic policy to fit financial investors’ short-term interests. I situate peripheral financialization within a multiscalar rebundling of social relations which creates frontiers of appropriation and capitalization of “Cheap Natures”: food, labor power, energy, and raw materials (Moore 2015). Through the Romanian case I want to show that to make investments in cheap arable land and cheap crops these must be rendered investable through privatizations and liberalizations. The landscapes disrupted by postsocialist transformations (Dorondel 2016) are appropriated through the replacement of smallholding owners with mid and large size owners. In this process land is capitalized and cheap labor force is released.

To render land and crops investable it seems like techno-political practices, narratives, and devices also need to be deployed (Callon, Millo, and Muniesa 2008; Li 2014b; Ouma 2016; Visser 2017). Arable land must be inscribed into a land registry system that can standardize it and make private property rights legible (Scott 1998), while global market narratives emphasizing land fertility and scarcity have to be articulated conjunction with local ones in order to frame the potential for profit and legitimacy of land investments. Moreover, farms must be themselves rendered *financially legible* in accordance with global accounting standards to be eligible for bank loans and buy land and create a liquid market. At the same time marketplaces for crops and mechanisms and infrastructures of financial derivation have to be created. As Moore (2015, 86) argues, "At the core of the capitalist project, from its sixteenth century origins, was the scientific and symbolic creation of nature in its modern form, as something that could be mapped, abstracted, quantified and otherwise subjected to linear control". In this thesis I explore how land and crops are mapped, abstracted, quantified, and subjected to linear control by holders of financial capital. In the periphery of global capitalism these processes are not always or necessarily successful in achieving the desired effect, remaining in a state of formal subsumption (Mezzadra 2011; Narotzky and Smith 2006; Smith 1989).

In the first chapter I show how the literature on financialization takes for granted the uneven structure of the global economy and fail to capture the relational forms of financialization that unfold in peripheral zones. Whereas the financialization of and by the state has proceeded at a fast pace (Gabor 2011), the predominance of small and medium enterprises (SME) in the Romanian economy, and especially in agriculture, questions the relevance of the shareholder value literature for the Romanian case. At the same time, and related to the absence of shareholder pressure on corporate management, despite efforts to create financial markets and devices, these remain to date undercapitalized and illiquid (Tulbure 2013) and thus do not influence the management of farms. Instead, branches of transnational corporations mediate the local participation of economic entities in the global capital markets (Ban 2019; Bonizzi, Kaltenbrunner, and Powell 2020; Nölke and Vliegenthart 2009). The same mediation is performed by the majority foreign owned bank sector for households who take mortgage and consumption loans thus opening up the space for finance capital to infiltrate and take over their everyday life. The anthropology of financialization in Eastern Europe has focused mainly on the effects of mortgage loans denominated in foreign currency taken by households unhedged against the volatility of the exchange rate (Mikuš 2021). But these households constitute a minor percentage of the population of Romania. Smallholding peasant households in Romanian rural areas have avoided bank indebtedness and instead chose to liquidate their land assets to improve their housing conditions, thus raising questions about the adequacy of the relation forms of finance specific to the core zone' everyday life financialization for the periphery.

In the second chapter I develop this discussion about smallholders selling their land. The financialization of arable land would not have been possible without the willingness of smallholders to sell their property. But for many scholars and politicians the fact that smallholders sell their land comes as a surprise because during the first decade after the postsocialist restitution many were decidedly against selling. What happened that made them change their mind? Drawing from Graeber's (2001) anthropological theory of value I argue that a significant shift in their value system slowly took place after the socialist collectivization. Houses gradually replaced land as their most valuable assets during socialism, while their remaining land was transformed from a mean of subsistence to a marker of distinction. After the postsocialist restitution, despite the initial enthusiasm of regaining their land, global and national policies hindered the commercial viability of small semi-subsistence farms and devalued land for smallholding peasants. Their desire for modern, urban-like, housing conditions replaced land with houses as a representation of their social value. In some areas of Romania, where good arable land is scarce, investment in houses was made possible by migrant remittances.

But in the village of Dragoș Vodă, in the Bărăgan Plain, selling land was the main strategy through which smallholders where able to improve their houses and identify themselves as *domni* (gentry) rather than as *țărani* (peasants). As the land rush raised the prices of land this strategy became almost ubiquitous. Much hope has been put in smallholders by the food sovereignty movement to constitute the basis of an alternative to the corporate food regime (Wittman, Desmarais, and Wiebe 2010). Agrarian scholars of Eastern Europe have argued that smallholders in the region practice a "quiet food sovereignty" (Visser et al. 2015), following unbeknownst many of the tenets of the movement.

I show that smallholders do not alienate all their land, but their remaining land also changes its value, from a mean of subsistence, denoting the poverty of peasants, to means of producing organic products restricted, in urban contexts, to the high-income population. This way of relating to their remaining land further contributes to their struggle to be identified as gentry, not as peasants. What I want to argue in this chapter is that peripheral financialization is not manifested in everyday life predominantly as indebtedness to banks, or as a transformation of individuals into investor subjectivities, as one can see in the core zones. Instead, financialization in the periphery could be understood as a process that impinges an already mutating local value systems without taking the overt appearance of more common everyday life financial forms.

In the third chapter I show that the smallholders' willingness to sell their land is not enough though to sustain the financialization of farmland and that land was made investable through the creation of a land registry system, the articulation of narrative market devices, and farms' commercial registration. Three interconnected narratives have construed Romanian arable land as fertile, unused, and cheap in the context of a global land scarcity and increasing food demand, but expensive and scarce for the local farmers. Faced with competition from foreign investors, local commercial farms built their own version of the scarcity narrative and started buying land. Yet, the local narrative, focused on the foreignization of land, obscured the competition engendered between large farms and mid-sized ones. The latter are more in need of bank loans to buy land, but many still have to be made financially legible and collateralized. The EU and the national state contributed to the legibility and collateralization of these farms and integrated them into the banking system.

What is specifically peripheral about financialization in this case is the need to make both land and farms investible in a short time through institutions developed in the core zones over a much longer period. As a result, the process appears as being in a continuous state of incompleteness and somehow beneficial to investors. Moreover, the state is instrumentalized in this process and plays a key role in establishing the land registry system, with the help of the World Bank, and the registration of farms, with the help of EU development funds. The Romanian state plays a similar role to that of the Macedonian state described by (Mattioli 2018), which forces the integration of local business into global financial circuits through in-kind payments.

In the fourth chapter I discuss the role played by financial derivatives in the process of financialization. Until now, the financialization of farmland and of commodity derivatives has been studied separately. In this chapter however, I show that the two need to be studied together. Derivatives are abstractions based on contractual relations between two or more parties, whose value is derived from one or more underlying assets. For example, a wheat future is an abstraction based on a standardized contract between two anonymous parties which obliges the seller to deliver wheat to the buyer at a future date for a price fixed in the present at the moment of the transaction, or, more commonly, the obligation of the seller or buyer to pay the price difference between the price the derivative had when it was bought and the price of the derivative at the date of delivery. Let us say that I sell wheat futures representing 1.000 tons of wheat to John for 170 $/ton in February with the date of delivery in August. If the price of the February wheat future in August is 220 $/ton, I must pay John an extra 50 $/ton. I lost money. So why did I take the risk? Because in February there were clear indication that winter wheat is in good conditions, and everyone was expecting a high production. A big volume of wheat supply would create surpluses and logistic problems which would make it for producers to find buyers and this would push prices down, creating a so-called *buyers' market*. But a sudden cold wave in March led to a big proportion of barely developed wheat winter kills. Supply estimates dropped below demand and buyers were now in the position of finding it harder to acquire wheat, creating a so-called *seller's market*. Derivatives are mainly about managing and profiting from these price volatilities in a free-market system where prices are self-regulated by supply and demand dynamics instead of being administered by a market authority.

Now, imagine that instead of having derivatives based on wheat, you have derivatives based on stocks, bonds, mortgages, but also combinations of different commodities, differently rated mortgages, or different derivatives, and that instead of selling a future, which is a standardized Exchange[4] traded derivative between anonymous parties matched by algorithms, you sell *forwards* or *swaps*, which are customizable business-to-business, over

[4] I use Exchange with a capital E to refer to formally organized marketplaces and distinguish them from the process of exchange.

the counter, derivatives. Or that instead of selling the derivative, you sell the *option* to buy the derivative, which is basically a derivative of the derivative.

Scholars have argued that prior to the 2007 crisis commodity derivatives were being increasingly integrated in index-based derivatives held in the portfolios of institutional investors and according to some authors contributed to the rise of commodity prices (Baines 2017; Clapp 2014; Clapp and Helleiner 2012; Clapp and Isakson 2018b). Therefore, I expected to hear this topic highlighted as well in interviews I had with traders and agribusiness managers or during the high profile agricultural events I took part in. I was however surprised to find out that derivatives are not a major theme of discussion in Romanian agribusiness. In the fourth chapter I argue that the reason for this absence is the failure to establish a marketplace where agriculture commodity derivatives could be traded. The other reason has to do with the way in which over-the-counter (OTC) derivatives operate in the crops' market. The peripheral character of agriculture in Romania makes these derivatives stand on market infrastructures that look rather different from the ones in the core zones of the global economy. Forward contracts are priced in relation to futures prices listed on the Exchanges based in Chicago and Paris and are secured through promissory notes released by the banks where farms hold their accounts. What makes possible this securization is the indebtedness of the local farms by way of their acquisition of land, since defaulting on a promissory note leads to the farmers' placement in a centralized bad debtors' book which hinders their access to credit. This absence of marketplaces for commodity derivatives reveals how within the interstices of the failure to establish the institutional set-up of financialization, according to the core zones' blueprint, different relational forms of financialization emerge nonetheless, determined by and determining the peripheral status of the Romanian agriculture.

Investment in arable land and agricultural commodity derivatives is dependent on foreign financial capital inflows, whether it is foreign asset managers who set up and fund local operations that buy land, produce, and sell grains, multinational trading companies that buy and export grains, or local capitalist farmers who loan from foreign banks to buy land and produce cash crops. But, while the assembling of all these actors to form a land market was relatively successful, initiatives to create commodity marketplaces have mostly failed. Nevertheless, farmers and traders are dependent on export markets where prices are set in relation to prices of commodity derivatives traded on the Exchanges based in Chicago and Paris. On one hand, this allows for the proliferation of informal, over-the-counter local derivative markets which are established between capitalist farmers and multinational trading companies, and sometimes banks. On the other hand, despite the absence of local formal Exchanges of commodity derivatives and access to existing foreign ones, the incorporation of farmers in the structures of the local financial system, as they increasingly take bank loans to finance their land acquisitions, allows traders to secure the derivative transactions through promissory notes in the absence of institutions like clearing houses that would perform this task in the core zones.

Notes on fieldwork

The empirical material for this research was primarily collected since late 2016 until 2018. My research focused on two main "communities". One of them was the agribusiness community, which includes banks, commodity trading companies, state institutions, farmers, and production inputs manufacturers and distributors. I researched this community using different methods. Before starting fieldwork in October 2016, I did a survey of the local general, business, and agriculture press: *Adevărul, Agerpress, Evenimentul Zilei, Hotnews, Mediafax; Bursa, Capital, Ziarul Financiar; Agroinfo, Agrointeligența, Lumea Satului,* *Profitul Agricol*. Luckily, some of their online archives stretch as far back as the year 2000. This press survey helped me identify key actors in the agribusiness sector, the issues faced by the sector which are of general interest, the relation between agribusiness and the finance sector, and the transformations that occurred in the past two decades.

Figure 3 Gabriel Razi holding a workshop to the sales team of an agribusiness

Existing research has emphasized the mediation performed by commodity trading companies in the process of financialization, linking financial investors and banks to farmers via agricultural commodity derivatives, as well as their shift towards an accumulation through financial channels (Baines 2017; Clapp 2014; Clapp and Isakson 2018a; Salerno 2017). Keeping this in mind, I aimed at finding these intermediary companies and targeted this type of actors for interviewing. Failing to establish contact with the grain traders, I contacted Gabriel Razi, the journalist writing between 2011 and 2015 the agribusiness column of the most important business newspaper in the country *Ziarul Financiar*. He was the only one in the press who covered extensively grain trading in Romania. When we met in

2017, he just resigned from the newspaper and started an information and consultancy agency focused on the grain market. At that time, he still wrote articles on a platform called *AgroFinanciar*, as well as a subscription based weekly report of the market. Razi agreed to let me tag along in his new venture in exchange for help in collecting data and occasionally writing a piece for his media platform.

I accompanied Razi to two workshops. He gave one to the sales teams of a multinational seed producer and the other one to a local agribusiness combining crop production, input distribution and grain trading and logistics. I also followed him to business meetings with grain traders, where discussions where mostly informal. We met them at Indagra and Agri-Planta, two major agriculture exhibitions organized by the Ministry of Agriculture, which we attended together two years in a row. We also met traders over lunch or in meetings in which he was marketing his weekly market report.

After starting fieldwork, I soon found out that in order to understand the commercialization of grain, it was not sufficient to focus solely on trading companies, but I needed to look at the entire agribusiness community and its various business segments: millers, input distributors, livestock farmers, logistic companies, state institutions, banks, insurance companies, and crop quality surveyors. I was able to engage with these actors at larger social events, as I joined Razi at the annual meetings of state institutions, the professional associations of farmers, feed producers, and grain traders, but also at marketing events of multinational corporations. Sometimes the latter were organized outdoors in the fields and they involved music, food and speeches. On other occasions they were organized in posh hotels in Bucharest. These social events allowed me to conduct insightful informal conversations with the attending farmers, state officials and employees of the various companies active in the sector (see also Fairbairn 2020).

This close and open collaboration with Razi helped me get access to these otherwise highly secretive corporations. Grain trading companies are especially famous for their insulation from outsiders and suspicion when it comes to people asking about their business (Kelly 2014; Lander 2018; Morgan 1979; Murphy, Burch, and Clapp 2012). Razi was a key interlocutor, a door opener towards other actors and also an insider with whom I could openly discuss the people, processes and events. Our long trips to different cities were an opportunity to discuss the various power relations in the agribusiness community, the business strategies of the various actors, and the management techniques of the farmers. The trips back from social events usually were the perfect occasion to hear his interpretations. We continue to discuss daily, online for the past two years (2019-2021), what is happening with the market and how his business evolves.

Figure 4 Dancing the hora at an agribusiness' field event

International conferences dedicated to grain commerce were also an insightful fieldwork site for my research. I attended three of them: the 57th annual European Commodities Exchange in Brussels in 2017, Global Grain Geneva in 2017, and Paris Grain

Days in 2018. During these events, companies and individual traders gave extensive presentations of the local markets in which they are operating, and they were more open to talk about what they do and how they do it. Conference breaks offered me the chance to engage in informal discussions and some of the local connections I made through Razi were solidified at these events.

In addition to in-person meetings and conversations, digital connections and research proved useful. Since 2016, I have followed a growing community of traders and trading companies active on social media. In this way I was able to get useful insights and to establish more contacts. What (Preda 2017) says about his study of retail traders in electronic financial markets can be equally said about the grain trading. It is a synthetic world which exists both online and offline, with the actions on the former having consequences on the latter and vice versa.

Another "community" I studied was that of the farmers and smallholders from the village of Dragoș Vodă in the Bărăgan Plain, where I spent 8 months during 2017. I was particularly interest in conducting this "classic" type of fieldwork because the literature on the financialization of arable land depicts local small-scale farmers and peasants as the victims of institutional investors' land-grabbing. Participant observation in this village helped me understand how the financialization of land is made possible by smallholders willing to sell their land and how are farmers of different sizes and institutional investors competing each other for this land.

Dragoș Vodă is a village with houses placed on a grid of dusty streets, surrounded by agricultural fields close to main road arteries. It is the administrative center of the commune which bears its name and comprises the smaller villages of Bogdana and Socoalele. Romanian villages are organized in communes comprising one or more villages, managed by an elected council and a mayor, assisted by a vice-mayor and a secretary, and comprising several departments: agricultural registry, civil registry, taxes, social welfare, urbanism, public order, and emergency situations. All of them are located in the townhall. The entire commune has a population of 2.800, which did not fluctuate much since 1992. It reached a peak of around 5.000 during the 1970s, but negative birth rates and migration driven by the socialist urbanization brought the population number after 1990 back to the level of 1930.

I chose the Bărăgan Plain strategically because the plain has been the most important grain producing region of the country since the late 19th century and it is representative of Romanian agriculture, where most of the agricultural land is arable land and is currently used to cultivate crops such as wheat, maize, sunflower seeds, and rape seeds for export. However, I do not treat this case as a typical example. I agree with Verdery (2003) that “all [villages] have their peculiarities, and to describe those is to show a point on a broader continuum of outcomes (…) The idea is not to use the local as an illustration of larger forces but to show which issues these rural cultivators (as opposed to elites) confronted and how they tried to reshape their worlds” (30).

The administrative area of the Dragoș Vodă commune is of 12.732 hectares, out of which 11.799 is arable land. Around 80% of this arable land is used by 32 commercial farms, each cultivating more than 50 hectares of land. However, Dragoș Vodă is a commune where there is no powerful foreign financial investor. Although different and perhaps more convoluted than the obvious scenario of the monopolistic foreign “land grabber”, I found out that the local land use was nevertheless influenced by the overall presence of foreign investors, in both practice and discourse. Studying a place where the locals still hold the land, but their farming practices are shaped by the ramifications of foreign finance, allowed me to understand the larger and deeper implications of the land rush and of foreign financial investment patterns.

Out of these 32 commercial farms using the arable land in the administration of the village, I conducted semi-structured interviews with 13 of them, 2 large farms and 11 mid-sized farms. Based on size I distinguish four categories of farms: smallholdings (0,1-5 ha), middle sized (10-500 ha), large (501-10.000 ha) and latifundia farms (>10.001 ha). The differences between categories are a good indicator of the social and economic differences between them[5]. I focused the interviews on land property and rent, level of mechanization, usage of production inputs, relationship with smallholders, and marketing of harvests. I also asked about practices of buying land, relationships with grain traders and opinions about markets and financial mechanisms. I adopted a different strategy with smallholders. With them, I conducted a questionnaire-based survey, in which I included 25 households, and also engaged frequently in informal discussions. I met them in the field hoeing and harvesting their crops, at the local pubs, on the street and I visited their houses.

Fieldwork in the village proved more difficult than I expected (see also Dorondel 2016). I thought I would find people eager to share their grievances, but I encountered an environment similar to that of the agribusiness community, secretive and suspicious. I knew that a friendly and influential landlord could have opened many doors for me in the village, but I soon found out that nearly all locals were reluctant to host strangers. In my case, they proved even more suspicious then usual, as most people did not seem to understand what my business was in the village. One of the rumors that came closest to my actual profile was that I am an agricultural engineering student doing research for my dissertation on a subject related to agriculture. Villagers would often address me as Mr. Engineer. They were also very puzzled with the required length of my stay and, despite repeated attempts to explain, I doubt

[5] However, the limits of these categories are not easily definable and major differences inside the categories exist depending on their endowment with machinery, capital, or the management strategy adopted.

I managed to make them understand the premise of long-term fieldwork. But in time they became more accepting of my presence and much more friendly.

Two aspects seemed to matter during fieldwork were my gender and my regional identity. As a male, I was told I would have more luck in finding something a host if I were accompanied by girlfriend and claimed we were married. Also, as someone being born in the Moldova[6] region, which was considered in general a backward region of the country, while in Dragoș Vodă there was the particular history of poor migrant women workers who came during socialism and married all the local male tractor drivers. My gender and identity influenced the way in which I was perceived. I suspect single adult males were seen as a social threat unhinged from the disciplinary morality of the household, while being a *Moldovean* made them ascribe to me their image of the Moldovean identity. As when my host cocked *polenta* for me, the poor man's bread, made from corn flour, because that is what Moldoveni eat, or when remarks about how poor Moldoveni have made them a posteriori realize that they might have offended me.

What matter most though was that many of the people in encountered in the village, but also in the agribusiness environment, did not value academic research, or any kind of research for that matter. At times they suggested that I can make data up. For example, when I decided to conduct the questionnaire-based survey in the village, one of my gatekeepers, who had worked as a field operator for various national censuses and surveys, told me she could fill them all up herself and in this way I would be spared the effort to go from door to door. Eventually, I was able to research some of the agricultural registers and the local land maps kept with the local administration offices, which enabled me to have a quantitative overview of agricultural indicators of the area. However, as all else, this took substantial

[6] Moldova is one of the historical regions of contemporary Romania, in the Northeast, together with Dobruja in the Southeast, Wallachia in the South, Transylvania in the West, Bukovina in the North and Banat in the Southwest. Before the mid 19th century were autonomous provinces in the Habsburg, Ottoman, and Tsarist Empires.

insistence on my part, as the municipality employees avoided me openly and often suggested I can find all the information I need on the internet.

I am not writing this to vent my fieldwork frustration, but because I believe their attitude towards research is rooted in transformation that have occurred since 1990. As Verdery (2003) noticed, information was a source of power both during socialism and after. One could perhaps also think that a general reason for these hesitations that I encountered at nearly every step would be the the still pervasive memories of the socialist secret police, *Securitatea*, which generate the fear of being reported on. Poenaru (2017) for example has argued that in many respects the work of the Securitate agents resembles that of the anthropologists. But sharing my experience with anthropologists who have done fieldwork in Romania in the past led me to believe that this pervasive reticence towards researchers has increased in recent years[7]. I mostly believe this suspicion was generated by a whole new set of institutions with surveillance apparatuses. Farmers are watchful for possible controllers from APIA, the agency which distributes productions subsidies (see Kovàcs 2015 for a similar situation based on what is happening in neighbouring Hungary), whereas local bureaucrats are wary of the anticorruption agency and the postsocialist “intelligence agency”, Serviciul Român de Informații/Romanian Intelligence Service (SRI), which collaborate with each other and have been accused of being politically instrumentalized (Mungiu-Pippidi 2018).

This general atmosphere of mistrust and accusations in postsocialist Romania might have been a great influence on their lack of openness and dismissiveness of research. Yet, I do not exclude the possibility that the reason behind their attitude could have also something to do with the local practical forms of knowledge making, which rely less on precise

[7] Personal communications with Monica Vasile and George Iodăchescu.

statistical data and more on intuition derived from lived experience. Nevertheless, because of these issues I relied more on informal discussions than on structured interviews and tried to use information that would arrive via my gatekeepers, the people who seemed to have understood my job and seemed willing to help, corroborating information from multiple sources whenever it was possible.

Chapter 1. Peripheral financialization

Introduction

In December 2018 I attended an event at Hotel Caro, a posh hotel in the northern part of Bucharest, in the city's largest corporate district. The event was organized by *Fondul de Garantare a Creditului Rural/The Guarantees Fund for Rural Credit (*FGCR), a money fund which provides loan guarantees to farmers unable to meet commercial banks' collateral[8] requirements. In the foyer of the hotel’s Grand Ballroom where the event was held, standing at high round tables, sipping coffee and juice, munching on pastry, and chatting, were financiers, state officials, and large-scale farmers dressed in business attire: navy blue and dark grey suits, black and brown heels and cap-toed shoes. Flashing jewelry and expensive watches, they filled the air with musky scents of perfume and subdued chattering.

On the event's list of speakers were important members of this rather exclusive community, many of whom I have seen numerous times deliver speeches or commentaries at the agribusiness conferences and events I attended during fieldwork. The speakers today were the director of the FGCR, the Ministry of Agriculture, the director of the Agenția de Plăți și Intervenție în Agricultură/The Agency for Payments and Interventions in Agriculture[9] (APIA), a member of the Banca Națională a României/Romanian Central Bank (BNR), a representative of the largest farmers' association, Liga Asociațiilor Producătorilor Agricoli din România/The League of Romanian Agricultural Producers Associations (LAPAR), and one of the banks' association, Asociația Română a Băncilor/ The Romanian Association of Banks (ARB).

[8] Assets used as guarantees for the risk of credit default.
[9] This agency is subordinated to the Ministry of Agriculture and its main role is to distribute the EU’s Common Agricultural Policy (CAP) agriculture subsidies, called “direct payments”, as well as subsidies from the state budget and as some development funds.

I was at the conference to find out more about the role played by FGCR in the financing of postsocialist Romanian agriculture. After the Minister's speech, and the stiff bureaucratic language of the APIA's director presentation of the annual results, the discussion heated with the flamboyant Laurențiu Baciu, the president of LAPAR. He bemoaned the high-interest rates practiced by the banks and FGCR, who, according to him, seem more inclined to rip off farmers than to help them. He criticized their lack of expertise in the valuation of agribusiness assets and of the business cycles in the agricultural sector, which leads banks to request extra guarantees, unnecessary bureaucracy, and delayed disbursements.

After him, the lecture of one of BNR's governing board members stirred a hum of subdued outrage. Gheorghe Gherghina, also known as the "father of the government's budget" because of his role as Secretary of State in the Ministry of Finance in charge with preparing the budget (2001-2005, 2009-2014), decried the low rate of financial intermediation in the economy, that is the share of private credit in the GDP. He presented graphs showing that financial intermediation in Romania is at 26%, "the lowest in the entire EU". Moreover, he showed that agriculture out of the total credits granted by banks accounted only for 4% of the GDP. Gherghina encouraged banks to take more risks, but one bewildered banker told me afterwards in private, nibbling on quiche in the foyer, "he talks nonsense; the central bank's regulations do not allow us to take more risks."

At the event, I became aware of the inadequacy of the themes approached in the multi-disciplinary financialization literature which flooded the social sciences in the past decade. Four major interrelated themes stand out in this body of scholarship. First, there is the literature which tackles the way in which the state has contributed to the spread of financialization by engaging in roll-back neoliberal policy reforms (Peck and Tickell 2002), centered on the privatization of social services such as pensions, education, healthcare, and housing, as well as on the liberalization of the markets on which competing private enterprises offer these services now (Aalbers 2017; Cordilha 2021; Toporowski 1999). Approaching the same theme is also a growing literature that has highlighted how the state's roll-out neoliberal policies (Peck and Tickell 2002) have subjected central banks and monetary policy to the control of private financial interests (Epstein 2001) and how these policies have marketized the management of public debt (Fastenrath, Schwan, and Trampusch 2017; Schwan, Trampusch, and Fastenrath 2021) and sovereign wealth (Clark, Dixon, and Monk 2013). The liberalization of farmland and agri-commodities markets, as well as the subordination of state monetary policy, debt and wealth management to financial interests, has played an important role in setting up the ground for the financialization of agriculture in the global system's periphery (Araghi 2009; McMichael 2009; 2012), including, as I will show, in Romania.

The second theme that predominates in the financialization literature deals with the transformation of corporate practices. More precisely, this literature explores the impact shareholder value maximization theory and the rise of big investment funds has had on the way in which corporations are being managed (Fligstein and Markowitz 1993; Fligstein 2001; Fligstein and Shin 2007; Froud et al. 2000; Glyn 2007; Krippner 2005; Orhangazi 2008; Useem 1993). From the diversification and expansion of their productive and commercial capacities to capture more markets, corporate management has shifted towards financial asset management, engaging in acquisitions and mergers that can rise the market value of the corporate stock.

As the 2007 financial crisis made the agricultural sector seem like a potentially more profitable sector to invest in than housing, agribusinesses listed on public Exchanges have become vehicles for investors to accumulate wealth by becoming shareholders in ventures which own and utilize farmland, produce agricultural inputs and machinery, or trade agri-commodities (Clapp 2019; Fairbairn 2020; Kuns, Visser, and Wästfelt 2016). Some of these agribusiness have even established their own financial investment divisions (Clapp 2015; Murphy, Burch, and Clapp 2012; Salerno 2014; 2017). However, in Romania and other peripheral countries most local farms and agribusinesses have either low capitalization or are *financially illegible* or both and thus are not listable on Exchanges. Instead these local agribusinesses are dependent on corporations listed on foreign Exchanges who have opened up subsidiaries in the country.

A third theme that is often explored in the financialization literature relates to the constitution of financial markets and financial devices. The authors focusing on this theme have studied the techno-politics that make up the financial markets' infrastructure and the cognitive models which are embedded into the "wiring" of the financial devices (Beunza, Hardie, and MacKenzie 2006; Callon, Millo, and Muniesa 2008; MacKenzie 2006; Millo 2007; Muniesa 2007; Miyazaki 2013). The research done within this theme also looked at the performativity of economic theories and models, that is at how they do not only describe the economy but also shape it to resemble more the theory. Li (2014; 2017) and Visser (2017) have explored the techno-political devices deployed to transform farmland into an investible asset, while Jennifer Clapp (Clapp 2014; Clapp and Isakson 2018b) has argued that commodity derivatives create a "distance" between producers and consumers and between the concrete physical commodity and its abstract value, obscuring the complex links between financialization and agriculture (see also Bush 2016). Nonetheless, Clapp's approach presupposes the existence and smooth functioning of agri-commodity derivatives, whereas in peripheral contexts these market devices are shaped by failure to meet the expectations, as Li and Visser show in the case of making farmland into an asset.

Lastly, literature focusing on the everyday life financialization theme has delved into the entangled relations established between households and global finance, showing how debt and investments become forms of disciplining and creating new subjectivities (Langley 2008;

R. Martin 2002). A growing literature on micro-crediting/micro-finance in rural areas of global peripheries have shown how finance acts as a disciplinary tool in making "empowered" entrepreneurial subjects (Guérin 2014; Karim 2011; Moodie 2008). Yet, in rural Romania, as in other postsocialist countries (Ghodsee 2003), micro-crediting is largely absent, failing to produce the expected financialized subjects.

It seems that when it comes to understanding financialization in Romania, to a great extent, these themes represent false tracks. The rather precarious image of the relation between the finance and the agricultural sector pointed out by the speakers at the event would not pass the financialization criteria of most of the existing literature. But I think that financialization should not be ruled out. In this chapter I advance the idea of peripheral financialization (Becker et al. 2010; Mattioli 2018; Mikuš 2021), also referred to as dependent financialization (Ban and Bohle 2019; Gabor 2013; Karas 2022), or subordinate financialization (Bonizzi, Kaltenbrunner, and Powell 2020), to describe the particularities of the increased power of financial institutions and practices at the margins of the global capitalist system. I argue that the institutional forms taken by finance in the periphery are dependent on and subordinated to the uneven relations between core and peripheral zones defining the global system. Shareholder value maximization, and agri-commodity derivatives and assetized farmland are market devices deployed by mediating subsidiaries of transnational corporations which link farmers to the global capital market and shape the dependent and subordinate form of financialization taken in the periphery of the global capitalist system.

The chapter is structured following the four themes I identified in the financialization literature: financialization of the state, shareholder value, financial markets, and devices, and financialization of everyday life. Using insights from my fieldwork in the Romanian village of Dragoș Vodă and with the local agribusiness community, as well as official statistical data, I will show the limitations of the Western-centered financialization literature when applied to a peripheral economy. The goal of this chapter is not to present exhaustive cases but to reframe the financialization literature to better account for the way in which this process unfolds in Romania and to show how relations of dependency and subordination structure the peripheral financialization of Romanian agriculture. The insights from this chapter will be further developed in the following chapters of the dissertation where I explore three of these financialization themes in depth.

Financialization of the state and by the state

At the hotel event, Gherghina, the 'government's budget father', remained seated at the conference table on the stage in front of the audience saying: "I won't move to the pulpit over there because I want us to be like a big family, the bankers, the farmers, and the ministry representatives, to have an honest talk about each other." Behind him, projected on a white canvas, slides with graphs start to appear, and he addresses the bankers saying that households increased their bank deposits, which shows that Romanians are saving money. But,

> Only 71% of the bank deposits are used to credit the economy, while 21% are used to buy sovereign bonds to finance the government budget deficit. You know that you have a limit on sovereign bonds exposure and slowly you will be unable to buy more. You need to do something and credit more the real economy.

His paternalistic tone seemed to offend the bankers in the room but raised an important issue. Earlier that year, the IMF and the World Bank released one of their joint assessment reports of Romania's financial sector (World Bank and IMF 2018). The report praised the commercial banks' significant drop of bad loans in their portfolios since the crisis and the diminished dependency on capital from their foreign parent banks. However, the same report pointed out that the increase share of sovereign bonds in their assets is becoming a vulnerability and that it "appears to have crowded out lending to the real sector to some extent" (2).

This move of the banking sector from financing the 'real economy' to buying sovereign bonds fits with the accumulation approach outlined by Krippner (2005), which, drawing from Arrighi's (1994) work, argued that non-financial companies accumulate more from financial assets held in their portfolios than from production and commercialization. Although she refers to non-financial companies, the banks' switch from financing production and trade to investments in securities can be seen also as a transformation in their accumulation mode (Gabor 2010). But, although this increasing interest in sovereign bonds signals a qualitative change, from "patient capital" to "impatient capital" (Crotty 2002, Gabor 2010), bonds are not quantitatively dominant in Romania's bank assets (as observed in the chart of figure 3).

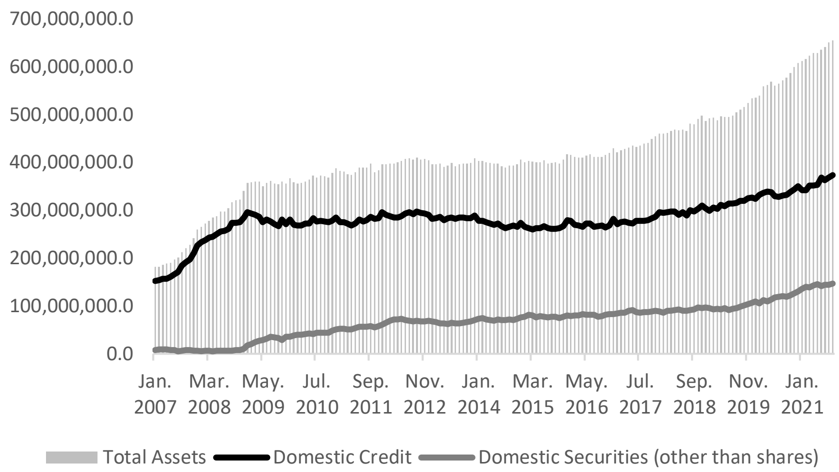


Figure 5 Structure of banks' assets in RON[10] (data source: BNR)

I think that more than revealing a new mode of accumulation for the banks, this reliance on tradable securities to finance budget deficits is an indicator of the *financialization of the state* (Fastenrath et al. 2016, Schwan et al 2020). Schwan et al. (2020) argue that the shift in public debt management from loans to securities is a strong indicator of the financialization of the state. Romania's postsocialist governments' reliance on sovereign

[10] RON is the international code for the Romanian Leu, the national local currency.

bonds has been steadily growing since the mid-1990s. From 20% in 1995 the share of sovereign bonds in the country's public debt structure went over 80% in 2019.[11] But this shift creates an asymmetry of power and a subordination of public governance to financial interests and logics: as governments become more dependent on banks and investors buying these bonds to finance budget deficits, and as the value of these bonds fluctuates on the market, governments are forced to conduct their policies to satisfy and attract financial investors, otherwise they become prone to attacks by the opposition parties and threatened to step down.

A few months after the IMF-World Bank report was released in 2018, the Partidul Social Democrat/Social Democracy Party (PSD) government issued an emergency decree that included a new fiscal measure called the 'tax on greed'.[12] The tax would come into effect if the interest rate set on the interbank money market[13] moves above 1,5%. The Minister of Finance said in the press conference announcing the new measure that one of the reasons behind this tax was that "banks prefer to buy sovereign bonds, which are low-risk investments, instead of financing the real economy."[14] As Ban and Bohle (2020) noted, the tax was part of a regional turn to "financial nationalism" and was meant to retain more from the banks' profits, but also to "force interest rates for critical electorates and firms affected by fast increasing interest rates below thresholds decided by the fiscal authority by law" (14). However, the tax, as these two authors remarks, was soon "watered-down" once the central bank, financial institutions, and credit rating agencies joined forces to ask for a modified version.

This financialization of the state could not have been possible without a *financialization by the state*. One important measure taken by the state in this direction relates

[11] https://ec.europa.eu/eurostat/web/main/data/database
[12] PSD is considered the heir of the Romanian Communist Party (PCR) and is officially a center-left party, although at different times in its postsocialist history it combined elements of both neoliberal and nationalist ideology.
[13] This is the market where banks lend each other money, and which is managed by the central bank.
[14] See the video recording of the press conference at https://www.youtube.com/watch?v=APok8x1JKvg

to the independence of the central bank from government intervention and the adoption of a monetary policy that targets low inflation, mainly based on the conviction that financial assets are negatively correlated to price inflation (Epstein 2001). Analyzing the period between 1990-2009, Daniela Gabor (2010) has shown how the postsocialist Romanian central bank became independent from the government and conducted monetary policy that favored financial interests. In an initial stage that lasted until 1997, under the conditional advice of the IMF, from which the Romanian hard currency-strapped government requested loans, the monetary policy of the central bank tightened, reducing the availability of credit in the economy to control and lower inflation. Coupled with the liberalization of prices, currency devaluations and a floating exchange rate, the drought of credit resulted in a switch to an impatient, short-term form of financing in the banking sector. According to Gabor, this policy was unable to control inflation, and ultimately its effects was an erosion of the value of households' savings and of enterprises' assets, which lead to a contraction of production and an increasing debt burden of the large-scale state-owned enterprises. The immediate consequence massive company restructuring causing growing unemployment.

It was at this point that a reversal of the de-peasantization trend set by socialist industrialization emerged, with many laid off industrial workers returning back to the village in order to practice of subsistence and semi-subsistence agriculture on their restituted land plots (Cartwright 2001; Verdery 2003). Small-scale agriculture was lucrative under the food shortages of the 1980s and became a safety net during 1990s (Stan 2000), when industrial food production shrank, incomes dropped, and the government lacked the foreign currency reserves needed to import food stuff. Nonetheless, semi-subsistence households' lack of credit availability and of other means to acquire expensive production inputs and machinery, maintained small-scale agriculture in a semi-subsistence mode, vulnerable to competition from cheaper imports.

According to Gabor, the central bank changed its policy between 1997 and 2007. During this second stage of central bank-led financialization, characterized by further restructuring and fire-sales of state-owned companies, including banks and state farms, major inflows of foreign capital (channeled through an increasingly foreign-owned banking sector) were making their way into the economy. To maintain a stable disinflation rate, the central bank aimed in this period to control both the credit availability and the exchange rate. The underlying idea was that, on the one hand, an appreciation of the local currency will lead to a reduced export competitiveness and an increase in demand for imports, which will create fiscal deficits and raise inflation; on the other hand, the excessive depreciation of the local currency will make imports' costs rise and also lead to inflation. According to Gabor, in this period the central bank engaged in currency interventions by buying low interest foreign currency denominated bonds while simultaneously selling high-yielding local government bonds, treasury bills, or taking deposits denominated in the local currency to offset the increased availability of money. However, this practice encouraged speculative behavior, or in financial parlance *arbitrage*, centered on short-term gains from the *spread*, that is the difference, between interest rates. The full capital account liberalization in 2005, promised by the Romanian government during the EU accession negotiations, opened the capital market to non-resident investors and their capital flows. The latter increased speculative behavior up until the 2008 financial crisis, when the stability of the local financial system was threatened by the sudden flight of capital.

The preference for speculative investments continued the credit shortage for productive purposes and had a major impact on small-scale semi-subsistence households. These households were squeezed out of the market by the arrival of foreign corporate supermarkets providing cheaper food, new sanitary regulations introduced by the state in compliance with EU laws (Fox 2010, Dorondel 2016), the shift in consumer preferences for

Western goods and lifestyles (Roman 2007), as well as labor shortages caused by rising migration rates (Horvath & Anghel 2009, Stan & Erne 2014). As smallholding households were unable to compete, they leased out their arable land, which became concentrated into medium and large-scale commercial farms.

When the global financial crisis evinced the vulnerabilities of this financial system dependent on foreign capital, the central bank switched its policy again (Gabor 2010). After the crisis, the foreign-owned banks were forced to reduce their dependency on foreign inflows and started relying more on deposits from local households and companies or injections from the central bank through *repurchase agreements* (repo) deals. But the central bank's repo financing, together with a new emphasis on government borrowing using sovereign bonds pushed by EU institutions, opened a new opportunity for banks to make profits. The development of the sovereign bonds market became a priority for the treasury in 2007. Based on advice from the IMF, World Bank and EU, the government sought to reduce its short-term loans and its foreign currency exposure, and increase its tradable debt denominated in local currency. The central bank helped this by providing loans to the foreign-owned banks through repo deals, which had lower interests than the yields of the sovereign bonds. This means banks can get a loan from the central bank, buy sovereign bonds, return the loan, pay the interest and cash in the difference between the interest rate of the repo loan and the yield of the sovereign bond.

The still existing opportunities for speculative gains continued to divert money from the ‘real sector’ and to have an impact on the financing of agriculture. Competition from foreign investors driving the post-crisis global land rush made the need for credit even more urgent, with even medium and large-scale farmers, as manifested in Baciu's vitriolic speech during the FGCR event, complain about high-interest rates, excessive bureaucracy, and lack of bank expertise in valuing their farm assets for collateral purposes.

The interest rates differentials which open up profit opportunities play a major role in determining investment behavior in a peripheral economy such as Romania's. According to Becker et al (2010) peripheral zones are dependent on capital inflows and thus their policies aim to attract foreign investors. The state, as shown above, is dependent on foreign capital inflows to finance budget deficit, stabilize the economy and manage inflation. Temporary guarantees for investors wanting to capture a high share of surplus and avoid assets depreciation are provided through a rigid exchange rate and high interest rates. The drawback is that it opens opportunities for speculation. The PSD government's 2018 “tax on greed” aimed at decoupling monetary policy from speculative flows and push commercial banks to credit the nonfinancial sector, including agriculture, which is one of the most under-credited economic sectors. But the “tax on greed” was abandoned after mounting pressure from what Ban and Bohle (2020) call the "resistance coalition" - the central bank, financial institutions, and credit rating agencies.[15]

Still, the reason behind the small percentage of credits in agriculture cannot be explained only by this peripheral financialization of the state and by the state. The father of the budget turned his attention next to the farmers.

Shareholder value

Turning to the farmers, the father of the government’s budget told them that “in order to be bankable you need to have a proper balance sheet”. Gherghina's remark was pointing out a

[15] One year later the new government formed by Partidul Național Liberal/National Liberal Party (PNL) appoints a former banker, who, rumors say, he was directly involved in the local currency speculative attack of 2008. PNL, together with the now defunct Partidul Democratic Liberal/Liberal Democracy Party (PDL), which was eventually absorbed by PNL in 2014 after the break away of a minority faction, have been the main center-right political forces in postsocialist Romania. However, as with PSD, different ideologies overlap at different times in this party’s politics, including nationalism and conservatism. After the 2020 elections the former banker becomes prime minister in a center-right coalition government, which included Uniunea Salvați România/Save Romania Union (USR) formed in 2016, the party that filled the empty center-right spot left by absorption of the majority of PDL into PNL in 2014.

structural problem of the postsocialist Romanian economy, namely the large share of companies with negative capitalization.

In the central bank's 2016 December stability report (BNR 2016), Gherghina's colleagues noticed that in the past two decades the debt of companies registered in Romania rose significantly, from 20% in 1994 to 62% in 2015, becoming apparently the most indebted companies in the EU. At the same time, the report argues that the equity value of these companies decreased from 75% in 1994 to 16,5% in 2015 and in many cases the value of their equity dropped to less than 50% of the capital stock, a rate considered illegal since 1990, but nonetheless never enforced. Business owners, the report argues, prefer to take out dividends and lend their companies when they need cash, rather than increase the capital stock of their companies through retained earnings or by transforming debt into stock. The main reason to act this way is tax avoidance for the company ends up reporting a lower profit and accordingly pay a lower income tax. But also because in case of bankruptcy creditors have priority in recovering their money. The report's authors consider that this behavior leads to a misallocation of capital in the economy, business stagnation, and distorts the signals needed to conduct monetary policy.

As it stands, the business environment in Romania poses a conundrum regarding the financialization literature dealing with the *shareholder value* theme. This literature mostly takes the firm as the unit of analysis and emphasizes the weight of financial activities in the firm's governance and profit-making activities. Fligstein (2001) says that

> The key idea in the shareholder value conception of the firm is that the only legitimate purpose of firms is to maximize shareholder value […] The main indicator of whether or not management teams are maximizing shareholder value is the share price of the firm on the stock market. (148)

For corporate managers with a shareholder value conception of the firm

> The basic impetus to action is guided by the immediate profit prospects of any given set of assets. All actions are undertaken to promote short-term financial gain and the basic tactics include mergers, divestitures, stock repurchases, and the judicious use of

> debt and equity. The finance perspective views the firm as not wedded to a certain industry or product line. Instead, the finance conception of control values assets as to their immediate profitability. One implication of this finance conception of control is the attempt to hold assets in different industries in order to smooth out the effects of business cycles on profits. (Fligstein and Markowitz 1993, 192)

Fligstein and Markowitz were outlining what Krippner (2005) proved empirically a decade later, that US corporations are changing their main sources of income, switching from production and commerce to rent, interest, and dividends.

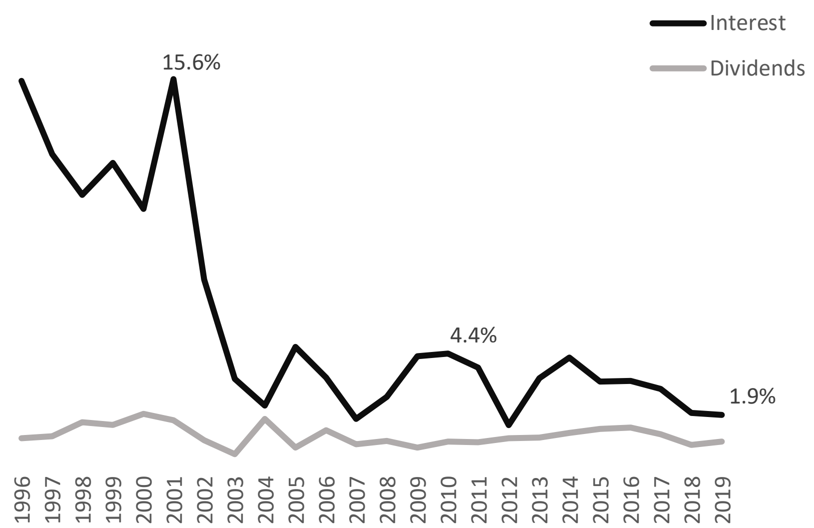


Figure 6 The share (%) of interest and dividends in gross operating surplus of Romanian non-financial companies (data source: Eurostat)

Because the exchange of shares determines the price of stock and, by extension, the value of the firm, one major assumption in the shareholder value literature appears to be the existence of well-developed national capital markets, especially an organized Exchange, where shareholders buy and sell the shares and bonds of listed companies.

But although some financial capital pouring into the agricultural sector after the crisis has been channeled through Exchange listed agribusinesses (Clapp and Isakson 2018b; Clapp 2019; Fairbairn 2020; Kuns, Visser, and Wästfelt 2016), taking for granted the stock Exchange existence poses a problem when exploring the shareholder value theme in Romania. This problem is related to the negative or low capitalization of Romanian companies, which forecloses any idea of listing them on an Exchange, where capitalization requirements are high and financial statements standards are strict. Even without being listed on an Exchange, the absence of reliable balance sheets makes it difficult to understand financialization as the switch of the entire business sector from accumulation by means of profits from production and commerce to accumulation from interest rates, dividends, and rents. Measuring the two ratios proposed by Krippner (2005) - the ratio of non-financial firm’s portfolio income to cash flow and the ratio of financial firm's profit to non-financial firm's profit and cash flow – would lead to unreliable results. Nonetheless, if measured, the data from the national accounts shows that income from interest and dividends (no data available for income from rents) represents a relatively insignificant share of Romanian non-financial companies’ gross operating surplus and since 1995 this share is on a decreasing path, rather than increasing (see figure 4).

Another problem in using the shareholder value theme to understand financialization in Romania is interlinked with the unproper balance sheets issue outlined by Gerghina and has to do with the predominance of SMEs[16] in the postsocialist economy. Besides the fiscal tricks performed by entrepreneurs, most companies in Romania are notwithstanding small and not well capitalized. In the period 2009-2018 out of the average of 453.000 registered companies, excluding agriculture, 99% were SME – generating 55%-58% of the total turnover[17]. Many of these SMEs emerged after the implementation of privatization and restructuring policies targeting both state owned vertically integrated companies, as well as already existing SMEs (World Bank 1992). Equally important for the pervasiveness of SMEs in postsocialist Romania was the international support offered for this kind of enterprises, legitimized by the

[16] According to the EU, companies are divided into Micro, Small, Medium, and Large based on the number of employees and turnover:

Type	**Employees**	**Turnover** (million euro)
Micro	< 10	< 2
Small	< 50	< 10
Medium	< 250	< 50
Large	> 250	> 50

[17] https://ec.europa.eu/eurostat/web/main/data/database

neoliberal belief that SMEs are better in generating growth, innovating, and creating jobs (Bateman 2000, Dannreuther & Perren 2013, Rainnie 1985, 1989). However, SMEs do not have a corporate governance structure and most of the time the owner is acting also as administrator, unaccountable to other shareholders, if any exist.

Finally, the Romanian Stock Exchange/Bursa de Valori București (BVB) has a low capitalization and it is rather illiquid because of the large number of SMEs in the economy that do not meet the requirements for listing and the Exchange's categorization as "frontier" or "emerging" market by agencies providing analytics, market indices and data. In 2018 there were 83 companies listed on BVB's main market and 280 on the alternative market, where capitalization requirements are lower in order to get some SMEs listed. The companies listed on the Exchange, however, represent less than 0,01% of the Romanian registered companies.

Large corporations that can be listed on BVB are not absent from the Romanian economy and, despite their small number, their share in the total turnover is of 40%. Some of the domestic owned corporations and a few of those that have the state as shareholder are listed on BVB. However, most of the companies that could be listed are foreign-owned subsidiaries of global corporations, unlisted on the local Exchange. They do not use the Exchange because these subsidiaries rely on credit from the parent companies, which have access to cheaper capital on global capital markets. As Nölke and Vliegenthart (2009) point out:

> TNCs prefer to hierarchically control social subsidiaries from their headquarters as an alternative mode of finance and governance rather than to accept financing by international capital markets and outsider control by dispersed shareholders (…), or to accept financing by domestic bank lending as well as retained earnings and insider control by networks of concentrated shareholders. (677)

The presence of corporate subsidiaries and their importance in the economy points to what Bonizzi et al. (2020) call a "structural subordination in global production", which mediates the relations of peripheral economies to global financial markets. In the agricultural sector, like in the whole economy, this presence of subsidiaries of multinational corporations and the local farms' dependency on them defines financialization.

Postsocialist Farms

After Ghergina ended his presentation, one financier from the audience stood up to argue that in what concerns the farm sector the situation is not even about not having a *proper* balance sheet, but of not having a balance sheet *at all*. Many farms indeed operate as sole proprietorships and are not required to use double-entry accounting, nor to submit financial statements to the fiscal authority on an annual basis. Moreover, farms registered as sole proprietorships with a turnover under 100.000 euro do not pay taxes on their real income. Instead, taxes are paid based on the annual regional average income obtained from a hectare of land. Finding out the cash flow of these farms in the absence of financial statements is quixotic, not to mention the search for income distributed to shareholders. The number of sole proprietorship and SMEs in agriculture is striking and shows the scale of the absent or unbankable balance sheets. Between 2005-2016 there were around 500.000 farms registered as sole proprietorships, generating a total revenue of 5 billion euro, and only 23.570 registered companies with an average turnover of 2,6 billion euro[18]. As in the general economy, most of the registered farms in agriculture are SMEs. In 2016 there were only 9 large farms incorporated in vertically integrated agribusiness, accounting for one third of the 3,4-billion-euro revenue of the registered agricultural businesses that year[19].

While the unbankable balance sheets of the local companies are the result of tax avoidance and deficient bankruptcy law, the complete absence of farms' balance sheets is a result of how land restitution unfolded, and these farms came into existence.

[18] https://ec.europa.eu/eurostat/web/main/data/database
[19] https://ec.europa.eu/eurostat/web/main/data/database
https://mfinante.gov.ro/persoane-juridice/informatii-fiscale-si-bilanturi

During socialism, agricultural land was managed by collective farms, state farms and private households. Theoretically, collective farms were formed by voluntary adhesion, and the decisions made by the farm management were done in a democratic, consensual, consultative manner, for land was still de jure owned by the members that joined the collective. Nevertheless, accounts of the collectivization period and of the way in which collective farms actually functioned show that smallholders were forced to join collective farms (Kligman and Verdery 2011) and that decisions were made by the management in accordance with the centralized production plans (Kideckel 1975).

Formed over a period of 13 years, between 1949 and 1962, from only approximately 2% of the country's agricultural area in 1948, collective farms ended up managing by 1989 around 70% of the agricultural land (OECD 2000). The collective farm in the village of Dragoș Vodă had 6.000 ha of agricultural land in 1989 and had different subunits: cereal crops, vegetable crops, dairy, sheep, and pig farms.

State farms managed land surface also grew during socialism, but less than that of the collectives. State farms mostly grew the arable land share in their total managed surface, from around 7% in 1948 to 20% in 1989 (OECD 2000). The state farms' new land surface, unlike that of the collective farms, was composed of agricultural land acquired mostly, but not exclusively, from land use changes[20] and from expropriated pre-socialist estates. The state farm in Dragoș Vodă had 11.000 hectares of land. Besides the cereal crops farm, it also had a beef cattle farm, a dairy farm, and a sheep farm.

Those who lost control over the biggest land surface during socialism were private households, whose land share dropped from almost 90% in 1948 to approximately 8% in 1989. Most of these remaining households had land in the mountainous areas, where the terrain made it harder to pursue collectivization and establish centralized control over the land

[20] The biggest project was that of building levees along the Danube River, thus transforming around 400 thousand hectares of floodplain into arable land.

resources. Other private households had small parcels of land given from the collective farms' fund, around 10% in total, to collective farms members.

The first postsocialist government, a combination of predominantly former party members, anti-communist activists, military officers and secret police agents – the post-communists[21] as Verdery (2003) calls them, tried to keep intact the large collective and state farms. Nevertheless, aware of the villagers' wish to regain ownership over their collectivized land and the electoral support they can gain by answering this request, the government proceeded to a distribution of up to 0,5 hectares per household, taken from the collective farm, for personal use.

One of the main reasons the first government was holding tight to the socialist management forms, was the fear of a drop in agricultural output because restitution would be resulting in an excessive fragmentation of agricultural land in small, de-capitalized, de-mechanized, aged, and semi-subsistence-oriented households. Coupled with the general financial difficulties of the country, a drop in agricultural output meant that the government would face an imminent food crisis because of the incapacity to meet the demand of the urban population, either through domestic production or imports. Moreover, there was the fear voiced by president Iliescu that because of the financial vulnerability of the new smallholders, the pre-communist agrarian structure based on large agricultural estates and landless workers would be recreated (Cartwright 2001).

[21] The first government was led by a coalition called Frontul Salvării Naționale - National Salvation Front (FSN), which split in 1992 into, on one side, the Frontul Democratic al Salvării Naționale - National Democratic Salvation Front (FDSN), led by former president Ion Iliescu, and rebranded the Partidul Social Democrației Românești -Social Democracy Party of Romania (PSDR) in 1993, and again in 2001 as PSD. They won the 1992 parliamentary elections and Ion Iliescu won a new term as president. On the other side, the FSN, which was rebranded as Partidul Democrat -Democratic Party (PD) also in 1993 and was led by former Prime Minister Petre Roman. In 2000 PD merged with a breakaway faction of PNL and formed PDL.

But pressure from the former collective members, who in some cases spontaneously occupied collective farm land and seized their assets, the opposition parties, the neoliberals[22], as Verdery (2003) called them, and international institutions, pushed the government to introduce a more ambitious decollectivization reform, which was legislated by law 18/1991.

Land restitution proceeded with returning land used by socialist collective farms, 70% of country's agricultural land, to individuals who joined the collective in the 1950s-1960s, most of the time forcefully (Kligman and Verdery 2011), or to their heirs. Popescu, who worked as a truck driver in the state farm, and Ionescu, a state farm agronomist, formed an agricultural association by pooling the land of their extended families and adjoining landowners. Their association managed at the beginning 180 hectares. It was common in the Bărăgan Plain, where Dragoș Vodă is located, for individual holders to join an association, since they lacked capital and machinery, but also because the land they received back was small, on average 3 hectares, and the restitution law put a cap of 10 hectares restituted per household. However, at a national level, most of the smallholding households remained independent. Households and associations were registered as agricultural producers at the townhall the *registru agricol* (agricultural register) but were not registered as companies in the national centralized *registru comerțului* (commercial registry). Thus, neither households nor associations were required to keep financial records.

Many commentators believe though that the law was from the start biased in favor of the post-communists' preference for large scale farms. The 10 hectare cap of restituted land per family provision in the law, as well as the 100 ha per family cap in regards to the amount one can own after acquisitions, and the 10 year moratorium on landed property established for

[22] The opposition parties were the so-called historical parties: PNL and Partidul Național Țărănesc Creștin Democrat - National Christian Democratic Peasant's Party (PNȚCD). Together with other smaller parties they formed the alliance called Convenția Democrată Română - Democratic Convention of Romania (CDR). After the 1996 parliamentary elections PNL, PNȚCD and PD formed a governmental majority and PNȚCD's Emil Constantinescu won the presidency.

the first time, is believed to have hindered the immediate emergence of commercial farms, while the postponement of the creation of the state agency responsible for mediating land deals, as stipulated in the law, hindered the formation of a land market (Verdery 2003).

The second stage of the reform dealt with the privatization of the state farms, which was legislated in 2000 after the post-communists won again both parliamentary and presidential elections. This was done though at the pressure of the institutional lenders and after the 4 years of neoliberal government. The privatization of state farms was very slow, but in the end, it saw the transfer of another 10% of the agricultural land in private ownership.

The postponement of the privatization of state farms for a decade, which was mainly justified by the need to sustain agricultural output, was seen as a sign of the post-communists communist legacy, but both Cartwright (2001) and Verdery (2003) argued that a less overt and equally plausible motive for the preference and concessions given towards large farms was also the lobby of the agrarian elite. According to Verdery this postponement of the privatization of state farms had the purpose to allow the powerful agrarian interest group at the head of the state farms to accumulate sufficient capital to buy out state assets once these were privatized.

In 2000 when the state farms privatization was decreed, Popescu and Ionescu rented 300 hectares of land previously managed by the local state farm. Ionescu recalls the farm's executive manager calling all the staff to tell them that “the land is leaving” and that they should find another job. The manager suggested to the staff that they should rent land from the private owners. He asked each of the staff members if they want to rent some of the land or if they want to buy the assets of the state farm together with him, the financial and general managers. Ionescu thought it would be better to add more land to the association.

After only 2 years Popescu and Ionescu began to disagree and split. Ionescu then decided to register his farm as a sole proprietorship and rented 350 hectares out of the 480.

Popescu kept the remaining 130 hectares in the association. But by 2007 Popescu and his son Leonard wanted to access funds for young farmers through EU's Common Agricultural Policy (CAP), made available by the country's accession to the EU. To apply for the funds, they had to transform the association into a sole proprietorship entity under Leonard's name and make rent contracts for the land they used and was in the property of the members of the association. EU development funds played a great role in pushing farms to get registered. Equally important was the growth of crop exports and the concentration of theses exports in a handful of transnational commodity trading companies which required invoices from the farmers.

The absence of proper or any balance sheets makes it hard for investors to measure farms' financial indicators. Drawing from Scott's (1998) notion of legibility, I call this situation *partial* and *total financial illegibility*. Scott used the notion of legibility to refer to the practices and devices used by states to render complex relations between humans and their environment into a simplified abstract reality that can be easily appropriated, controlled, and transformed from a distance. The accounts book has been one such device, rendering the financial activity of a business entity legible to the taxing state authorities, but also to investors.

Financial illegibility makes agribusinesses not only ineligible to stock Exchange listing, but also unabankable, making farmers dependent on transnational commodity trading companies and production inputs distributors for trade credit or, when totally illegible, to *samsari* (a pejorative term used to describe local petty traders) (see Varga 2017b). Cash-strapped farmers receive production inputs from these companies before planting in return for their equivalent value in crops or cash after the harvest. When not in a trade credit arrangement, which creates a power asymmetry, these foreign corporate branches are nonetheless flush with cash and offer fast payments, as oppose to local traders and input suppliers who are dependent on hard-to-get bank credit and might delay or never pay the delivered crops. But when totally illegible farmers are forced to rely on samsari who provide nothing but promises in advance.

It is in this context that FGCR emerged in 1994 as a way of reducing banks' exposure to the risk of crediting the partially illegible, undercapitalized agricultural sector. Using state and EU money, the fund guarantees that partially illegible farmers will repay their loans by promising to repay a large share of the loan itself in case the farmers are unable to do so. With the increased acquisitions of arable land by foreign investors, threatened by the possible loss of the arable land they use as tenants, many local farmers have become dependent on bank credit for land acquisitions. While the EU developments funds and trading companies have pushed farms to register and keep some form of accounting, FGCR has played an increased role in facilitating the bank crediting of the farmers wanting to buy land, easing the introduction of local farms into the financial circuits of foreign owned banks through which the local farms are linked to global capital markets.

The illegible Romanian agribusinesses makes it not only harder for the bank credit system to operate but also for scholars to understand financialization in terms of shareholders value. To understand the financialization of the Romanian economy, it is important to focus on an aspect characteristic of peripheral zones of global capitalism: the dependency relation between local companies and transnational corporate subsidiaries, many of which are part of holdings which issue corporate bonds and have their shares listed on foreign stock Exchanges.

Financial markets and devices

Conspicuously missing from the FGCR conference were the institutional investors, asset managers, brokers or market operators that usually make the headlines of financial news. Since the start of Romania's venture into free market capitalism at the beginning of the 1990s, the creation of capital markets was an integral part of the mechanism of privatization of state assets. As Tulbure (2013) has argued:

> Capital markets, epitomizing the capitalist financial markets, were meant to facilitate the privatization of state assets, the valuation of the new capitalist businesses, and the flow of investment capital to and from the region. (116)

State farms, agricultural mechanization stations, grain silos, and mills, like most of the state-owned companies, were made ready for privatization by transforming them into joint-stock companies. Shares of the state-owned enterprises were distributed between five regional (quasi-) private ownership funds (Earle & Sapatoru 1995), later transformed in closed-end mutual funds, which received 30% of the shares, and a state ownership fund that managed the rest of the 70% shares and was supposed to further distribute these shares in the next seven years. A mass privatization scheme in 1992-1993 gave every adult citizen certificates of ownership which they could use to redeem from the 30% pool of shares, either of former state-owned companies through one of the private ownership funds, or of the private ownership funds, or sale them to other citizens who wished to do so (Earle & Sapatoru 1992).

It was followed by a second mass privatization scheme in 1995-1996 which distributed vouchers to every adult citizen. The companies that were not privatized until then were divided in two groups, with the first group allowing 49% and the second 60% of shares to be claimed by holders of vouchers. As opposed to the first mass privatization scheme though, vouchers could not be traded before using them to redeem shares (Earle & Telegdy 1998). In the case of the state farms, those who were entitled to land under the farm's management received initially through restitution shares in the company and only after 1997 a new law allowed them to transform the shares in land that they could pull out from the management of the state farm. After 2000 the state farms were listed for privatization.

In 1995 and 1996 two stock Exchanges were opened where company shares, as well as state and corporate bonds could be traded. The first, the Bucharest Stock Exchange (BVB), was dedicated to large companies, whereas the second, RASDAQ, designed together with the United States Agency for International Development (USAID) on the model of the US NASDAQ, was the market where SMEs got listed (USAID 1998).

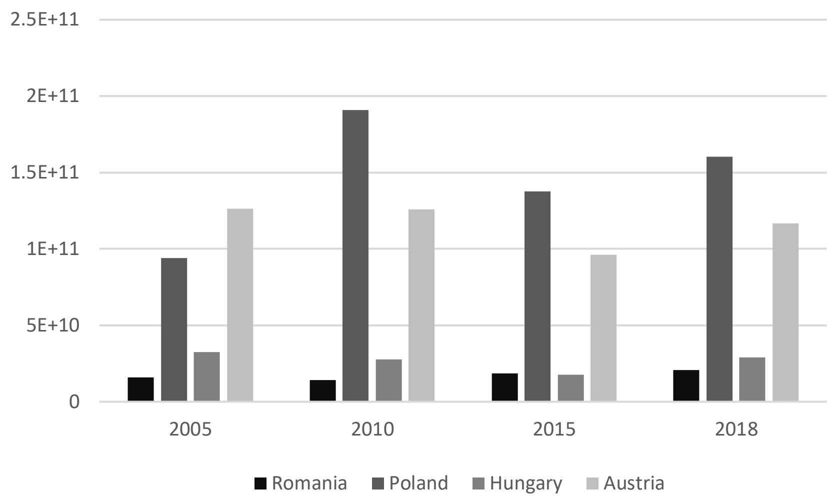
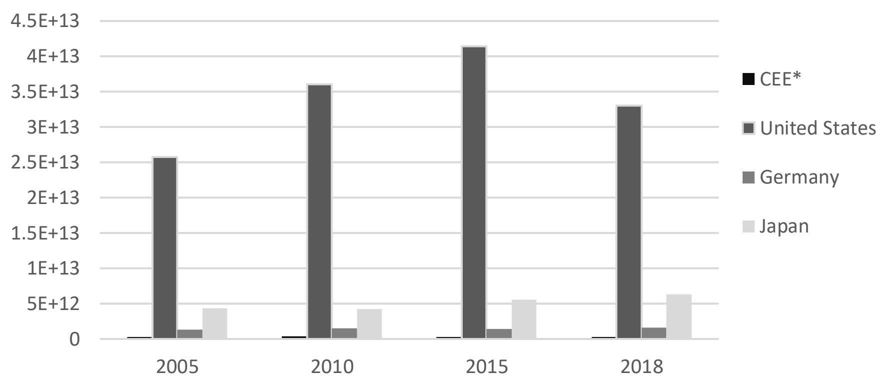


Figure 7 Market capitalization of listed domestic companies on local Exchanges in current US Dollars (data source: World Bank)

However, in Romania many of those who were entitled to shares could not use their certificates and vouchers, whereas for those who did manage to get shares it was impractical to trade them because of high commissions and fees, absent information, or inability to enter into contact with authorized intermediaries (Tulbure 2013, 140). Moreover, many of the companies were never listed on the stock Exchange as the staff opted for the management-employee buyout (MEBO) privatization scheme. This was the way in which Dragoș Vodă's state farm was privatized, bought by three of its directors in the early 2000s. According to Earle and Telegdy (1998), who studied a database of 4803 companies, after the 1995-1996 mass privatization only 18,7% of state-owned companies assets were transferred to citizens through this method. Surprising or not, a 2021 study of OECD found out that "[b]y the end of 2020, 72.17% of BVB's share capital was in the hands of Romanian institutional investors, 5.25% was owned by foreign institutional investors and 19.96% by Romanian private individuals" (OECD 2021). Basically, the proportion of the stock held by citizens barely changed, although the number of those holding these assets fell.

The slight change can be attributed to two other developments in the capital industry. First, at the same time as the mass privatization was unfolding, the number of open-end mutual funds was growing. Despite the drawbacks suffered from the spectacular collapse of the Caritas pyramid scheme in 1994 (Verdery 1995) and of the two largest mutual funds, FNI and FNA, in 2000 (Tulbure 2008), which still loom large on citizens' decision to invest in funds, the number of mutual funds has risen since then from 27 in 2001 to 78 in 2018, while their assets' value from 49 billion to 22 billion RON (ASF 2018a; CNVM 2002). Likewise, the number of persons investing in them rose from 47.000 to 283.000. Second, the 2008 reform of the pension system led to the creation of a three-pillar pension scheme. The 1st pillar was the state managed pension, the 2nd was a mandatory private pension, to which a share of the mandatory contributions was distributed, and the 3rd the optional private pension. The most important is the mandatory private pension which counts 7 million participants in 2018 and assets worth 47,58 billion RON, most of them consisting in Exchange traded securities, with a high percentage of sovereign bonds (ASF 2018b).



*CEE is the aggregate value of Romania, Poland, Hungary and Austria

Figure 8 Market capitalization of listed domestic companies on local Exchanges in current US Dollars (data source: World Bank)

But besides the poor distribution of shares, Tulbure (2013, 140) also noticed that:

> in spite of the habitual image of the stock exchange as a sphere of financial liquidity premised on the incessant circulation of securities, in Romania, many of the segments of the market were virtually immobile.

Although capitalization of BVB has risen since the 1990s, it remains one of the smallest and least liquid in the region, not to mention in comparison with the US, UK, or Japanese markets. In 2005 BVB absorbed the almost inactive RASDAQ (CNVM 2005) and rebranded it in 2015 as AeRO. Companies listed on RASDAQ that were either non-compliant with the Exchange regulations or did not meet capital requirements were delisted, whereas the remaining ones were transferred to AeRO or reorganized and transferred to BVB’s main market.

Despite state efforts to improve the situation by changing regulations, listing state owned companies, adopting the mass privatization program and creating the mandatory 2nd pillar private pension (World Bank 2005; World Bank and IMF 2018), BVB was declared only in 2020 a secondary emergent market by FTSE Russell, a UK-based provider of market indices, financial data and analytics. For its global equity indices, FTSE Russell has developed a system of classifying countries in four categories according to the quality of its equity markets: developed, advanced emerging, secondary emerging and frontier. But BVB remains a frontier market for MSCI, the US competitor of FTSE, who uses only three categories: developed, emerging and frontier. It might seem petty or trivial but these classifications matter because they are market devices which frame investment decisions for global investors searching for better yields. Liquidity is especially important because it "is a pseudonym and reification of the *social relations* that allow *individual* agents to construct the *collective enterprise* that is a market" (LiPuma 2017, 124).

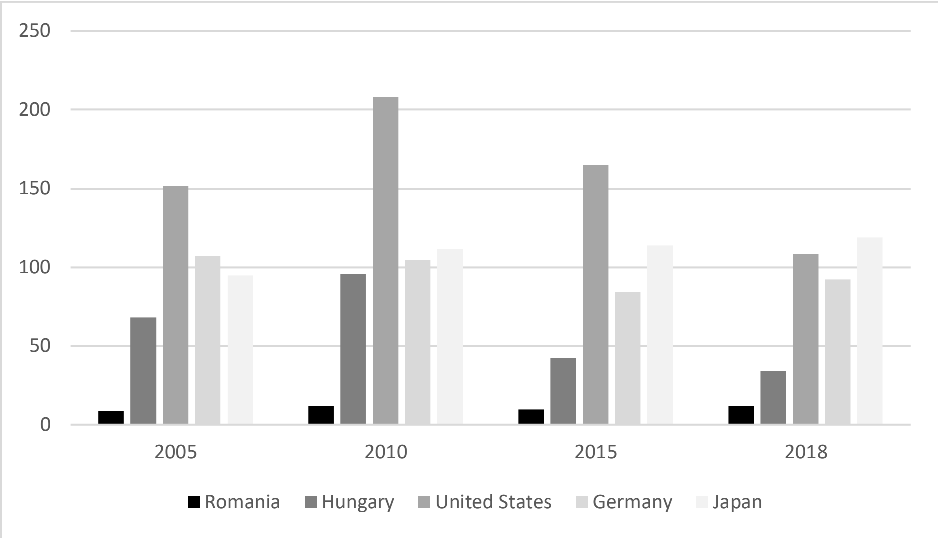


Figure 9 Turnover ratio of domestic shares (%) (data source: World Bank)

Some financialization authors have pointed out the role of capital markets in regulating, besides the corporate companies' behavior through shareholder value maximization discussed in the previous section, the macroeconomic trajectory of nation states as well as households' practices, in what Froud et al (2002) call coupon pool capitalism and Boyer (2000) calls finance-led growth regime. The role played by capital markets in regulating the macroeconomic trajectory of Romania can be seen in the monetary policy of the central bank, which was discussed in detail above, but also in the closely related growing share of tradeable securities in the financing of the state's budget deficit. However, the low market capitalization of BVB and its low liquidity calls into question the extent to which the capital market can influence companies' corporate strategies and households' practices. Romania's financial system has been described as a bank-based one, rather than a market-based system (Cernat 2006). This distinction between financial systems was first made by Gerschenkron (1962) in his inquiry of economic development in industrial Europe, where he compared the German financial system, which he considered the epitome of European continental banking, and the British one. In the latter, commercial short-term banking was separated from the investment finance centered in the London Stock Exchange, whereas in

Germany and other continental European countries the model of a universal bank providing both short-term loans and long-term investment capital dominated the financial system.

But this distinction between the market-based and bank-based financial systems has been contested as banks have turned to more market-based financial intermediation practices since the 1990s (Hardie et.al 2013). I have mentioned earlier in the chapter how in Romania the monetary policies of the central bank led to a switch in the banking sector from patient to impatient capital using sovereign bonds and treasury certificates to speculate interest and exchange rates. On top of that, the banking sector is also involved in managing the assets of mutual funds and pensions funds, as well as in issuing corporate bonds, and act as intermediaries on the stock Exchange. Yet, in Romania market-based practices do not represent a large share in the banks' profits.

In recent decades a great deal of sociological and anthropological research focused on the black box of market devices and practices that constitute financial markets. This work explored the socio-technical constitution of the popular but esoteric financial instruments known as derivatives (Millo 2007, Lepinay 2011), the performativity of theoretical models constructed by economics (Mackezie 2006), as well as that of technological devices (Muniesa 2007, Zaloom 2004), and the trading strategy of arbitraging (Beunza, Hardie, and MacKenzie 2006; Miyazaki 2013). The sometimes "exaggerated fascination" (Konings 2020) with which these authors have approached the socio-technical minutiae of finance has left the full critical potential of their theoretical and methodological innovations unexplored. Maybe this has something to do with the fact that many of these authors are themselves insiders of the finance industry. Riles (2010) points out that this literature's ubiquitous way of following Callon's (1998) economic sociology infused with actor-network-theory, and seeing the market as a network of agents, practices, devices, theories, and calculative models, has drawn attention away from the non-financial aspects laying at the margins of the financial industry. Following the tedious back-office work of legal experts in a Japanese derivative trading room, riles (2010) argues that despite their complete lack of knowledge regarding finance they play an important role in managing documentation for collateral, encoding an uneven, temporally determinate, political relationality.

Thin capital markets coupled with the predominance of financially illegible farms result in a reduced number of companies from the agricultural sector listed on the BVB, and even in the case of those few that are listed the stock is barely traded. This requires a look away from the finance industry, at how the socio-technical aspects of finance spill over into other realms. As mentioned in the previous section the subordination of local companies to foreign corporate subsidiaries mediates the interaction between farms and global financial markets. Agricultural derivatives play an important role in this context.

Commodity Exchanges, where agricultural derivatives are being traded, have been promoted in Romania by international advisors as a way of making the formation of crop prices transparent and price information easily available. This promotion came in the context of the liberalization of the grain market, which took away the mechanisms the state had of fixing prices and left farmers exposed to a rather novel situation of price movements that they could not completely understand. But often the function of risk management of the price volatility these Exchanges are supposed to facilitate is overlooked in public debates. This means that these discourses promoting commodity Exchanges do not mention the involvement of financial institutions in these markets, namely that the latter through buying and selling derivatives, such as future contracts, take on the price volatility risk that farmers, crop processors, and traders want to hedge, and provide liquidity to these markets.

Analyzing the historical development of index-based derivatives in relation to the financial regulatory field, Millo (2007) shows that a network of at times competing and at times co-operating regulators, traders, and market operators "transformed the cultural, political and practical aspects of commodities trading into qualities that were assigned" (210) to this financial instrument. Drawing on this approach I followed in chapter 4 the network of people, businesses, international and national institutions, that failed to transform the cultural, political, and practical aspects of grain trading into a financial product tradable on an Exchange.

There are many reasons why despite the various attempts to establish an agricultural commodities Exchange since the 1990s none was successful. It must do both with the size of local market, in terms of the potential traded value, and the small quantities that many of the mid-sized farmers and smallholders could trade. But it also has to do with the lack of local financial capital that could take the price volatility risk and the frontier status of the local capital market which holds back more risk-averse global investors.

This explains why in the Romanian agribusiness community, discussions about the role of institutional investors in pushing up crop in 2007-2008 were almost inexistent. Whereas in the US Congress an investigation about derivatives' impact on the wheat market was conducted in 2009 (Baines 2017) and the EU established in 2012 a consultative expert group on agricultural commodity derivatives[23], the majority of Romanian farmers and agribusiness managers knew little to nothing about the derivatives.

However, what I noticed is that farmers are still linked to the financial institutions trading derivatives on the Exchanges of Chicago or Paris. The latter list the prices of the derivates whose trading they manage, which become reference points, what Çalışkan (2010) calls *prosthetic prices*, in the local over-the-counter forward trades. The latter are secured, not through a clearing house[24], but through a promissory note issued by the bank where the farmer has his account opened and if traders end of up having to redeem this promissory note,

[23] https://ec.europa.eu/info/food-farming-fisheries/plants-and-plant-products/plant-products/cereals/agricultural-commodity-expert-group_en
[24] For an explanation of what a clearing house is see https://www.investopedia.com/terms/c/clearinghouse.asp

but there is no money in the account, farmers are listed into a bad debtors register administered by the BNR. This status of bad debtor cuts them off from further access to credit. Since the land rush and their increased dependency on loans from bank to buy land, not honoring forward contracts comes with a risk they are not willing to take.

What this shows is that in the periphery financialization takes different forms from the ones in the core. Although attempts to replicate the institutions and practices found in the core fails, financialization does not stop, but is adapted to the local institutional infrastructure to such an extent that following the directions suggested by the Western-centered financialization literature, one can completely dismiss the unfolding of this process in the periphery.

Everyday life financialization

As Gherghina mentioned early on in his presentation, bank deposits made by domestic residents are growing, showing that there an increased saving rate especially amongst households and individuals. Can this be an indicator of the financialization of everyday life? While there is an increase of term deposits with maturities longer than 1 year, most of the increase in households' deposits is in overnight/demand deposits. Overnight deposits, as opposed to term deposits, do not yield interest, and they might show an increased use of current/checking accounts by households, instead of a propensity to save. This hypothesis makes a lot of sense considering that the number of debit cards in circulation constantly increased since 2008, and debit cards are always attached to a current account. It begs the question: how do these accounts constitute savings, and not just the local variant of the move towards a cashless society (Maurer and Musaraj 2019; Rona-Tas and Guseva 2012; Sen, Lindquist, and Kolling 2020)? And can the move towards cashlessness be subsumed to financialization?

Gherghina also leaves out from his presentation the information that shows that more than two thirds of the deposits are of a very small value (BNR 2018). These small value deposits might be an indication of the preponderant use of these deposits as current accounts rather than proper savings. But, more importantly, it points towards a steep inequality in terms of who makes deposits. Out of the total deposits value, 71% is owned by only 5 % of depositors, while a small percentage of 0,35% of depositors have deposits above 100 000 euro, representing 26% of the total deposit value. There is also a high regional concentration of deposits, with 30% of the total value made by people who reside in the Bucharest metropolitan area, the most urbanized area in the country (BNR 2018). Whereas the rise in overnight deposits shows a may or may not show a move towards a cashless society subordinated to the more general process of financialization, this concentration of resources and the fast-growing share of term deposits between 2007-2013 are a sign of the growing inequalities in Romania.

Does this increase in bank deposits show a class structured financialization of everyday life? Researching everyday life financialization in UK and US, Langley (2008) argued for a differentiation between savings and investments, considering only the latter as a manifestation of financialization. The two “constitute specific spaces of calculability, and their calculations of risks are made up in quite different ways”. On one hand, savings are based on prudent decisions guided by the avoidance of risk to reap future rewards. On the other hand, investments rely on the entwinement of risk and reward, taking risk is necessary to gain a reward. A similar view is shared by Eturk et al (2005) who studied the growing share of financial assets in household’s wealth. However, there is a very low diversity in Romanians’ households' portfolio of financial assets - bank deposits mostly, and only a small percentage of participations in open-end mutual funds. Financial assets represent only a small share of households' wealth, most of it being in real assets. BNR (2018) suggests that this is a consequence of poverty and financial illiteracy.

For many authors, though, not investment but debt relations are the prime manifestation of financialization in daily life. Kalb (2020) has argued that

> Every life-course and social biography, everywhere on the globe, is willy-nilly infested with and structured by moments of financialized extraction on behalf of the owners of money capital, via public or private relations of indebtedness, or some combination. (2)

In Romania, at the same time as deposits increased since 2007, consumption and mortgage credits were at an all-time high and continued rising since, despite new central bank-imposed ceilings to no more than 40% in RON and 20% in Euro of the income. Banks preferred in the past decade to credit households because they got higher yields, double than from crediting companies. But also because of the companies' inadequate balance sheets, their soft budgetary constraints and delayed payments, or the banks' staff lack of expertise (BNR 2019, 10). Notwithstanding, the share of household debt in the GDP is very low compared to the Euro Zone average because Romanian households are significantly less wealthy. But besides being less wealthy, the burden of their debt is higher. The share of debt in Romanian household' wealth is similar to the Euro Zone average, although the value of the latter's households debt is 60% higher (Lazea 2017).

Debt takes many forms in Romania, ranging from public debt, which indirectly affects households through budget cuts in key sectors for social reproduction, the formalized credit advanced by authorized financial institutions directly to households and individuals, and hire purchase agreements for durable goods, to the less formal credit advanced by loan sharks or the non-interest bearing one provided by local shopkeepers, kin, friends or neighbors (Chelcea 2002; Lățea 2009). However, as in other societies around the world (Karim 2011; James 2015), personal and household debt is not something people speak about openly in Romania, even less so in the countryside.

One day during fieldwork I overheard Maria, my main interlocutor in the field, mentioning on the phone the name of a famous European sub-prime lending financial institution, known to provide loans with little guarantees, but high interest rates and sometimes partially disclosed fees. After the conversation ended, I asked if she took a loan from them. Maria told me she took one and never managed to completely repay it. Sometimes she still gets calls from the debt collection agency. This time on the phone though she was explaining to her *nașă* (wedding sponsor) the procedure of applying for a loan. Nașa called to ask this information for a neighbor of hers who works abroad and wishes to take a loan to refurbish her house but is afraid to do it as she does not fully understand the risks. Rather than being afraid of the obligations implied by being a debtor and the risk of defaulting, as her nașă's neighbor was, Maria seemed more ashamed of having to recur to loans and avoided to talk about it. The two of them represent the main perspectives on debt in the Romanian rural areas: risk-aversion and shame.

It is not surprising that debt, like savings, is highly unequal. Data from the households budget survey conducted by the National Institute of Statistics (INS 2018) shows that in 2018 the top 10% earning households both borrowed and saved more money than the bottom 10% households, of which 82,2% of the households are rural and 57% smallholding peasants' and pensioners' households. Risk-aversion and shame contribute to this low level of financial intermediation in the countryside.

Several authors have argued that the widespread practices of lending households in foreign currency, making the local banks intermediaries between households and their parent banks, is a manifestation of everyday life financialization in a peripheral context (Gabor 2011; Mikuš and Rodik 2021) and much of the financialization research in Eastern Europe focused on this aspect (Mikuš 2021). Lazarus and Luzzi (2015) have argued instead that there is a to relativize what is meant by everyday life finance. They point out that often scholars make a distinction regarding peripheral countries between bankarization, the access of more households to banking and financial services, and financialization, the risk-oriented investment practices. Nevertheless, they argue, in peripheral countries bankarization is financialization. Following them, one could interpret the move towards a cashless society, which I highlighted above, as part of a process of bankarization, which in the periphery is equal to financialization.

I think that the current perspectives on the manifestations of everyday life financialization in the periphery provide great insights and reveal the unevenness of global capitalism. But I argue that rural households in the Romanian village of Dragoș Vodă have been financialization in a different manner because both foreign currency denominate mortgage debt and cashlessness play a very limited role. Instead, I show that these rural households incorporate financialization in a process of changing what they consider to be of value. The land rush driven by institutional investors had as its consequence the financialization of a real asset such as land and rural smallholding households play an important role in this process as they are the ones from whom land has to be bought. Smallholders in Dragoș Vodă, which are unable to work the land, because of the lack of capital and labor force, decide to partially sell their land and invest the money in their houses, to improve the housing conditions, which represents a token of their social prestige.

The INS (2018) survey somewhat captures this land sell-off, showing that while the top 10% invest more of their monthly income, the bottom 10% tend to sell more of their household assets. What this points out is that high-income households can invest, make bank deposits, buy durable goods, etc., while low-income households have to sell household assets such as land to be able to consume, in this case to be able to buy construct indoor bathrooms and buy modern appliances. As Graeber (2001) argues, tokens of value are ends in themselves, things of value desired because of the believe that they are sources of value. In rural Romania, indoor bathrooms and modern appliance are useful, but more than that they are material wealth which endows their owner with social prestige.

I am not suggesting that this is the only or the most important manifestation of everyday life financialization in the periphery, nor that this is the way in which all rural households have been incorporated into the global circuits of capital. Instead, I have tried to argue that financialization at the margins of global capitalism is not institutionalized and practiced like in the core zones.

Conclusion

In this chapter I tried to reveal the limits of the themes discussed by the financialization literature grounded in Western cases. I identified 4 themes in this multidisciplinary field of research: financialization of and by the state, shareholder value, financial markets and devices, and everyday life financialization.

The first theme I discuss is the financialization of the state and by the state. Research has shown that since the 1970s the globalization of neoliberal capital has led to a set of roll-back policies which aimed at deconstructing the welfare regimes institutionalized after WWII. As a result, services provided by the state, like pensions, education, health, and housing, have been privatized and made available on liberalized markets where different private commercial entities compete to provide these social services. But even though these services have been taken off the government budgets, most governments still experience deficits. Scholars have shown that public debt has become increasingly marketized, with states covering deficits by issuing tradeable sovereign bonds, subordinating decision-making to investors' "sentiment". This roll-out neoliberalism can be seen in the political independence of central banks and subsumption to private investors' interest. What characterizes financialization in the periphery is the dependency on capital flows, which are attracted by monetary policies maintaining high interest rates and overvalued exchange rates. The consequence of these policies is the opening of profit-making opportunities which divert investment long-term investments from the "real economy" into short-term speculative gains.

The second theme of the financialization literature that I explored is the shareholder value literature. In this body of work research focuses on the transformations financialization triggers in the management of corporations. Scholars writing on shareholder value have inquired the rise of power of shareholders, thanks to legislation that created big pension funds, and the pressure they put on corporate management to increase the market price of the companies' shares and how this pressure makes managers oriented towards buying financial assets rather than investing in production units. However, this literature assumes the existence of a well-functioning stock Exchange. I showed than in Romania most companies are SMEs, which lack corporate governance. Most of the time the owner of the company is also the administrator and the sole shareholder, accountable only to himself. Besides that, these SME are not properly capitalized. In fact, many of these companies have negative capitalization. As BNR shows, this has to do with deficiency in legislation and law enforcement, which create tax avoidance opportunities.

In the farming sector, besides negative capitalization, most of the farms are either not registered as commercial entities or choose a form of registration that reduces their tax burden. This however makes them financial illegible and hinders their access to credit. I argued that in the periphery of global capitalism the access to global capital markets is intermediated through the local subsidiaries of transnational corporations which receive capital from their parent companies who source it cheaper on global markets. Farmers are dependent on transnational production inputs providers and grain traders to start planting each year and to market their crops. They receive from them in kind commercial credit from these companies, which consists in giving farmers inputs at the start of the season in return for a share of their harvested crops.

As I will show more in detail in chapter 3, this situation is changing because of the global land rush, which is forcing local farmers to buy land, for which they require credit. The EU and the state play an important role in using financial means to constrain these farms to become more legible.

Another theme that has been generating a burgeoning literature is that of financial market and devices. This literature delves into the techno-political intricacies of financial markets and devices to reveal the deeply social dimension of these rather obscure and opaque realities. I have shown that the local infrastructure of these markets and devices does not follow the institutional blueprint of the Western models, despite numerous attempts to create commodity and stock Exchanges and derivative instruments. But by following these attempts one can glance through the interstices of these institutional failures the peripheral forms of these financial markets and devices. In the 4th chapter of this thesis, I explore the attempts to create commodity Exchange and agricultural commodity derivatives following the models of the Western market experts and reveal that the failure of these projects did lead to an absence of derivatives, but to their embeddedness in the local grain market to such an extent that they are not even recognized as derivatives.

The last theme in the financialization literature that I explored was that of the financialization of everyday life. This literature reveals the ways in which financialization is creating new subjectivities. Households and individuals incorporate financial reasoning in their everyday actions. They invest in financial assets directly or their pensions are pooled in large investment funds which do this for them. Financialization also creates indebted subjects from which surplus value is extracted. Although these manifestations of everyday financialization can be observed in the periphery, I show that financialization for smallholding households in rural Romania takes less overt financial forms and at the same time is more insidious, as financialization becomes entangled in process of value change.

In this chapter I tried to show that financialization should be seen as a set of nested hierarchical relations between the core and periphery of the global capitalist system, within the periphery itself, the nation-state, regions and households, relations which sometimes appears complementary and other times they seem contradictory.

Chapter 2. Shifting values

Introduction

It took me more than five months to find a place to stay in the Bărăgan Plain and start researching the effects of post-2007 global land rush. In one of my search missions in February 2017 I met Maria at the light orange painted town hall in the village of Dragoș Vodă. Maria has been working in the civil registry department since the 1990s and was known in the village as a sort of 'fixer'. This is why as soon as I started asking questions about someone who could host me, people immediately directed me to her. She said she cannot host me but she will try to find a place for me. For two months we talked over the phone. Each week I would call for news and she would ask me to call again in a few days. Feeling pressured to start fieldwork and losing my patience I started to believe she might have changed her mind, did not want to help me anymore, and felt uneasy to confess. I was thinking her strategy was to postpone me until I eventually give up and stop calling.

I would soon find out that one of the reasons why it was so hard to find a host was related to a repertoire of objects that define how good or bad one's housing *conditions* are. As Maria told me one week later over dinner, "there is a lot of poverty in Bărăgan and it is hard to find a place in good conditions". I discovered that these good housing conditions almost inevitably involve a bathroom with a water closet, shower, and maybe bathtub, gas stove, fridge, freezer, laundry machine and TV among others, objects that have been largely absent from rural households until two decades ago. Good housing conditions, their absence or presence, as well as their quality and quantity, seems to be what separates the village into social classes. Owners whose houses were not in good conditions were reluctant to rent a room to people who might look down on them and treat them as *țărani* (peasants), rather than seeing them as *domni* (gentry).

Since the 2007 financial crisis and the beginning of the global land rush smallholding peasants have received renewed attention in the social sciences (Visser et al. 2019; see also Narotzky 2016). On the one hand, they have become the subjects of land dispossessions, as institutional investors seeking to diversify their portfolios and sovereign wealth funds desiring to ensure national food security in the context of increasing food prices have been engaged in large scale land acquisitions, extending the environmentally and socially unsustainable global neoliberal agri-food system dominated by transnational corporations that control the entire value chain from farm to fork (McMichael 2013). On the other hand, peasants have been at the center of a countermovement to this neoliberal agri-food regime, a movement spearheaded by Via Campesina, "a global alliance of peasant and family farms from organizations", which is advancing the idea that peasants and small farms practicing agroecology are a solution to both rising economic inequalities and environmental change. The flagship of the movement has been the notion of *food sovereignty*, "the right of nations and peoples to control their own food systems, including their own markets, production modes, food cultures and environments" (Wittman, Desmarais, and Wiebe 2010).

This renewal of interest in peasants is of relevance in the Romanian context because as of to date Romania is the EU country with the largest number of smallholding peasant households. According to the official statistics there were more than 3 million in 2016[25]. Nonetheless, their number has been in continuous decline since the 1990s, when land which was forcefully collectivized by the socialist regime after WWII has been restituted to their owners or their heirs. After decollectivization, smallholders believed and were encouraged by politicians to believe that they could become farmers and could use their land to make profits from selling agricultural products. However, most of them lacked the capital to acquire machinery, chemicals, and seed, so they relied on techniques which required extensive use of

[25] https://ec.europa.eu/eurostat/web/main/data/database

labor. These households were, as Aistara (2018) noticed in the case of post-Soviet Latvian smallholders, “organic by default” because of their lack of resources.

Figure 10 Smallholder and day workers hoeing corn on allotment

But gradually, the state’s lack of support and the liberalization of markets made these farms unprofitable. Still, smallholding peasants refused to sell their land. Verdery (2003) has argued that the reason why smallholders refused to sell their land for the most part of the 1990s has to do with the non-economic values that land had. Land also had social value, representing one's belongingness, social prestige, economic autonomy, and mastery over others. To own land meant being better and more powerful than those who did not. However, as Verdery points out, belongingness, autonomy, prestige and mastery over others were tied to the owners' possibility to effectively utilize the land, which the lack of capital and labor resources made impossible. By the end of the 1990s many of those who were not already retired gave up their land, taking their chances at a better life in the nearby cities or abroad.

Faced with these predicaments, smallholders started renting their land to local farmers who were concentrating these small properties into medium sized and large farms and, as foreign investors interested in acquiring land appeared and pushed prices upwards, also began selling their land. For smallholders, Verdery argues, land was becoming an abstraction, an asset having only economic value. She says that for smallholders unable to compete in a liberalized food market, land lost its use-value, becoming an abstraction that did not conjure the cluster of non-economic values that were attached to it, untying them from their relation with land and setting them free - free of landed property and free to sell their labor power. The post-crisis land rush driven by financial investors has intensified and accelerated this process.

Much of the existing literature has referred to the post crisis land acquisitions by foreign financial investors as "land-grabbing", a process of capitalist "accumulation by dispossession", which increases social inequalities and environmental disruptions (Edelman, Oya, and Borras 2016; Fairbairn 2014; White et al. 2012). However, smallholders in Dragoș Vodă do not sell all the land they own. I show that they distinguish between three categories of land: the garden, the *ținte* (allotments), and the field. The latter constitutes the bulk of their property and this is the land they are selling. At the same time, they continue to use their gardens and allotments for self-consumption. But this is not explained by adherence to the Via Campesina countermovement. Even though the local member organization, Ecoruralis, has been promoting the principles of food sovereignty and raising awareness about land grabbing (Velicu and Ogrezeanu 2022), their impact has been limited (Hajdu and Mamonova 2020). Neither can their use of land for self-consumption be explained by the argument promoted by some scholars that the tenets of the food sovereignty notion are implicit in the everyday practices of smallholders in Eastern Europe, thus outlining a "quiet food sovereignty" (Aistara 2018, Visser et al. 2015).

My perspective here is different. I argue that the rise of arable land prices in Romania caused by the global land rush has been an opportunity for many of the smallholding peasants in the village of Dragoș Vodă to sell their land and improve their housing conditions. Rather than a dispossession, this financialized global land rush and aspects of food sovereignty are incorporated in and enabled by a process in which what smallholding peasants consider to be of value is changing. Houses as opposed to land become token valuables which define the inter-households class relations, not by differentiating between classes of peasants, but by creating and separating a gentry from the peasants. Likewise, the land which still remains in their possession is not anymore a means of subsistence, but the means towards producing organic and "traditional" products which are not a token of their belongingness to the peasant social class, but another way of distinguishing themselves as gentry.

In this chapter I look at these changes in the Bărăgan countryside through the lens of Graeber's (2001) anthropological theory of value. Graeber (2001,47) defines value as "the way people represent the importance of their actions to themselves." He argues that values in the sociological sense of what people desire and consider good or proper, as well as in the economic sense of how much something is desired, and in the linguistic sense of meaningful difference, "are refractions of the same thing" (78). They appear different because of the specific materiality of the tokens in which they are embodied. Nonetheless, for Graeber all tokens of value have three qualities. They are *measures of value*, marking the difference between the haves and have nots, or the difference between ranks in the system of value, or different proportions of value; the basis of this measurement is the amount of abstract "creative energies" spent in realizing them. Tokens of value are also *media of value*, that is concrete, material things in which value is realized and which make value exchangeable and visible. But, most importantly, these tokens are not seen as tools with which value is measured or which helps with the circulation of value, but *ends in themselves,* "as the embodiment of value in themselves" or "even, in classic fetishistic fashion, as the origin of those very values" (76).

So how did smallholding peasants in the Bărăgan Plain come to desire houses in good conditions and organic products instead of land?[26]

The chapter is organized as follows. In the following section I expose how housing conditions have come to be the most important value and how the discourse on housing conditions related to a peasant way of living has evolved throughout the last century, being tied to a condition of backwardness that contemporary country folk would like to shake off. In the next section I discuss land as a token of value, how and why it became a value in the first place, and how landed property has evolved, leading to a phase of contemporary devaluation which translates into land sales. The third section discusses how smaller plots of land have acquired a new value for the smallholders, in relation to popular tropes characteristic of the urban middle-classes of 'organic eating' and 'healthy living'. Finally, in conclusion, I come back to the central argument and show how these interconnected and changing processes of valuation are important in order to understand the peripheral character of financialization in Romanian agriculture.

Good conditions

I was surprised when Maria called in after two months of unsuccessful attempts of finding a house to rent and told me she found something and I can come to Dragoș Vodă. Yet, when I arrived at the mayor's office to meet the owners of the house they were not there. They changed their mind. But, as I was there, the vice-mayor, Paul, joined Maria in finding me a host that day. Paul made several calls and eventually managed to find three possible options

[26] I am not implying that all the proceeds from selling land are exclusively used to invest in housing conditions, nor that land is their only source of money to refurbish houses. Neither am I saying that all smallholding peasants in Romania have sold their land or that production for self-consumption is valued everywhere in the country as in Dragoș Vodă. For example, (Varga 2017a) observes that smallholding farmers in northern Romania not only survive despite the lack of credit but also manage to invest in growth. Kuns (2017) observed a similar dynamic in southern Ukraine.

for me: being hosted by a woman who works abroad and lives in the village only during summer; staying with one of Paul's aunts in the nearby village of Socoale; or, staying in a workers' house of the former state farm. By the end of the day it seemed that the house in the nearby village was most likely the place where I would stay during fieldwork. Paul described it as being the only one "in good conditions". On my way back to Bucharest though, Maria called and told me that she convinced her father, a grumpy old man in his late 80s, to host me. She insisted I stay with him because his house is "in really good conditions."

What was all the fuss about conditions?

Figure 11 Maria's indoor bathroom

A house in good conditions is a house that usually has a bathroom with a sink, a water closet, shower or/and bathtub. These objects are recent additions to rural houses, which more commonly employed a pit latrine outhouse in the second half of the 20th century, and washed through ladling using water pitchers and multipurpose wooden and later plastic tubs. Not only these new objects replaced the latter, but in the case of the latrine it was moved from the outhouse, located as far as possible from the house in a corner of the backyard, "*în fundul curții*", into a dedicated room inside the house, the bathroom. Besides the sanitation set, which is at the core of good housing conditions, a kitchen equipped with a sink, gas stove, fridge and freezer, were also part of the good conditions objects repertoire, as well as other appliances such as laundry machine and at least one TV set. More recently sheet metal with a tile effect for roofing has been added to the list.

The lack of these objects is seen as evidence of poverty and backwardness. Sanitation and, in general, poor hygiene has been, at least since the late 19th century (Bărbulescu 2018), a field of political and administrative intervention aiming to modernize rural inhabitants. Up until the mid-20th century, as Barbulescu notes, the majority population in the rural areas did not have a specially designated place for human waste disposal. Medical reports of the 19th and 20th century describe rural inhabitants defecating randomly in their backyards and leaving their waste for animals to eat or rain to wash away into the ground. Cholera and typhoid epidemics led to a development of the medical discourse and institutions, such as the sanitary police (Cotoi 2020), and regulations imposing the construction of pit latrines in outhouses were established in 1888 (Șuta et al. 2009). However, 50 years later a state-led sanitation campaign initiated in 1938 found that many rural houses lack pit latrines and those that had one were inadequate (Ilustrațiunea Română 1939). It was around that time that the pit latrines constructed by the state started to become a frequently encountered human waste disposal mechanism in the rural areas, although these were rarely used (Golopenția 2015; Mușat 2019). Nowadays the ubiquitous pit latrine is the sign of backwardness and the indoor bathroom the sign of modernization, as this first sentence of an article from the national daily *Adevărul* perfectly captures it

> Almost 1/3 of Romanian dwellings have their WC outdoors, which places us on a shameful last place in Europe in terms of modern toilets. (Bolocan 2018)

Besides a field of administrative intervention, the backward peasant sanitation has also been reason for derision, especially in postsocialist everyday life and popular media. One such example is the TV show of the 2000s *Leana and Costel*, a successful sitcom about the everyday life of a peasant family from southern Romania, which aired an episode called *The ghost of the WC* that used ridicule to address the lack of bathrooms in the countryside, but also to underscore the peasants' desire for them and the length to which they are willing to go to have them. The episode starts with Leana trying to move the outhouse from the backyard on to the porch of their house and yelling at Costel for help. Puzzled by her action he asks why is she doing this and she says "it's too far from the house, every day I have to make such a long trip, in the past 20 years I managed to get there in time only thrice". Costel joins her, and, as they struggle to move the outhouse, their neighbor pops-up to use the toilet, which he has been using secretly for a while, and hearing what they plan he suggests an even better idea: to move it inside the house like the people in the city have it. Once they move it inside a ghost wrapped in toilet paper starts haunting them, chasing them around the house until they eventually fall inside the new pit latrine. Outside the house their neighbor and another peasant from the village talk with a feeling of admiration and jealousy about how they now defecate inside the house, the latter surprised that they could afford an indoor bathroom.

Postsocialist peasant households slowly started building bathrooms, not because they were forced by policy – there is no such policy, but because they desired them, as these bathrooms indicate their emancipation. In 2004, only 12% of rural households had an indoor water closet and 17% had a shower or bath, while in 2020 55% of rural households had an indoor water closet and 56% a shower or bath.[27] What these bathrooms offer is not only modern housing conditions, but also tokens of value through which households can

[27] http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table

differentiate from backward peasants households.

Figure 12 Maria's kitchen

Since the social, political and cultural issue of peasant backwardness is not a recent development, housing conditions also did not become something which smallholding peasants desired all of a sudden after socialism. They were in fact for sure a token of value also prior, during and after socialism, as shown by multiple studies, historical and contemporary. Pătru (1938) for example identified three types of houses in the southern model village of Dioști in 1938, each corresponding to the wealth of the household inhabiting it. The poorest villagers lived in underground hovel houses covered with corn stalks and reeds. The better off lived in brick houses, which are "better and more practical – more beautiful, etc." (218-219) and if not covered with a tin metal sheet would bring shame upon the owner. Richer villagers built brick houses with more rooms, with "more beautiful interiors and more decorations" (219). In-between the hovel and brick houses were the daub and wattle houses, built and inhabited by "the villager who wants to escape the hovel house but cannot afford to build a brick house" (219), but which 'from all points of view, do not meet the requirements of a good house'

(219). On this scale of housing conditions the "ideal of each villager from Dioști is to have a brick house, as big and as beautiful as possible" (220).

In socialism too, housing conditions were an important token of value. Kideckel (1993, 16) who studied a Transylvanian village during socialism argues that "the number of rooms in the house and their decorative style depend on the affluence of the household". Beck (1975), studying another Transylvanian village at the same time, says that "primary investments are made in the construction of new homes which equal and even surpass urban houses in size and cost. Furniture is bought to fill the two or three extra rooms, used only for special company or at weddings and funerals. Large television sets and radios are purchased". Kideckel (1993) discusses how the desire to differentiate from others "encouraged speculation in the second economy and accumulation of scarce commodities" (188). He says that in the village he studied "jerry-rigged central heating, multimedia house facades (paint, plaster, mirror, brick, tin), marble foyers, and tiled bathrooms were all highly desired" (188). Housing conditions were a form of value which villagers desired, more so when it was impossible to accumulate more land.

Although since the end of the 19th century until nowadays peasants were also presented in a romantic fashion, something to be glorified as the source of Romanian authentic, true, pure and immutable culture (Hedeștean and Mihăilescu 2006), and folk architecture was idealized to the point of becoming the main mode of representation of this culture (Mușat 2019), during fieldwork I observed that in Dragoș Vodă the image of the backward peasant prevails. People must have thought then that I, an highly educated urban dweller, am expecting a house in good conditions, but more than that, I think they themselves expected to be recognized as people enjoying these conditions, that they are not peasants who lack good manners and live in poverty. This, I think, explains why it was so difficult to find accommodation.

Interestingly, this seems to be a recurrent experience of anthropologists doing research in Romania, as Gail Kligman (1988) experienced the same during her fieldwork in the late 1970s in the northern Romanian region of Maramureș. She reports her host repeatedly saying during the first week of her stay "we don't have 'conditions' for *domni* (the urban intelligentsia, in her parlance)" (20). Her host admitted a reluctance to receive an urban American women who would most certainly expect more privacy than the her guest room connecting the kitchen and the bedroom could offer, more attention than she could give her and more than "a bed with straw mattress, an oil-burning lamp, an outhouse and water heated on a wood-burning stove" (20).

In the discussion of Kligman, it is noteworthy the association between housing and class notions. The honorific domn, derived from the Latin *dominus*, was used to designate the ruler of the medieval provinces of Moldova and Wallachia, the precursors of the modern Romanian state, but also God and Jesus Christ, the divine rulers. For this reason *domn* could be, depending on the context, translated as lord, sir, or mister, but in this case *domni* refers to the gentry. Good housing conditions seem to be tokens of value whose possession transform peasants into the gentry.

What made this identification with the gentry possible was the related development of suburban postsocialist housing. As (Fehérváry (2011) observes for postsocialist Hungary, in a reversal of housing values during socialism, the detached family house with a garden became the ideal of an emerging middle-class which was trying to define itself in relation to an idealized version of the Western model and in opposition with the socialist living conditions in apartment blocks. As these houses were built in peri-urban villages, middle class households distinguished themselves from the older rural inhabitants through aesthetics and most importly through the transformation of gardens from spaces of self-provisioning to spaces of leisure. For villagers to transform their houses into the middle class ideal model it was necessary to adopt their aesthetics but also to modernize their housing conditions.

From the perspective of what Graeber (2001) calls the sociological sense of value, the good housing conditions' value consist in the power they have to enable peasants to display a gentry-like life-style, thus acquiring this prestigious status in their village. Hence, what made peasants refer to Kligman as *domni*, and drives them today to improve the conditions of their houses, is not the economic value of their material wealth, of the WC, bathtubs and laundry machines they place in their indoor bathroom, but the belief that this is how the gentry lives in the city and the desire to be recognized themselves as part of the gentry. This is how Mihăilescu (2011; 2014) and Moisa (2020) have interpreted the transformation and construction of postsocialist houses in rural Romania, precisely as a materialization of success, a sign of social recognition and emancipation.

But housing conditions are also tokens of value which measure in an economic sense the amount of prestige held by households. In the non-market based intra-household relations in the village of Dragoș Vodă, what Graeber calls creative energies, the importance of households' actions, take the form of prestige, which is the basis of comparison between households and their classification into gentry or peasants. Prestige is materialy realized and displayed through housing conditions, which as tokens of value are not only measures of value and media of value, but also ends in themselves, fetishes considered the sources of prestige.

Moreover, in the context of economic and political uncertainties, unclear land property regime and declining profitability of agriculture, the increasingly private and foreign owned banks were only willing to accept houses as collateral for loans. One farmer told me in an interview that he was afraid to take a credit in the early 2000s because he did not want to lose his house in case of a crop failure and have the bank take it and sell it for less than it is worth.

If anything, the bank's willingness to take houses as collateral was a confirmation that houses are valuable, although not as valuable as for their owners.

But what are the actions represented by prestige and embodied in the housing conditions? The postsocialist "pride houses" that Mihăilescu (2011, 2014) and Moisa (2011) refer to emerge as an outcome of the international work migration boom that flooded Romanian villages with remittances money. The source of the value inscribed in these houses is the wage received in exchange for their labor power. However, in Dragoș Vodă emigration abroad plays a less significant role. Although international work migration grew together with the general trend seen in postsocialist Romania it was not a defining characteristic of working life in the village. Maria and her father never worked abroad, nor did they work outside the village. An important reason for this low emigration abroad is the relative proximity to Bucharest. Many villagers migrated to Bucharest already during the socialist regime, while others continue to commute daily or weekly for work to the capital city, the biggest growth pole in the country (Cristea et al. 2017). Instead, what makes it possible for them to improve the conditions of their houses is the increased market price of their land since the financialized global land rush, which enables them to sell their land and acquire the conditions.

Land

It did not cross my mind at the beginning of fieldwork that houses are more valuable than land for most villagers in Dragoș Vodă. Throughout Romania's entire modern history, the social structure was organized hierarchically based on who had land and access to it. Land, as opposed to the houses, were seen as tokens of value. Kligman and Verdery (2011) state that prior to socialism what mattered most for villagers in their definition of their social self was the possession of means of production: animals, tools, people and land. Land, amongst these, was probably the most important valuable. It was no different for villagers in Dragoș Vodă.

One afternoon I was having lunch at Maria's with her father and her neighbor Ana and we were talking about Ana's father, who refuses to give her and her siblings land. She vehemently accused him of not deserving the land and raised her voice saying that the only reason why he has the land in the first place is because he married her mom. Maria's father intervened saying that he remembers the scandal created by their marriage, because her mother was from a more wealthy family and her parents did not want to let her marry a poor peasant. At that time, he said, "*se căta avere*"[4], they were trying to marry into wealth and wealth was land[5]. For Maria's father things were simpler. Her future wife had a 10 hectare dowry adjoining his 10 hectares and it only made sense to get married and consolidate the land.

The reason why persons and households were socially ranked according to the amount of land owned is because land enabled one to "control one's own labor process and not have to work for others" (Verdery and Kligman 2011, 93; cf. Kideckel 1993). Land gave the owner a sense of autonomy. But more than that, depending on the size of land owned, a villager could become mayor, control the cross-generational reproduction of the extended household, and also manage and dispose of persons endowed with less land. This situation made "The struggle to obtain land (…) a constant of peasant life" (Kligman and Verdery 2011, 92).

What explains the value land had for Romanians and its devaluation in the present? The social power land gave their owners can be traced back to the mid 19th century. The successive land reforms which transformed the peasantry are important, as their legacy is still visible in the contemporary processes, and they had an influence in how Romania evolved as a periphery. When the two provinces that constituted Romania, Wallachia and Moldova, unified and adopted a Western inspired bourgeois-liberal institutional system in the mid-19th century, private property was instituted for the first time. Land under ecclesiastic control was seized by the state, while landowners were partially expropriated. An agrarian reform distributed this land to peasants, freeing them technically from corvee labor (*clacă*) and tithe (*dijmă*) due to the landowning boyars or monasteries, as well as from the requirement to not leave their estates without permission. At that time 3,5 million people lived in rural areas on these estates, 80% of the total population. Around 37% of this population consisted of free peasants (*moșneni, răzeși, megiesi*) who always had collective control over the land they used and now owned privately, but still collectively (Axenciuc 1992)

Year	**Total**	**Urban**	**Rural**
1860	100	17,2	82,8
1899	100	18,8	81,2
1906	100	18,7	81,3
1912	100	18,4	81,6
1915	100	17,8	82,2
1920	100	22,2	77,8
1930	100	20,2	79,8
1939	100	18,2	81,8
1942	100	24,2	75,8
1948	100	23,4	76,6

Table 1 Rural and urban share of total population in Romania, 1860-1948 (data source: Axenciuc 1992)

The 1864 land reform endowed 63% of the rural households with 1,9 million hectares. But the way in which land was distributed contributed to a differentiation of the peasantry. According to the law, land would be given to households proportionally with the means of production at their disposal, mainly the number of oxen. Those without any oxen would receive a house plot and garden. Besides this, the abolition of slavery freed the Roma slave population. While the Roma who were tied to estate lands as slaves working the land received plots distributed through the reform, those who were specialized nomadic craftsmen received none. The emerging differences created the opportunity for peasants with more land to control the labor of others and become what Marx (1887) called *small masters*.

It is important for understanding the process of peripheralization to know that for the majority of the peasants this proffered emancipation was in reality not an emancipation at all. As Dobrogeanu-Gherea (1910) showed, they received the worst land, exclusively arable land (without access to pasture which was necessary for feeding the cattle or to the forest needed for fire wood and construction material), the size of land received was not sufficient in most cases for their subsistence, while the corvee labor and the tithe were transformed in money obligations due for another 15 years. Moreover, land was inalienable for 15 years, tying the owners to the land as they were tied to the landowners' estate before. On top of that small peasant property was also under the pressure of a demographic boom which because of inheritance gradually fragmented properties in smaller and smaller plots.

Facing these onerous conditions, many of them were forced to return to the relation of dependence on the landowner, who rented them land in exchange for labor and a share of crops – and these obligations became more burdensome as the local commercial farmers and traders were responding to the growing demand of the world market. Tenants (*arendașii*) became a social class wedged between landowners and peasants. Around 50-70% of the large estates were rented to these tenants, who did not change the relations of production, instead, as the incarnation of the capitalist farmer, the tenant intensified the exploitation of the peasants. According to Dobrogeanu-Gherea (1910), the land reform created a hybrid system, one in which the social relations appeared in form to be capitalist, but were substantially still based on serfdom, the labor-process was only formally subsumed to capital accumulation. Dobrogeanu-Gherea called this regime *neoserfdom*. It is around this time that peasants started to be seen by the expanding corpus of physicians trained in modern medicine as unhealthy, living in squalor, suffering from malnutrition, illiterate and decadent and were constructed as a subject of state intervention.

After WWI Romania enlarged its territory, incorporating Transylvania, Bukovina and Bessarabia. The percentage of rural population was almost insignificantly reduced. And, after two major peasant revolts in 1888 and 1907, and the Bolshevik Revolution in 1917, fearing a socialist revolution, the government decided to advance a new land reform (Mitrany 1930).

Out of those who asked for land only 63% received any (Axenciuc 1992). Nevertheless, the massive expropriation of large landowners reduced considerably their share of land which led to the gradual disappearance of capitalist tenants and the modernization of the large estates, while the number and share of the smallholding peasant households and medium sized farms increased (Garoflid and Cornățeanu 1938). The tendency was again one of differentiation. The average size of middle farms increased while the average size of smallholding peasant households decreased.

The degree of social differentiation engendered by this second reform can be seen from the data of the 1941 census on how the land was worked and owned (Axenciuc 1992). Around 1 million households were self-sufficient in terms of labor, meaning that only the family members worked the land. Out of these, 28% did not own enough land and had to rent supplementary land. Another 900 thousands households did not have sufficient land to put all the family members to work, while 320 thousands middle sized farms employed extra workers because the family labor was insufficient, and 25 thousands enterprises employed exclusively non-family members. This data shows that besides the modernization of large farms, which employed agricultural workers, a large number of middle sized farms were utilizing the surplus labor power generated by the insufficient or total absence of land of peasant households. It is in this context of a century of deepening social inequalities that land became so valuable for rural inhabitants and represented the autonomy and prestige which defined their class position.

As Gherea (1910) argued at the turn of the 19th century, echoing one of Graeber's qualities of tokens of value, land was for the peasant "a fixed idea, not a work instrument to satisfy his physical and mental needs: no, land becomes an end in itself, a religious entity, a fetish".

However, land started to devalue for peasants following the Stalinist model of socialist collectivisation after WWII. Kligman and Verdery (2011) argue that as peasants were left without control over their land during the socialist collectivization, land lost its value, and was replaced by *relații* (social relations). Vast social networks were "wealth-in-people" (cf Guyer 1993) and became the most important asset one can have. Knowing the right people could secure a job in the better paid industrial sector or a household land allotment from the collective farm – which could generate a surplus product saleable on the peasant markets, or even exemption from mandatory work in the collective farm. The right people could provide access to scarce resources and to different sorts of sought after services (cf Kideckel 1993; Verdery 2003). Access to the allotted land for personal use depended on this 'wealth in people' and not the other way around, as before socialism, when a household patriarch could extend the control he had over the land to the labor of its kin, neighbors and fellow villagers.

But this reconfiguration of the hierarchy of value did not disperse the image of the poor and backward peasant. The socialist collectivization of land, coupled with a fast industrialization and rising urbanization, displaced a considerable amount of people from the rural area to the cities and from agricultural labor to industrial and service labor. This massive migration from the village to the city was supposed to eventually overcome the rural – urban divide and consequently the class inequalities specific to capitalism that manifested in this divide. But the adaptation of rural dwellers to the new context created inevitable tensions and frictions engendering the contempt of urban dwellers and recontextualizing the inferiority of the peasant social class. On top of that, socialist proletarianization also created a great number of people living in-between the city and the village, peasant-workers which were commuting to the city for work and divided their time between their industrial jobs and their agricultural work. Peasant-workers were not the result of the urban housing shortage which, according to Szelenyi (1983), was inevitable in an system using a mechanism of centralized administrative housing allocation, but, as Petrovici (2017) has recently shown, an implicit development strategy of reducing labor costs by making rural households to rely on producing part of their means of subsistence and distribute their surplus product to the workers in the city. However, this in-betweenness contributed to a deepening of the perception that the peasantry was an inferior social class and increased the desire to distinguish oneself from what the term implied.

According to Verdery (2003), after the postsocialist restitution of land, land regained some of its prior value. She mentions that land represented again belongingness, prestige, autonomy, and the ability to control other people's work. Hence, those who received land re-acquired these characteristics. She suggests that this was the reason why during the 1990s smallholders refused to sell their land, to the despair of the reformers. The creation of a land market was seen as primordial in the development of competitive agriculture by the World Bank and EU advisers, although the local politicians were divided on the matter. The social democrats, who were in government until 1996, preferred to maintain the large state farms intact and limit the amount of land that could be claimed by smallholders, but the liberals and conservatives pushed for immediate full privatization in tune with the neoliberalism of the international financing institutions, and managed to achieve this once they came in power in 1997. According to the latter the unencumbered market was supposed to concentrate and consolidate the fragmented restituted land into commercial farms. But they avoided mentioning that not everyone will be able to become a farmer.

More than a decade after the publication of Verdery's work in 2003, my host Maria was not interested in talking about her land too much. Whenever the topic came up she briefly noted that she sold most of hers and has little over two hectares left which she rents to one of the medium sized farmers in the village. I thought the reason for avoiding talks about land was the sensitivity of the issue. But even for such a sensitive topic the information she was willing to give to me seemed close to nothing. It was only after Maria asked me to take photos of her house to show the changes she made to it to her mother-in-law that I started thinking that maybe the house is more important than land for her. This became clear when each visit to someone's house ended with a tour, showing me the rooms, the furniture, the kitchen and especially the bathroom.

In her study, Verdery (2003) masterfully shows how the value land acquired after restitution was inextricably linked to its use as display of wealth. Land was the most important valuable for villagers as long as it enabled them to conjure the prestige incorporated in it. She shows that the neoliberal market liberalizations and privatizations of the 1990s conditioned by the loans the postsocialist Romanian government took from the EU, the IMF, and the World Bank, left smallholders defenseless in respect to the global market forces to which they were more or less gradually and partially exposed. Increased prices of inputs (seed, fertilizers, pesticides, herbicides, fuel etc.), machinery and agricultural services, as well as the lack of credit, made it hard for smallholders to compete with large national and international heavily subsidized farms.

In this context for smallholders land lost its use value as a means of producing crops for the market, but owning it was still a matter of prestige. Verdery refers to these diverging values as the economic value of land and its social value. She argues that land maintained its social value for smallholders as long as it was worked and others could see the owners' mastery over it, for land had to be displayed in order to elicit prestige.

In short time though, the extensive use of cheap labor force to compensate for the lack of capital to acquire inputs, machinery and services was draining as the households' size pool of labor was shrinking because its members were either getting old and unable to work or leaving for jobs in the cities, a process already started during socialism, causing an enduring agricultural labor crisis. This crisis intensified once villagers started migrating for work abroad, after a brief postsocialist return to the village (Cartwright 2001) when national industry shrank and demanded less labor, and borders were not yet fully open for Romanian workers. At this point the smallholders were left with two options, either to rent or sell the land to commercial farmers. While some smallholders continued to invest in land just for the purpose of keeping its social value, despite the losses it brought to the household budget, Verdery claims that when renting and selling became majoritarian land was transformed into an abstract economic value lacking social value for smallholders.

It is the social devaluation and economic revaluation of smallholders' land, who could now sell land and use the money to invest in their housing conditions with social value, which made possible the landing of the financialized global land rush in Romania.

From subsistence to organic food

Much of the early literature on land grabbing after the 2007 crisis emphasized the dispossession of smallholding peasants, losing their capacity to self-provision food, and with them the vanishing of the possibility for a food sovereignty alternative that could replace the neoliberal agri-food system and restore social and environmental justice.

But in the Romanian situation this position disregards the downsizing of rural households, which necessitates less resources, and at the same time does not acknowledge the different categories of land smallholding peasants own or their reliance on markets. In Dragoș Vodă smallholders have a household *garden* which is part of the house's courtyard and where fruit, vegetables and herbs used as food are produced. At the margins of the village they own allotments of up to one hectare called *țințe* where they cultivate wheat, corn or alfalfa used as feed for the livestock kept in the courtyard. The land they rent and sell is of a third category, the arable land in *the field*. Moreover, smallholders have appropriated overlapping discourses about organic agriculture and "traditional" products and used them to reassess their remaining land. From means of subsistence, which defined them for centuries as backward peasants, the gardens and small allotments are refashioned into sources of food which is *naturală* and *tradițională* and act as tokens of prestige which define them as gentry.

What is traditional food though? A physicians in the 19th century reported that the peasant diet is

> sober, careless and irregular, since it consists more of polenta made of corn flour, that they use as bread, and on fast days only with salt, onion or garlic. Sometimes they cook meals with different herbs, just with water and some flour, or from mushrooms and wild fruits, gathered early and dried; rarely they cook beans, grain or sour cabbage. With such sober and poor nutrients they live two of the three parts of the year so that their robust bodies weaken, and the feeble ones and children get stomach aches. In the rest of the time, only three months of it, they eat something more: sour milk, cheese, eggs and fish, especially salted, that they like a lot; very rarely meat, that they cook very simple, just with water and little onion or fried. Their drink at the table is just plain water; but when go in the field or other works, some drink a little ţuică [brandy] (Bărbulescu 2014, 85)

Although this description was written by a doctor in 1830, a century later in the field reports of sociologists doing research in the Romanian villages the same descriptions of the peasant diet can be found (Golopentia 2015). Especially problematic for these observers was the predominance of polenta (boiled maize flour) as replacement for bread, because of the pellagra epidemic which was thought to be the result of the excessive and almost exclusive reliance on polenta, as well as the peasants' vegetarianism and the limited range of vegetables consumed and cultivated. Bărbulescu (2014) states that

> Among vegetables, physicians observed that those most widely used in rural food were beans, onion, garlic, cabbage and cucumbers. On the contrary – carrots, parsley, tomatoes, turnips, cabbages and even potatoes are rarely met. Romanian peasants did not seem to be good cultivators and were constantly accused that they did not give proper attention to cultivation of a vegetable garden. (91)

At the time of my fieldwork people in Dragoș Voda rarely or never ate polenta, which they believed to be a habit of poor people from the Moldova region. Since I am originally from that region, Maria made polenta sometimes and she and her father always remembered how back in the days they used to eat more of it. According to Scrob (2016) after WWII bread consumption rose and replaced polenta as a result of state bakeries being opened in the rural areas, but also because of the increase in workers' incomes which generated demand for meat products and in consequence a greater demand for maize to feed livestock.

It has been well documented that the food shortages of the socialist regimes led to a second economy for food products which relied on peasant household production (Dorondel 2016; Sampson 1987; 1988) and Scrob (2016) suggests that peasant households' maize production was diverted towards animal consumption to meet this demand. It is not surprising then why smallholders who received land back believed that they could become commercial farmers. In fact, during the continued shortages of the 1990s these informal networks were still functioning (Stan 2000; Varga 2017b). However, access to Western popular culture and the liberalization of markets after socialism changed the local diet preferences gradually and starting with the 2000s foreign corporate retailers began to expand and the much desired industrially processed food was becoming available and cheaper than the products available at peasant markets (Caldwell 2009; Manrai, Manrai, and Lascu 2012).

But, as I said, although smallholders increasingly sell and rent their land, they still maintain some of their property and use it for an "organic by default" (Aistara 2018) self-consumption. Maria and her husband George together still own little over a hectare of land after they sold 7 hectares of her restituted land. The bulk of their remaining land is in the field. They lease this to a middle sized farmer in exchange for 1000 kg of wheat or corn per year. More often though, they get the money equivalent to this quantity of produce. A smaller share of their land is in the allotments at the margin of the village where they grow corn in rotation with wheat or alfalfa. The smallest share of land is the house garden where they grow onions, garlic and potatoes. Parsley and dill grow more or less like spontaneous flora. They have a greenhouse made of a wooden structure covered with a thick plastic foil, where they grow tomatoes, but also bell peppers and paprika – rarely eggplants and cucumbers. More care is given to tomatoes and bell peppers because seedlings are bought at the weekly city *obor* (peasant market) in the nearby small cities (Căărași, Lehliu-Gară, Slobozia) or from peddlers. The greenhouse helps with avoiding the risk of blight that could make them lose their investment. There is also an area with vines in their garden which they use to make wine, while the grape pomace is used to make a low quality *țuică* (brandy), both of which are frequently used for in-kind payments to day laborers. Most of the brandy however is made of fruits like prunes, apples or apricots, which are spread out throughout the courtyard (Dorondel 2016; Fox 2011; Kideckel 1984).

The garden produce is consumed by the household either fresh, canned or pickled and stored in the cellar or in the freezer, while the crops from the allotments are used to feed the animals they raise in the backyard. If they have a low production they usually buy from the peasant market to compensate. Maria and George raise chicken for meat and for eggs. Other villagers also raise a few turkeys and geese, and rarely ducks. Like the seedlings for the vegetable garden, they buy the chicks from the peasant market in the nearby small cities or from peddlers, and sometimes, although rarely, use one or two chickens to hatch a batch of eggs. Besides the fowl, Maria and George also raise pigs and slaughter them during the Christmas period in their own backyard, which is when and how most Romanians practice this ritual of sacrificing the pig.

Figure 13 Preparing țuică

Maria and George also have sheep. Sheep provide them milk, which is used for making cheese, and lambs. Most of the villagers sell the lambs during the Easter period, which is the period when Romanians almost exclusively eat lamb because of the religious symbolism attached to this animal and its sacrifice. Lambs are generally sold to “Arab” traders who travel through villages and assemble trucks of sheep which are transported to the port of Constanța and shipped while still alive to countries like Jordan, Syria, Saudi Arabia etc., or they are brought near the port in compounds where the sheep are still fattened and then shipped. Live sheep and grains are the only agri-food products which Romanian exports more than it imports.

The allotments and the gardens are cultivated using manual labor and horse drawn plows for which day laborers have to be employed. The day laborers, usually fellow villagers, are paid and fed by the household. Some day laborers say that they want just money and they ask for 80 RON/day instead of the more customary 50 RON/day plus food and alcohol, and sometimes cigarettes. But while the customary practice reduces the cost of labor, the laborers insist on getting the money. The day labor is performed by members of landless or near landless households, usually the Roma population. However, if the day laborers are kin or neighbors money is not paid, but there is an exchange of favors.

More long-term labor is employed during the summer when the village sheep and goats are gathered in *tîrle* (sheepfolds) managed by a *şef de tîrlă* (sheepfold chief) who employs a *cioban* (shepherd). The cioban spends all summer on the communal grazing pasture in a barrack surveilling the flock and milking the sheep. Sheep owners receive a quantity of milk in proportion to the number of sheep they own. For each four sheep an owner receives the milk produced by the entire flock from one milking. Milking is done in the morning and in the evening by the cioban. The larger the flock the bigger the amount of milk received but less frequently and the other way around for smaller flocks. When the turn comes, the owner goes to the tîrlă to get the milk and returns home where the milk is transformed into cheese, a process that lasts almost 8 hours. The owner has to go to the tîrlă with food and alcohol for the cioban. Besides that, the owner provides a sum of money and a quantity of grains depending on how many sheep he puts into the common flock at the beginning and end of the summer season. The owner also pays for medicine, the washing and the shearing of the animals. During winter, the sheep are kept in the backyard where they are fed with the corn cultivated on their land.

The most labor intensive and common crop planted in this area is the corn crop. Both large farms and smallholders plant corn. After plowing and seeding, smallholders hoe the corn field two or three times using day laborers. The harvest is loaded into horse drawn carts and brought to the house. Not long ago villagers would shuck the cob on the plant and load only the cob in the cart then unload the harvest in the corn crib. Nowadays they remove the husked corn cob, after which they transport it home and unload it in front of the house, outside the courtyard on the street, where neighbors and kin join to shuck the cobs, filling up the village streets with corn husks. After shucking, the corn is placed in corn cribs where it continues to dry. The cob is gradually fed directly to the animals in the courtyard or the kernel is fed after the cob is shelled manually or using an electrical sheller (*machină*) (of a neighbor or from a villager who does it for cash or a share of the corn). The corn can also be milled into *uruială* (using a small mill at home or a neighbor's or at a larger mill in exchange for cash or a share of the corn), and mixed with other seeds or flours.

These practices of food production do not differ very much from what people used to do in the past and the techniques of food production described above have not necessarily been reshuffled. Nevertheless, restarting each year the production cycle has become increasingly cumbersome. Smallholders especially complain about the increased cost of additional labor generated by the villagers' migration during socialism and after in the cities nearby in search for better paid jobs in the industrial or service sector and better living conditions.

Then why do they still do it? While Maria was taking out the *caș* (semi-soft white cheese) from the whey drainer, I asked why she still kept the sheep if they were such a big expense. She cut a piece of cheese, put it on the table, sliced it into small pieces and took a bite. "Taste it, it's so good. And it's natural and healthy and made at home". This way of referring to food emerged with the predominance of industrial food after the 1990s in the local population's diet and the class based bifurcation of the neoliberal corporate food regime into quality and cheap global supply chains, catering to both rich and poor consumers

(Friedmann 2005). Friedmann argues that this bifurcation was driven by concerns about industrial food safety and its environmental impact which engendered social movements such as food sovereignty and slow food. Yet, global food exporters fought for these concerns not to be incorporated in mandatory state requirements, allowing agribusiness and corporate retailers to appropriate and commodify these overlapping discourses regarding food safety and environmental sustainability. Processed foods were labeled "natural" and "healthy" and priced with a premium, hence creating a situation in which access to quality products is determined by income, not a policy requirement. A study on Romanians' food choices confirms this, showing that only those with "a superior socio-economic status" are able to choose quality over price (Nistor 2014).

In Romania, by the mid 2000s discourses about the negative impact food additives have on health were soon translated into a demand for natural food, healthy, traditional and with "taste" (Mihăilescu and Iancu 2009). The chemophobia which drove the return to "traditional" food, which in the local context meant food from the peasant household production, automatically assumed that peasant agriculture is not only better tasting and more healthy, but also organic, and revalued the peasant household production as such. The past condemnation of the frugality of the peasant diet and the "primitiveness" of their agricultural techniques was reframed in the language of organic agriculture and slow food. Peasant food production suddenly became a solution to the increasing global environmental and health concerns regarding agro-industrial food production, but one nevertheless threatened by the corporate control of certification schemes which hinders their legal access to these niche markets (Aistara 2018).

Figure 14 George checking the tomatoes in the greenhouse

I argue that even though this might be true in certain cases, the "organicity" of the practices and products of smallholding households is made uncertain by the symbiosis between them and the commercial farms (Visser, Kurakin, and Nikulin 2019), who use industrial production inputs, as well as the smallholders' reliance on various marketplaces to buy produce or inputs. The fact that some markets they rely on are called peasant markets might be deceiving since samsari buying from wholesale markets imported food can have easy access and, in fact, to the dismay of the commercial smallholding farms who sell produce on these markets, often push prices down. Besides the reliance on market acquisitions of food products for home processing, seedlings and chicks that as I show in the description above, land rent can be paid by commercial farmers in maize or wheat, which means that these products are used as feed or might be used even as seed by the smallholders. Some smallholders also buy the customary pig for Christmas from middle sized farmers some weeks or a few days before the holidays and these farmers use industrial inputs to grow the crops with which they feed the pigs. Moreover when they cannot find labor for seasonal work on the allotments, smallholders recur to mechanized agricultural services and to the use of chemicals.

Instead, I think that the smallholders' appropriation of discourses about "natural" and "healthy" food to describe what they produce in their garden and small allotments has to do with the prestige which distinguish them as gentry. With the changing postsocialist political economy that devalued land, smallholders found new tokens for displaying wealth and conjuring prestige: the housing conditions. The gardens and small allotments become extensions of the house conditions. Whereas in the beginning the postsocialist middle class ideal defined productive gardens in opposition with leisure gardens (Fehérváry 2011), the rise of discourses on organic agriculture, slow food, and food sovereignty, and the appropriation of these values by corporate agribusinesses and retailers in creating classed differentiated supply chains, which made available "quality" products to high-income households, created the desire for productive gardens as new residential real estate development projects incorporating land allotments for individual and community gardening in their design prove. This new valuation also influences the value of rural smallholders' gardens and allotments, rendering them into tokens of middle class prestige.

Shucking the corn cobs from the allotments in front of the house, which many villagers do during the autumn harvest, outside the courtyard, just on the margin of the village street, is another way of displaying the great yield one managed to obtain through the mastery of land. But more importantly corn cob is shucked in front of the house, not in the field on the standing plant, like it used to be done a few decades ago, because the location of displaying wealth has changed and what that wealth represents also changed.

Figure 15 Shucking the corn from the allotments

Conclusions

Rural Romania has been intensively studied by historians, ethnologists, human geographers, anthropologists and sociologists for the past century. In almost all of this work land has been exalted as the paramount material wealth. However, most of this literature paid little attention to how villagers value their housing conditions in relation to land. But this emerged as important in my fieldwork in Bărăgan. The rise of the prices of land by 200% since 2002 because of the increased interest of foreign investors to buy land opened up an opportunity for smallholders, who could now sell their land and invest in housing conditions. Which is what Maria did, despite her father's reproaches. She sold land to make the indoor bathroom and the kitchen, to buy modern appliances and furniture. In this manner she managed to attain the good living conditions that separates those that have them from those that do not.

What I argued in this chapter is that the financialization of arable land was made possible by this change in what smallholders consider to be of value. For scholars and politicians the fact that smallholders sell their land comes as a surprise because during the first decade after the postsocialist restitution many were decidedly against selling. What happened that made them change their mind? I argue that the link between smallholding peasants' backwards and their housing conditions has a long history that goes back to the 19th century. As peasants represented the majority population of the country and were thus the main source of labor force, peasant sanitation and diet became fields of expertise and interventions by a state controlled by landowners and emerging industrialists looking to secure their pool of working hands. However, land remained the ultimate desire of the smallholding peasants who were willing to renounce proper housing conditions for an extra plot.

Figure 16 Maria proudly display her preserves in the cellar

A shift in the rural value system took place after the socialist collectivization when land was not in control of the households anymore and houses were becoming a new token of displaying wealth alongside the more important "wealth-in-people". But, after the postsocialist decollectivization, the restituted land seemed to regain primacy in the hierarchy of valuables. And yet, despite the initial enthusiasm of regaining their land, global and national policies hindered the commercial viability of small farms and devalued land for smallholders, unable to transform themselves from mere peasants into virtuous farmers. Postsocialist popular representations of their houses' lack of sanitation, as well as the emergence of a middle class for whom the ideal housing became the detached family with a garden, influenced their desire for modern, urban-like, housing conditions which could distinguish them as different from the peasant class. In other areas of Romania, smallholders achieved this transformation by migrant abroad for work and sending remittances back home. However, this was not necessarily the main way of achieving this ideal in the village of Dragoș Vodă. Instead, selling land was their main strategy. As the land rush raised the prices of land this strategy became almost ubiquitous.

However, this is not a total dispossession. Households maintain part of their land, their gardens and small allotments at the margins of the village. These also have changed their value. Instead of being means of subsistence, usually associated with the poor people who cannot afford to buy their food from the stores, the appropriation of social movements that were against industrial agriculture, such as organic agriculture and slow food, by corporate agribusiness and food retailers have created a dual class based food provisioning system. A quality one to which only high-income households have access and a cheap one for the low-income households. Smallholders gardens and allotments have become sources of organic and "traditional" food which are seens as tokens of value which in extension of the housing conditions contribute to the differentiation of the gentry from the peasantry, of the haves from the have nots.

I detailed this shift of value because financialization has played an important role. What these changes in the local system of value show is that financialization in the periphery is not manifested in everyday life predominantly as indebtedness to banks, or investments in financial assets, as one can see in the core zones – although personal and household indebtedness, as well as direct or indirect investment in financial assets, are on the rise. Instead, the change in what people from Dragoș Vodă consider to be the most valuable asset show peripheral financialization can manifest itself relationally in the reshuffling of local value systems. What needs further exploring is the way in which this shift of value finds its material form both in the core and in the Eastern European periphery in the house.

Chapter 3. Farmland's "El Dorado"

Introduction

On a late spring morning in 2017 I arrived at Popescu's house. He and Leonard, one of his three sons, own one of the middle-sized commercial farms in the village. After telling me how Popescu started the farm in the early 1990s, what machinery they use, how much land they use and what is the share of owned and leased land, I asked the two if they bought any land recently. Leonard said that the previous year they took a loan to buy 12 hectares. "It would be great if we could have our own money" said Popescu, "it would be great, but we don't have it and that's it", rejoined Leonard. Loans enable them to buy land, but Popescu is wary of them and regrets not buying land in the 1990s, when it was cheaper. "We weren't visionaries to buy land with 1 million, so we ended up buying with 100 and 250 million."[28] They started buying land only in 2007, when Leonard started working by his father's side. Since then, land prices constantly rose and without loans it would be impossible for them to buy. However, these acquisitions do not help them extend their farmland area because "whoever rents land holds it tight. We are struggling to buy the one we lease at the moment. Whenever one of the owners wants to sell, we try to buy it".

Their pursuit to buy land and the land scarcity they perceive is common amongst commercial farmers in Romania and it is a consequence of the financialized global land rush (Visser 2015; Fairbairn 2020). It has been recently shown though that the initial reaction to large scale farmland acquisitions by global institutional investors has been rather exaggerated (Edelman, Oya, and Borras 2016). The recent critical literature points out that global investments in land are risky operations (Li 2015), the transformation of land into a financial

[28] In 2005 Romania made a monetary reform that changed the Romanian Old Leu (ROL), commonly referred to as *lei* or *lei vechi*, with the New Romanian Leu (RON), commonly referred to as *lei noi*. The value of 1 RON is equivalent to 10.000 ROL. Even though at the time of my research 12 years passed since the reform, people still use interchangeably these denominations. In this quote, Popescu refers to the land price in ROL.

asset has been rather sluggish in certain parts of the world (Visser 2017), and in some cases the incompatibility between the different temporal horizons of financial interests and agricultural business and ecological cycles led to losses (Kuns, Visser, and Wästfelt 2016). Moreover, as a share in the total volume and value of financial investments, land occupies a marginal place, not playing a central role in investment funds' portfolios (Fairbairn 2014).

However, the post 2007 crisis wave of investments was significant in a country such as Romania because it accelerated the concentration of land in middle and large size farms which began in the mid-2000s. As Visser (2017) points out, Romanian farmland was attractive for investors because

> the initial low land prices combine with a relatively good river infrastructure, ports with easy access to the world market, and a number of EU-related features, such as proximity, and free access, to the EU market, agricultural subsidies, and good legal protection of land rights. Furthermore, Romania's 2007 accession to the EU coincides neatly with the global land rush. All these factors created an ideal context—or a 'perfect storm'—for a land price hike. (191)

Even in places such as Dragoș Vodă, where the presence of institutional investors was not significant, the land rush driven by global investment funds still had a deep impact on the local land market because it created the perception of land scarcity.

Fairbairn (2020) has shown that the *scarcity* narrative which drives the decision of global investors to buy land emphasizes the finitude of Earth's land and the growing food demand, because of the growing world population, coupled with a shrinking supply caused by climate change, to create the expectation of a future increase in farmland value. Visser (2017) has shown that this scarcity narrative was also the motivation behind failed investments in Russian farmland, where after an initial rise prices remained constant, making investors them realize that there is too much land in Russia and not enough demand to make it scarce.

In Romania, the scarcity narrative had a local twist. The majority of the local capitalist farmers throughout the country, like Popescu and his son, were not that enthusiastic of the increase in farmland value. On the opposite, they were scared that someone else will buy all the land and leave them nothing. However, this local version of the scarcity narrative generated and sustained the asset bubble narrative (Fairbairn 2020), which attracts investors who want to trade the price increase momentum. Like in Brazil, the local scarcity narrative emphasized the *foreignization* of the land rush (Fairbairn 2015), portraying the growing acquisition of foreign investors as a threat to the national territory, but in effect obscuring the local struggle between mid-sized and large farmers.

In this chapter I argue that in Romania, besides the scarcity and foreignization narratives, there was also a farmland *frontier* narrative, Romanian being a new "El Dorado" of farmland, as some local newspapers put it. Tania Li (2014) has argued that frontier are places of abandonment, which nobody seem to want, and, at the same time, places with extractive potential and highly sought after. Frontiers are imagined as spaces with "'underutilized' resources that should be put to efficient and productive use, and devise schemes to attract corporate investors" (17). But, unlike the frontier of the central Sulawesi highlands described by Li, the Romanian frontier had fertile soils and was not remote. In fact, central to this frontier narrative were two apparently contradictory ideas: the closing of the yield gap and the organic soils.

On one hand, he yield gap is the difference between the current land productivity and its potential (Li 2014b; Visser 2017). To close the yield gap, one has to invest in machinery, land improvement and development, to enable the land's potential and increase it value. The desire to close the yield gap has been a constant in discourses about Romanian agriculture since the 19th century. On the other hand, the chemical free soils were an idea promoted in the context of the rising market for organic products. The claim made by politicians and financial advisors trying to attract investors was that Romanian farmland does not contain chemical fertilizers or traces of pesticides because of the drop in their use after the fall of socialism, when the economy collapsed and the socialist collectivized land was restituted to decapitalized smallholding households practicing "organic by default" (Aistara 2018) agriculture on small plots of land.

These narratives have been important in framing farmland acquisition decisions for both global investment funds and local farmers. I treat them as market devices which to some extent describe existing social practices, but also have a *performative* effect (Holmes 2014), in the sense that social practices are also shaped by and constrained to fit these narratives. It is thus less important how real the scarcity narrative is than how this narrative justifies the logic behind investors' and farmers' decisions to acquire land.

But to render land investible (Li 2017), market narratives are not enough. I show that both land and farms have to be made legible for investors (Scott 1998) through their inscription in market devices that can enable calculability (Callon, Millo, and Muniesa 2008). On one hand, land must be inscribed into a centralized property rights registration system. The set-up of the property rights registration system after the postsocialist restitution of land and the practices of property rights formalization, rather than creating a *total legibility*, it engendered a *fuzzy property regime* (Verdery 2003), which, as I show, benefits the investors buying land. One the other hand, farms have to inscribe their activity in accounting books to become *financially legible* for banks, which provided them with credit to buy land. In both cases, the state and international financing institutions, such as the World Bank and the EU, as well as transnational trading companies, played a decisive role in the creation of these techno-political devices and in the insertion of local land and farms in the global circuits of capital.

The chapter follows the steps identified by Visser (2017) as requirements to make farmland an investable asset. He argues that for land to be an investable asset it has to meet 5 interrelated requirements: (1) it must show a potential for profit, (2) it has to be scarce, (3) liquid enough to be traded fast, at any time, (4) standardized, and (5) its trade morally legitimate. In the first section of this chapter, I describe the process of assembling the property rights registration system which partially standardized land and created fuzzy legal rights which benefit those who buy the land. In the second section I show that the inscription of property land into the land registry has been crucial for the specific local articulation of the land scarcity narrative, emphasizing the foreignization of land and delegitimizing foreigners' acquisition of land, but obscuring the competition between local mid-sized and large farmers seeking to accumulate as much land as possible. I also place this scarcity narrative in relation to the frontier narrative, which imagines Romanian arable land as an emptied, unused space, waiting for someone to close the yield gap or reap the benefits of its organic soils, and which foreign investors have used to underscore land's potential for profit and to morally legitimize their acquisitions of land. In the third section I point out how a debt relation between farms and multinational banks was engendered by the land rush and the performativity of these narratives and was facilitated by the state and international institutions, drawing the former into the global financial whirlpool, and enhancing the liquidity of farmland assets.

Property rights

In 1990, advised by international experts and conditioned by international financial institutions, the Romanian state embarked on a massive privatization of public assets and property restitution. The country became a frontier of neoliberal capitalism, a spatial fix for overaccumulated capital risking devaluation (Harvey 2003), where local 'entrepratchiks' (Verdery 1996) and global financiers competed and collaborated for grabbing resources for free or at fire sale prices. But contrary to the sweeping portrayal Harvey (2003) makes, privatization proved to be a complex techno-political process. Landed property rights had to be formalized, represented in cadaster maps, and inscribed in land books for land to even begin to be considered an asset.

James C. Scott (1998) has famously argued that these inscriptions are techniques of simplification used by a centralized state to appropriate, control and manipulate at a distance human and non-human resources. These tools do not only describe synoptically the land tenure situation but modify it too. The representation substitutes and crafts the represented in its own image:

> the centralizing state succeeded in imposing a novel and (from the center) legible property system, which […] not only radically abridged the practices that the system described but at the same time transformed those practices to align more closely with their shorthand, schematic reading. (33)

The cadaster map and the land book are more than state crafting tools, they are also market devices because they render land into an economic object whose value can be abstracted from its dense local socio-material texture into a global socio-materiality, making land's value commensurable across the world economy.

The standardization of land realized by these devices is one of the requirements that a financial asset must meet (Visser 2017). Visser (2017) and Li (2014) have shown how through standardization these devices make different lands comparable and are used by institutions like the World Bank and the United Nation's Food and Agriculture Organization (FAO) to generate statistical depictions that address "potential investors, by showing them where to put their money, and how much they can expect to make from their investment" (593).

This standardization of farmland did not take place spontaneously. Throughout the 1990s land property rights remained uncertain because of the slow reform of the land administration system. By the end of the first postsocialist decade, many new owners did not receive title deeds, restituted plots were smaller than the amount they claimed, and property boundaries often overlapped, creating what Verdery (1999) has called a fuzzy property regime.

Beginning with 1992, with the assistance of the World Bank, the EU, the United States Agency for International Development (USAID), and the Canadian International Development Agency (CIDA), the Romanian government started to put together a postsocialist land administration system. The new system had to account for past evidence of property rights, make new cadastral maps, establish new roles for old institutions, create new institutions, devise new measuring procedures and regulations, acquire new equipment, and train staff. The first obstacle encountered resulted from the choice of advancing the restitution of land prior to the reform of the land administration system. Restitution was based on a written claim addressed to a local land commission composed of the village commune mayor, its secretary and agricultural officer, the former socialist farms' management, and elected locals. The claim file had to contain documents that proved the identity of the claimant and various evidence of previous ownership, such as the collective farm adhesion declarations from the 1950s, the collective farm members' registry, old property transfer documents or neighbors' testimonies if official documents went missing. After confirmation from the local land commission in charge with checking the validity of the proofs in the file, and after solving contestations from the claimant locally or at the county level, in court or in the commissions, the owners received a provisional ownership certificate.

The certificate allowed owners to use the claimed land until a property title would be released, while the latter would be released after the allotment of the land, which was done in the field by a designated surveyor in the presence of the owner and the land commission members. But, because of the general political and administrative confusion of the first postsocialist decade, what constituted accepted evidence remained flexible and highly politicized. In consequence each stage of the restitution process, from what was claimed to the gathering of the necessary evidence to the release of the titles, ended up being fraught with abuse of power (Cartwright 2001; Dorondel 2016; Swain 2013; Verdery 2003). Even today smallholders have conflictual relations with their kin, neighbors, and the local and national authorities because of what they experienced as injustices in the unfolding of the restitution process.

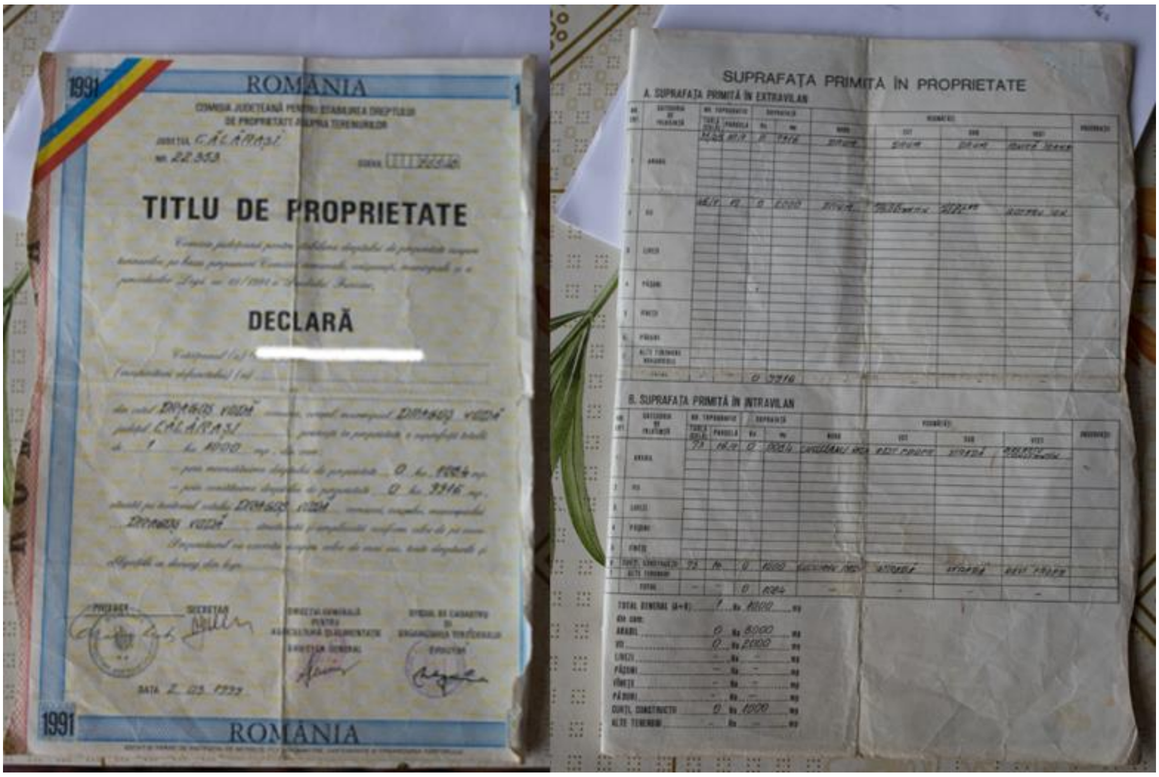


Figure 17 Property title

Another obstacle encountered by the land administration reform was the pre-socialist plurality of land administration systems. Between 1918 and 1945, there were two different land administration systems at work, each corresponding to the pre-WWI geopolitical division between the provinces found under the administration of the Austrian-Hungarian Empire until 1918 (Banat, Bukovina and Transylvania) and those under the influence of the Ottoman and later joint Ottoman and Tsarist Empires until their independence in 1877 (Dobruja, Moldova, Wallachia). In the former Austro-Hungarian territories, a general cadaster and title registration system, the *Grundbuch*, was gradually introduced since 1849. This system utilized a cadaster map that described the land use, land quality, land value and property boundaries. Each land plot was identified with a number and grouped in blocks and sections. The exchange of land required the legalization of the transaction with a notary, followed by a registration of the new owner of in the central registrar. In the territories under the political supervision of the Ottoman and Tsarist Empires the land registration was based on a deed recording system adopted in the mid 19th century as part of the Civil Code legislation copied from the French. In this system each land transaction or claim on the land, the deeds, was recorded by a state authority (usually a notary) in a registry. However, records were categorized by owner, not property, and a systematic general cadastral map was never made. In this system the chain of title deeds constituted the evidence of ownership over land, rather than land book entries[29]. This system allowed for a higher rate of ownership contestation, especially since prior to WWII many smallholders did not register land deal because of the costs.

Despite attempts to establish a uniform system in the interwar period, the Romanian land administration system remained disjointed until the communist party came to power and created a first general systematic cadaster and a land registry system. The latter recorded the socialist farmland property situation, which already consolidated smallholders' lands into large collective and state farms, rather than the pre-socialist one that the postsocialist governments were trying to re-create. Although the postsocialist re-creation of private property rights did consider the difference between the land administration systems early on, the pressure put by the neoliberal parties and the international institutions on the social democrat government to privatize agricultural land led to a re-creation of land ownership prior to establishing a national uniform system. In Dragoș Vodă land restitution relied on the

[29] Basically, if X sold land to y this transaction was registered under Y's name in a registry held by a public notary, or courthouse. However, for Z to be sure he can buy the land from Y, the latter had to provide the sale document between him and X, which proved Y's right to own and dispose the land which made the object of the deal. Otherwise, the property rights acquired by Z can always be contested by a third party.

socialist systematic cadaster, the collective farm members' registry, older title deeds and neighbors' testimonies to recreate the interwar land ownership situation.

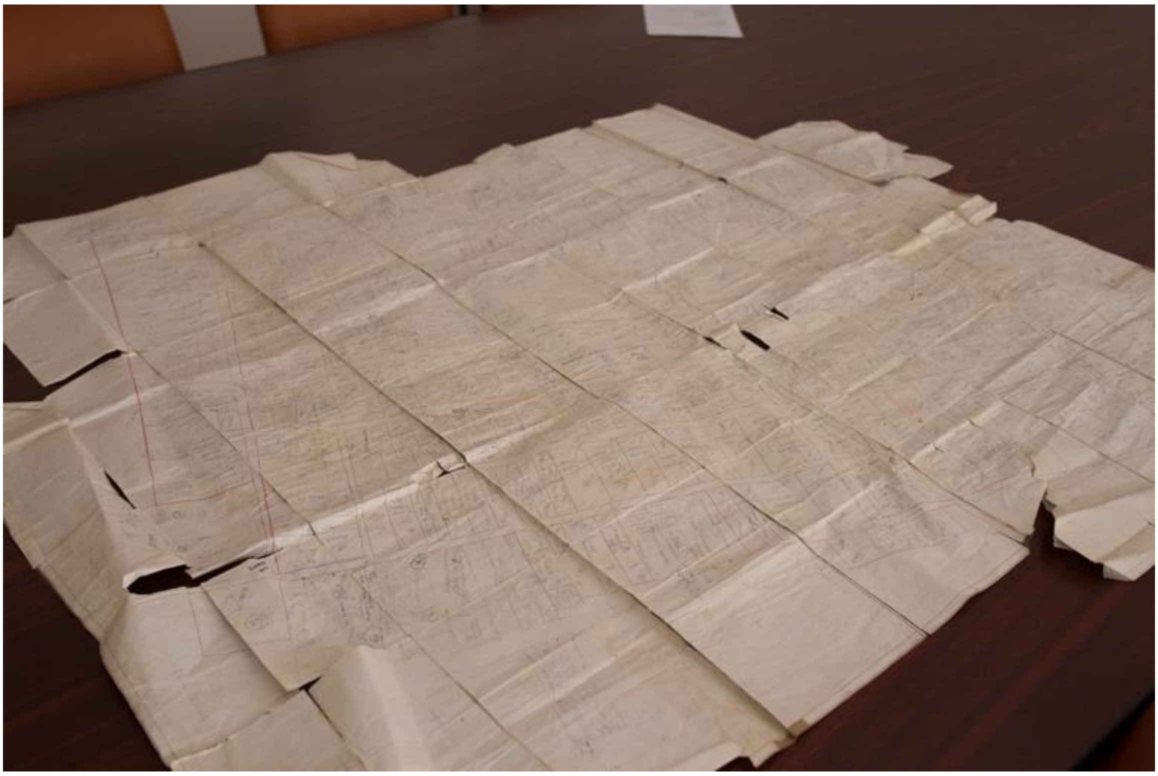


Figure 18 Socialist cadastral map still used by the townhall

The insecurity of property rights arising from this dual land administration was one of the reasons why land's price was always below the expectations of smallholders. As claimed in a report for the World Bank by Csaki and Kray (2006, 75), land selling prices were so small that smallholders drew more financial benefits from renting out their land. The international institutions involved in the formalization of property rights tried to solve the land administration problems by arguing for the necessity of a uniform system based on a cadaster map and land book title registration as in the former Austro-Hungarian territories and the government took their advice, proceeding with legislating the new land administration system in 1996. But it was still confronted with the problem of translating the property rights from one system into another and dealing at the same time with the injustices the premature restitution already created.

Yet another obstacle emerged because of the title registration in the new uniform land registration system. The newly created land registration offices began pilot registration projects in several administrative units. The experience gathered in these projects led to the adoption of a “sporadic” registration procedure, meaning that they chose to proceed with the scattered registration of individual plots in parallel to a systematic general registration of entire communes. It was considered that the latter alone would take too much time, too many resources and hindered the development of the land market since registrations were legally necessary to be able to exchange land. The sporadic registration procedure, made at the demand of the property owner, was the solution to this. Although this sporadic registration was justified as an alternative to the time consuming general systematic registration by the need to create a land market, it kept land prices low because the costs of registration were still prohibitive to smallholders. For this reason, titles of much of the arable land remain even today unregistered.

However, this sporadic registration solution benefits land buyers. To make the land deal, buyers and sellers sign notarized pre-contracts, basically an agreement that the owner will sell the land to the buyer after the latter pays the registration costs, in return for a money advance. The sporadic registration allows investors to define the representation of landed property into the land administration system by giving them the opportunity to encroach the land of smallholders with unregistered titles since the first to register the land secures the overlapped area.

Like the situation in the Global South that Tania Li (2014) describes, large-scale land investors in Romania benefit more from situations where land rights are partially formalized, where fuzzy property regimes exist. As she mentions,

> large-scale land deals feed on fuzziness. Ironically, it is not functioning land markets and clear legal inscription that enable large-scale farmland investment but their opposite. …land markets and law are not entirely absent, but the commodification of

> land and its legal inscription are incomplete, creating the ambiguity that enables land deals to proceed. (598)

The same occurs in Romania where the financial inability of smallholders to register their titles enables land investors to claim and secure rights over still disputed overlapping property rights caused by the first wave of restitutions. The root of this is the choice of a sporadic registration system which favors those who have the money resources to first register their rights.

Thickening the land market

The sporadic registration solution to the land administration system allowed the measurement of the land market's liquidity by tracking the deals made and recorded in the land book, and provided the tools to compile average transaction prices, reported by the public notaries legalizing the deals. The cadaster map and the land registry, as well as the calculation that they make possible, are assembled into another sort of market device: narratives, i.e., calculative devices assembled to frame the future price of land in order to guide investors' decision-making. These narrative devices work within an *economy of words*. Douglas Holmes (2009) used the term to describe

> The shifting and fugitive dynamics of globalmarkets, their operation from innumerable perspectives is made available to usthrough the intermediation of language, through agile linguistic scenarios that aresusceptible to continuous modification and elaboration. (385)

Referring to the work of central bankers, Holmes says that

> The challenge for central banks is to discipline expectations with persuasive narratives, informed by a continuous stream of data and analyses, articulated in a measured and consistent fashion. (385)

However, the market narratives that frame investors' land investments are less about disciplining expectations and more about creating them. They resemble more calculative frames, that is assemblages of comparisons, categorizations and metrics, which help investors overcome uncertainties when deciding to invest (Beunza and Garud 2007).

Even though the usage of these narratives could be pinned down to a “homogenous” group, and follow their development, contestations, and disappearance, I choose to look at how they bounce back and forth between financial investors, advisors, politicians, and farmers. Thus, rather than looking at the constitution of the narrative itself, its internal logic, and contradictions, I am interested in unraveling the “social” their use endangers.

I describe three narratives that have shaped investor’s decisions to buy land in Romania: the frontier, scarcity, and foreignization.

The frontier

When the neoliberal coalition came in power in 1997, they modified the 1991 land law concerning the privatization and restitution of land, lifting the moratorium on land sales and the rising the limit on how much land can be restituted per household from 10 to 50 hectares, and how much and individual can own rose to 200 hectares. In 2000 they also passed a law that declared the privatization of the state farms. The first narrative that guided foreign investors emerges around that time, at the beginning of the 2000s. It was assembled from different sort of anecdotes, metrics, categorizations, and analogies to estimate the future price of land and make legitimize acquisitions. A report for the World Bank made use of the data produced by the new land administration and argued that the market started to gradually thicken from 2002, when the number the land surface transacted rose from 21.000 hectares in 2000 compared with 159.801 hectares in 2002 (Csaki and Kray 2006). However, “the structural features of land ownership such as fragmentation, incomplete titling, and poor registration make land mortgages risky collateral” (Chaves et al. 2001).

Local authorities in the land offices claimed in the national media that these land acquisitions were driven by a wave of foreign investors who saw the potential to make profits from buying and selling land. Italians, Germans, and French were seen at that time as the main investors interested in buying land. Many of them focused on the Western Plain. The representative of one of the Ministry of Agriculture local offices in Western Romania, Nicolae Oprea, claimed in 2004 that Emiliana West, at that time the company of Italian entrepreneur Stefano Orlandi, owned 10.000 hectares of land (Capital 2004). The same Nicolae Oprea declared that in 2003 Italians owned and leased in the Timiș county of western Romania 100.000 hectares of land, out of which 78.808 was owned and 17.551 leased.

In identifying the potential for profit, the most important element in the narrative was the future categorization of arable land in Romania as EU land. Romania was negotiating its EU membership at that time and the chances of becoming a new member were high. Comparing local land prices with those of other EU member countries investors could see that land in the latter was underpriced. Investors believed that once an EU member, land prices would converge and access to subsidies and development funds available through the CAP will further drive the prices up. The discourse about the future increase of land prices was in fact so omnipresent that even Traian Băsescu[30], president of Romania between 2004-2014, in an official visit to Berlin in 2005, where he discussed with Germany's state officials the support for Romania's EU accession, allegedly told German investors to buy land in Romania before prices go up, before transforming in "European" prices (Ivan 2005).

[30] Traian Băsescu was the Minister of Transportation in 1991-1992 and in the neoliberal government of 1996-2000 on behalf of PD. He gained popularity as PD's mayor of Bucharest in 2000-2004, when the PSD won the presidential elections, with Ion Iliescu going for his third term, as well as the parliamentary elections that put Adrian Năstase in charge of the government. Băsescu took the leadership of PD from Petre Roman and moved the party from a center-left political positioning to a center-right one. In 2004 Băsescu won the presidential elections and PD together with PNL formed a governmental coalition. After dissensions between PNL's Tăriceanu, who acted as Prime Minister, and PD, the former looked for support from PSD, and eventually PNL split. For the 2008 parliamentary elections the faction that broke away from PNL fused with PD and formed the PDL.

These arguments were strengthened once land quality was considered. Most of the arable land in Romania is classified as chernozem (black soil), a highly fertile soil. Like in Russia (Visser 2017), investors fetishized black soil fertility, focusing on this single aspect of "land" and ignoring the socio-ecological context in which land was embedded. Soil fertility underwrote the idea of the possibility of closing the yield gap, the difference between the current productivity of land and the potential it has to achieve higher productivity with some investment, which transforms land into a frontier of cheap nature (Moore 2015) allowing investors to extract ecological surpluses for free or with little costs.

Together with investments in land improvement, industrial inputs and machinery, the consolidation of land was part of this process of closing the yield gap. As ownership was diffused and land fragmented, it allowed investors to increase the land's price through concentration, registration, and consolidation (see figure 19). The sporadic registration method adopted by the land administration system suited this goal very well. Registration costs for smallholders remained high, allowing investors to concentrate and consolidate large plots before registering.[31] At the same time, the drop in the use of synthetic fertilizer and of various herbicides, pesticides, and fungicides since the mid 1980s, a result of socialist austerity measures, and after 1990 because of the restitution of land to smallholders lacking capital, meant that the soil could easily switch to "organic" production and thus supply the demand of high-income households in the EU for "quality" food (Friedmann 2005).

While the land administration contributed to the standardization of land, and the prospect of becoming a future EU member, as well as the potential of closing the yield gap, met the requirement for an asset to show potential for profit, the public perception of arable land as being *pîrloagă* (abandoned) and thus unwanted and in abundance legitimized

[31] Large plots are priced higher because of the reduce the cost of managing multiple rent contracts or the management of convincing multiple owners to sell their land. I also reduce the cost of employing machinery, which are more profitable to use when the land plots are larger, and energy as the machinery does not need to be moved anymore from small parcel to small parcel, sometimes situated at more than 1 km apart.

foreigner's acquisitions. Reactivated farmland was tied to the growth of the economy and the development of the rural areas, and investors were seen as contributing to new employment opportunities.

This narrative incorporated the standardization of land achieved through the property rights registration system, helped investors see the potential for profit, and brought legitimacy to the land market, making land meet three of the requirements needed to transform it into a financial asset. But the land market did not experience a boom. Many smallholders refused to sell their land, preferring to rent it, because land prices were small, but also because of the social value land had for the rural households (see chapter 2). What was still missing was scarcity and liquidity.

Scarcity

The neoliberal government headed by PNL's Călin Popescu Tăriceanu signed the EU accession treaty in 2005 and tried again to encourage the land market, taking measures that would consolidate land estates in commercial farms and speed up the land registration process. In 2005 the neoliberals reformed the land law, removing the 50 hectares per family cap from the previous land law, as well as the 200 hectares limit on individual private ownership. They also made changes to land deals regulations, removing the articles that gave pre-emption rights to neighbors, and removed several taxes related to land deals paperwork. It also introduced a program of life annuity for smallholders over 62 years old that decided to rent or sell their land, consisting of 50 euro/ha annually and 100 euro/ha annually, with funds they hoped to gather through taxes on agricultural landed property. But the program was discontinued after 2 years and not many eligible smallholders managed to subscribe to it or were still reluctant to give up their land.

Despite this first wave of foreign investors and the further liberalization of the market, it was only at the onset of the financialized global land rush that land sales boomed in Romania. Land's value was framed in a broader global narrative that built on the elements of the first narrative. But added new elements.

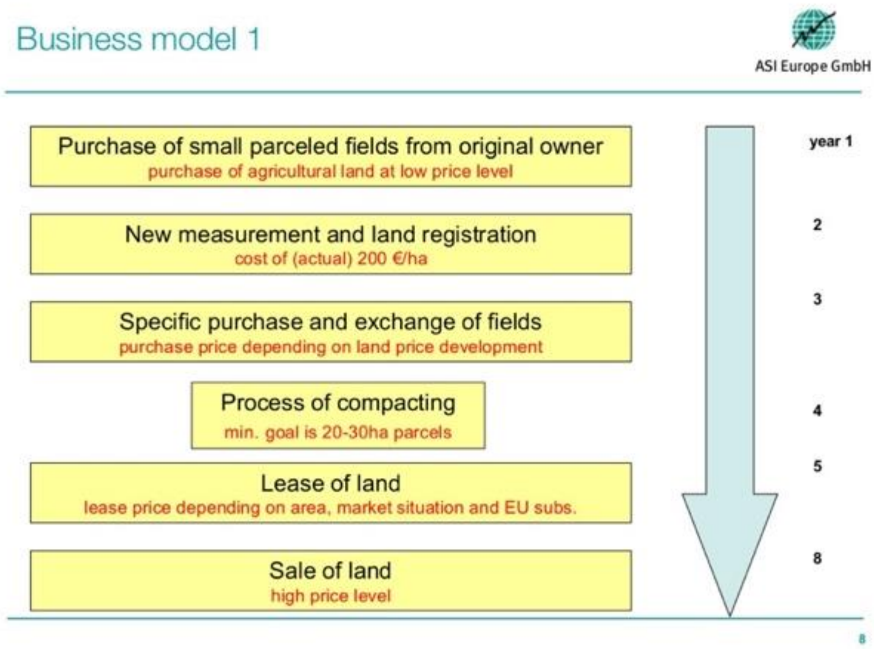


Figure 19 Business model of German investment company Agricultural Services and Investments (ASI) Europe (source: ASI website)

After the 2007 crisis, financial analysts and investors were categorizing farmland as a 'real asset', as opposed to financial assets such as stocks, bonds, or derivatives. The interest of the institutional investors in farmland was linked with a more general tendency in the financial sector to look for assets with higher and more stable returns in the post-crisis context defined by a lack of confidence in complex financial products (Ouma 2014; Fairbairn 2020). On the one hand, the post-crisis land market narrative claimed that farmland was negatively correlated with inflation and because of this it was used for hedging risk, to protect investment portfolios' value against the predicament of rising inflation levels (Fairbairn

2014)[32]. On the other hand, the post-crisis land market had potential for capital growth. Investors were not interested only in hedging possible losses but in making high profits as well.

Jeff Conrad, "recognized expert and pioneer in the farmland investment world with more than 30 years of experience in the sector", president of AgIS Capital LLC, "an institutional farmland investment firm established in 2013 to make real estate and private equity investments in farmland and agricultural processing assets", said that the financial crisis had a negative impact on

> every asset class in which institutional investors participate. However, farmland was one of the few bright spots during the period.[…] The farmland sector, which historically has performed counter-cyclically to the general economy, performed well during this difficult period […] For those involved in in the farmland asset class during its early days in the 1990s, when its capacity to preserve capital and provide portfolio diversification were the attributes that were most frequently emphasized, the performance of farmland during this period was further proof of the valuable and important role it could play in a broadly diversified institutional portfolio […] major farmland portfolios were leveraged during this period at very attractive long-term rates. This strong performance during a difficult investment period helped establish the farmland asset class that we have today. (Conrad 2018)

Similarly, Mark Stancombe, member of the Executive Management Committee of Insight Investments, an asset management company that bought a 13.000 hectares farm in Romania, said:

> We strongly believe that farmland has some core natural attributes that mainly [unintelligible] good investment opportunities for client base. We think it offers potential for a good, strong, income flow, capital growth, and, as importantly, is a natural long-term inflation hedge, the combination of which gives us the opportunity to build solutions for our clients around that as an asset class. Insight is excited to have the opportunity to build on our existing strong capability, to establish farmland as a more mainstream asset class for our client base.[33]

[32] The logic behind this hedging strategy is that if in a portfolio, for example, stock value drops because of rising inflation, holding farmland assets would offset the losses because this assets' value would rise together with inflation.
[33] https://www.insightinvestment.com/uk/consultants/investment-range/farmland/

Scarcity was central to projecting future increases in land prices (Visser 2017). There were two reasonings behind the claim that farmland will be scarce in the future. First population and income growth led to more food demand and especially food with more protein. This increases demand for arable land creates scarcity. Second, climate change and urbanization take land out of production, reinforcing scarcity. By the logics of supply and demand, a highly demanded good in short supply will lead to increased prices.

Figure 20 Dutch investment fund explaining the business model

As farmland was becoming the new global investment frontier after the financial crisis, Romania's land reserves were at the forefront because of how the first narrative framed their potential for profit and legitimized their acquisitions. Research from Savills, a British real estate agency that has been creating a global farmland price index by aggregating local price data on a global scale, has shown that in Romania prices rose with over 25% between 2002 and 2016. This was the most significant increase amongst the countries targeted for investment in farmland[34]. This wave of global investors was also framed as meeting another requirement of the financial markets from and asset identified by Visser (2017): liquidity, the degree to which an asset can be converted into another asset, usually money. In conjunction, the first and the second narrative made arable land in Romania meet the five requirements of being considered by financial markets an asset: it showed potential for profit, it was a globally scarce but locally abundant resource, the land administration system standardized it, the global land rush made it a liquid asset and the global demand for food made its acquisition from smallholders that abandoned it legitimate.

Foreignization

Locally, scarcity was reframed in a narrative that claimed foreigners are grabbing all the farmland, questioning the legitimacy of foreign investments, and legitimizing their own land acquisitions, but also creating a sense of alarm and pushing local farmers to start buying land themselves, driving prices even higher and further enhancing liquidity. Already around 2005, during the first foreign investors' wave, worries started to emerge in the press about the extent of foreign acquisitions of arable land. The topic however smoldered in the press until 2011, when a report of the EU Commission (2010) suggested the removal of some of the transitional land market restrictions imposed to foreign EU citizens in the new state members of Bulgaria and Romania because:

> Foreign investors' activities may result in a positive impact on agricultural reform in Bulgaria and Romania, through introducing new technologies, providing much-needed capital for production, rationalizing the use of land and enhancing land values. (2)

Asked about this report, the neoliberals' Minister of Agriculture at that time, Valeriu Tabăra declared in January 2011 that the restriction measures will not be lifted as long as he is a minister, thus guaranteeing the "agricultural security" of Romania (Razi 2011). In March

[34] https://www.savills.co.uk/research_articles/229130/226831-0

though president Traian Băsescu welcomed investors from the Gulf countries to a discussion about investment opportunities, signaling agribusiness as a favorable economic sector. Then later in May the state secretary in the Ministry of Agriculture, Adrian Rădulescu, the former leader and founder of LAPAR, declared in a TV Show that Arab investors want to acquire land large estates of 2.000-5.000 hectares and develop trade relations with Romanian farmers. Two days after Rădulescu's public statements, Tabăra declared that while he encourages foreign investments and partnerships in agriculture, he will not allow non-residents to acquire land, "regardless of who they are – Arabs, non-Arabs, whites, blacks, blondes, blues, doesn't matter" (Mediafax 2011). Then another member of PDL's neoliberal government, the Foreign Affairs Minister, Teodor Baconschi, also stated publicly that same year in July that he is worried of the "thirst for land" in South-Eastern Europe seen in investors from the Gulf states (Romanian Insider 2011).

Figure 21 "We keep the land!". Staff member of the Pro-Agro Farmers' Federation collecting signatures at Indagra for a petition to change the 2014 land law

A rupture seemed to emerge president and the government on this issue. Băsescu's advisor Rădulescu, seemed not only not concerned, but also trying to encourage foreign investors to invest in Romanian agriculture. Rădulescu contradicted the Foreign Affairs Minister, arguing that in fact the interest of foreigners dropped, mostly because they expected a price boom after 2007, but the market prices did not rise to the expectations of the investors. Moreover, if the land remains in use for agricultural purposes, Rădulescu said it does not really matter who owns it (Pocotilă 2011). Later that year, Tabăra encouraged farmers not to sell their land as he predicted their value will further increase (Hotnews.ro 2011).

Large farmers present in the media were as active as politicians in denouncing foreign ownership of farmland. Nicolae Sitaru, the successor of Rădulescu as president of LAPAR, claimed that Romania made one of its biggest mistakes allowing foreigners to acquire land. He mentioned that unofficially 1 million hectares were already sold to foreigners (Pocotila 2011). Likewise, Sitaru's successor, Laurențiu Baciu, continued the critique outlined by his predecessor, saying that "If mistakes were made during the negotiations for the signing of the treaty, these have to be resolved immediately. Otherwise, we will walk on foreign land in our own country" (Iancu 2012).

Mihai Anghel, the owner of an agribusiness holding which farms around 25.000 hectares and trades annually 400.000 tones of grains, also declared in 2012 that

> We are in grave danger because the land is bought by others, I'm talking about foreigners. Our agricultural land is being bought by foreigners 24/7 […] In 10 years' time we will not be able to talk about Romanian owners of land. (Razi 2012)

Even Ecoruralis, an organization affiliated with the global peasant movement La Via Campesina, which advocates for small-scale agroecological farms, contributed with its denouncement of land grabbing to this foreignization narrative, despite their more nuance critique which highlighted local large farmers are land grabbers as well.

In this context, in 2013, the government started working on a land exchange law which will meet the 2014 liberalization requirements of the EU accession treaty. The minister at that time promised the law will contain legal measures that will slow down foreign land acquisition. But the law eventually passed in 2014 with none of the more ambitious measures from the first draft. In fact, the law was not even that important. The law concerned the acquisition of land by EU citizens, who up until then were not allowed to own land in Romania. But any foreign investor could open a local company and by land. The debate surrounding the law fed the foreignization of local the land rush narrative and obscured the struggle between the large farmers and the middle sized ones, who were competing also between themselves for smallholders' land.

Marinescu, a mid-sized farmer from Dragoș Vodă, told me he feels lucky because he bought most of his 50 hectares of land in the late 1990s, when land prices were down. More recently he managed to buy only 5 hectares but said that it is almost impossible for him to buy anymore, for two reasons: prices skyrocketed, and land is scarce because smallholders already have their farmland leased to one of the local farmers, and the law gives them priority. If a smallholder decides to sell, he is required to first notify his tenant. But just by renting the land farmers could not be certain that they will be able to buy it from the smallholder if he puts it up for sale. Popescu and his son Leonard, whom I introduced in the opening vignette, were precisely in this situation, struggling to buy the land they rented from smallholders to not lose it.

Oprea, a middle size farmer managing 103 hectares, explained this land scarcity as the result of an explicit strategy of expansion adopted by large farmers:

> step by step we [mid-sized farmers] will be eaten by the big ones. The competition is high, they [the large farmers] can afford to pay a higher rent and people [smallholders] will leave.

What emerges from his statement is that the local strategy of grabbing land consists in pushing rent prices up until smallholders move their land to the better paying tenant. Once the farmer rents the land, he can buy it if the smallholder puts it up for sale. But, if for Oprea the land scarcity was a result of unfair competition between mid-size farmers like himself and large farmers, Andrei, a young farmer in his 30s managing together with his father 130 hectares, portrayed the situation in milder tones. He confirmed that there are many farmers who want to buy land but have no money, yet large farmers do not actively seek to grab the land from the middle-sized ones. If the latter do not have the money to buy land when the smallholder from whom they rent decides to sell, the big ones might end up buying it instead. Although he acknowledged the unequal endowment with capital between farmers working at different scale, Andrei did not see a lack of fairness in this. For him this was simply how the market worked.

The most active large farmer on the local land market in the village was G. A., who manages around 4.000 hectares of land, out of which ¼ is in the Dragoș Vodă administrative area. Oprea complained about unfair competition from G.A. who raised both rent and land prices. Oprea told me that if one of the farmers increases the rent then everyone must increase it in order to satisfy the smallholders so that they would not be tempted to take the land to another tenant after the rent contract is over.

Ionescu, another middle-sized farmer with 300 hectares, did not sense this imminent threat. He said that some sort of unspoken truce amongst farmers exists, that whenever someone tries to raise the rent again the others will not allow him. He said that there is no reason for a farmer to raise the rent unless that farmer is interested in grabbing more land. He told me there have been cases when someone tried to grab land this way, but now the market stabilized. The unspoken agreement is that farmers can only buy from smallholders whose land they already rent. But he claims the truce came too late and that large farmers already got the lion's share of the land and medium sized ones only get the remaining scraps – small, scattered land plots.

The liberalization of the land market, the land registration system, the frontier, and scarcity narratives combined to create a land market boom. Large farmers, threatened by the presence of foreign investors, articulated a foreignization narrative that questioned the foreigners' land acquisition but managed to legitimize theirs by diverting attention from their struggles with the middle size farmers. By the time news appeared of local large farmers buying large areas of land from foreign investors, the foreignization narrative had such an effect that these farmers were seen as national heroes. The foreignization discourse not only legitimized the domestic land grabbing done by the medium sized and large farmers and occluded the struggle between them over who gets smallholders' land, but it also further enhanced the liquidity of the land asset.

Figure 22 Oprea at his farm

The collateral solution

Although the land market thickened since 2002-2003, most local farms had poor or no access to finance. Loans for land acquisitions did not exist. State owned banks were still the biggest in terms of assets, but were severely "undermonetized" and "underbanked" (Chaves et al. 2001). Besides that, interest rates were high as a consequence of the monetary policies adopted by BNR (Gabor 2011) and most private farmers, in the absence of formal rights on land and lack of machinery, were not willing to guarantee with their only remaining valuable asset: their house (see also chapter 2). Moreover, the banks required collateral assets of a value 4 times higher than the amount borrowed. Ionescu, the middle-sized farmer mentioned earlier, told me that when he started his own farming venture in 2001 the banks wanted him to put his house as collateral, but he was too afraid to do that. He said:

> There were years when we didn't make any wheat, a bug destroyed the entire crop in Bărăgan. What if you take a loan and this happens again? God forbids! The bank comes anyway to take the money and if you don't have any it takes your house and sells it for peanuts.

By 2005 the Romanian banking sector was almost entirely privatized and bought by multinational banks who injected capital into the system, raising its overall capitalization. However, a 2006 World Bank report on the state of agriculture before EU accession stated that "Long-term credit still remains significantly constrained, with few lenders willing to lend for more than 18 months and then only to the largest, most heavily capitalized borrowers" (Csaki and Kray 2006). In fact, rather than crediting the agriculture or the industrial sectors, foreign owned banks preferred to credit individuals and households to buy houses and durable goods such as home appliances, consumer electronics, furniture and cars (Gabor 2011), the sort of objects that, as I showed in chapter 2, define one's prestige and social class.

Agriculture's poor access to finance proved to be a major drawback in the context of the availability of non-refundable EU development funds since 2004. These funds were used to cover half of the value of a farm's investment project. The other half was supposed to be supported by the beneficiary, which in most cases lacked the resources and required credit. The funds were seen as a great resource for the "modernization" of agriculture, both by the state and the farmers. But because credit was mostly unavailable, the government passed a law in 2005 that crafted a credit fund which banks could access and use to give out loans to farmers applying for the development funds. Another separate fund managed by FGCR was created to guarantee the credits in the absence of adequate collateral. In this manner, the government hoped to raise the banks' appetite for crediting agriculture. But after 2007 the pre-accession credit fund that supported the absorption of the EU development funds was closed because of EU legislation and only the guarantee fund was kept. In the absence of the state credit fund banks gave less credits, and by 2009 the rate of absorption of the EU funds was behind the planned targets.

As President of the Agriculture Committee of the Parliament at that time, Valeriu Tabără declared that

> We must remake the relationship we have with the banks, there must be a mandatory requirement for them to not avoid the agricultural sector and to not ask so much collateral. The fund [FGCR] guarantees 90% of the credit and they still ask collateral to cover more than 100% of the credit. It is unacceptable to have such demands in the context in which banks make profits even during the crisis. If we do not take any measure, the result of the PNDR will amount to zero. (Stoian 2009b)

The president, Traian Băsescu also intervened declaring that

> The banks have no justification because the Government provided the guarantees fund [FGCR]. There is not risk for them to lose money. We will have to have a last talk with the banks to clearly understand if they want to be banks in the Romanian system or they want to hinder the development of Romania. (Stoian 2009a)

Another issue in the agriculture credit market had to do with farms' financial illegibility. The majority of mid-sized and even some large farms were not registered as companies and thus were not required to keep accounting books. To make them eligible for credit these farms had to be formalized and made *financially legible*. Just like the formalization of private property rights which makes land legible by using inscription devices such as the cadaster map and the land book, so does the formalization of farms make farms' finances legible by using inscription devices such as single entry or double entry accounting. EU development funds proved to be an important tool for the state to fiscalize commercial farms and strengthen the link between farmers and banks.

The EU funds required commercial farmers to be registered legally. Oprea told me that in 2007 he applied for EU funds to buy a new tractor. He did not receive them, but the application required him to legally register his farm. He chose the sole proprietorship option. Most of the middle-sized farmers chose the sole proprietorship option. Registering as sole proprietor farmers were not obliged to keep doubly-entry accounts and or prepare annual financial reports, whereas companies were required by law to keep double-entry accounts and prepare annually financial statements. Also, profit was taxed differently. Sole proprietor farms with annual income under 100.000 euro could opt for paying tax on an average income amount estimated annually in each county by the local tax authorities. Only farms with income above this threshold were taxed based on data from their accounting books. In both cases, the tax was only 10% of the net income. Companies instead paid a 16% tax on profit, except micro-companies, which pay a 1% tax on income.

The disadvantage was that sole proprietor farms scored lower than companies when applying for EU funds or for bank credit. One of the reasons was precisely the higher financial transparency of companies in respect to sole proprietor farms. To access EU funds Andrei decided to register a company in his name and took over the management of 50 hectares from the 130 hectares of land he farmed together with his father. He knew that companies score higher in the project evaluation. Moreover, as a micro-enterprise, he paid an income tax of 1%. In the end he did not receive the funds he applied for either. But being registered as a company did make him much more eligible for a land loan, which he took in 2017.

Even though sole proprietor farms were not required by law to prepare financial statements annually, the EU funds required farmers to forecast income after the investment. Both sole proprietor and company farms were required to submit, besides the legally required financial statements, information regarding four financial indicators: cash flow, net present value, internal rate of return and financial sustainability. Hence, sole proprietors were forced to keep accounts that could generate the information necessary to calculate the value of their farms in terms of these indicators – indicators based on the financial metrics and reasoning that, as Chiapello (2015) has shown, have colonized valuation practices. In fact, many decided to pass from a single-entry accounting system to a double-entry one to generate the data required by banks and the EU development funds project evaluators.

The EU funds pushed farms to become financial legible for both state tax and bank credit scoring purposes. The state was interested in formalizing farms for fiscal purposes since most middle-sized farms were still informal in 2004 when the first EU funds became available. This was one of the reasons agriculture was considered by the tax authorities the economic sector with the biggest tax evasion rate. Hence, the state needed inscription devices that would help it monitor the economic activities of the farms to properly tax them. Accounting was a tool to inscribe commercial entities' activities and make them subject to the control and tax appropriation of a centralized fiscal apparatus. But access to EU funds also required bank participation and banks required financial statements to score farms' credit worthiness and monitor them throughout the loan period. Financial statements such as the balance sheet, the profit and loss account and the cash flow statement are based on accounting devices that inscribe the economic activities of the farms and help the credit analysts determine the value of the farms and their capacity to repay their debt.

To the increased financial legibility of farms also contributed the transnational grain trading companies. As productivity increased after 2007, with EU funds and subsidies allowing farmers to invest in machinery and production inputs that could help them close the yield gap, the annual harvests where getting bigger and bigger volumes of crops were exported. Transnational traders took over the market and replaced the samsari. Unlike the latter, these companies did not scam and paid fast. But they also required some sort of invoice, thus requiring farms to formalize their commercial activities.

Notwithstanding, there still remain many partially or totally illegible farms. The financialized global land rush arrived in this context of farmers' poor access to bank credit and financially illegible farms. Even well capitalized large farmers found the land rush problematic because compared to an investment fund a farm's capitalization is like a drop in the sea, and most of their profits, at least until the land rush, were reinvested in machinery or farm equipment rather than land. Although farmers' representatives, and the politicians that backed them up, appealed to national pride and national security to mobilize the public opinion against foreign investors, the farmers' wish to keep the land market closed had to do more with their lack of capital for investment in land.

The government sought to help farmers get access to finance for the acquisition of land by passing an emergency decree a few months before the land exchange law, which together with the law created the conditions to use land bought on credit to act as collateral, basically to make farmland an acceptable security to guarantee with it against a loan. Moreover, to reduce the banks' credit risk, the decree also instituted a state fund managed by FGCR that would offer guarantees for 50% of the credit's worth, while the remaining 50% would be guaranteed with the land the farmers' bought and other assets they held. What managed to convince banks to accept land as collateral was not only the emergency decree, but also the preemption right granted to the state in the new land exchange law. Interpreted by the media as a measure of safeguarding the national territorial integrity, it seems more likely that the state's preemption right was devised as a way for the government to intervene in case of massive loan defaults and liquidate the banks' land assets. This seems more probable because how this right will be exercised or under what circumstances has not been defined yet. Hence, banks would have almost no risk in lending money to farmers. If the farmer defaulted the bank would receive half of the loan's value from the guarantee fund and for the other half it would receive the land which as a last resort could be sold to the state.

The banks' willingness to increase their exposure of farmland credit was confirmed to me by a credit officer working for a local branch of a top five commercial bank in Romania. She said that loans for land acquisition have boomed in the past 3-5 years and that the crediting criteria relaxed. Whereas three years ago a farm had to manage at least 100 hectares to receive credit to buy land, it now dropped to 80 hectares. However, it must be said that although the value of the credits granted to farmers for the acquisition of land, and to agriculture in general, did rise since the 2000s, it remains rather small in comparison with other sectors of the domestic economy or with the value credited to farmers in the core zones of the global system. Only half of the thirteen farmers I interviewed in-depth took loans for buying land since 2014. Besides Popescu and his son Leonard, Ionescu and his son Paul also took a loan for 12 hectares of land. Likewise, Andrei and his father took a loan for 20 hectares.

In the struggle between mid-sized farmers and large farmers, the latter benefit more from the fact that the land they rent is fragmented in small properties. Large farms are better capitalized, and it is easier for them to buy with their own resources whatever small plots smallholders want to sell, which also means that they require less credit than middle sized farmers. Yet, some of the latter's recent access to credit for buying land is essential as it feeds the land rush narrative, increases the liquidity of the land market, and the land prices which smallholders find attractive. The irony is that land is a liquid asset if mid-sized farmers desire to buy land, but the liquidity of land attracts foreign investors who make land less available for them.

Conclusion

Political economy approaches to the financialization of capitalist accumulation, like those of and Harvey (2003), have been utilized by critical agrarian scholars to frame the post-2007 global land rush. Throughout this chapter I showed that the global land rush has been the result of both structural changes in the systemic cycles of capital accumulation and of procedures, discourses and technologies assembled in market devices that enable these changes. I showed how the political economy of financialization can be understood only in relation to these techno-politics that permeate the contemporary capitalist system.

Foreign capital inflows for the purpose of buying land have been intensifying since 2008, when the global financial crisis made investors place their capital in land in search for bigger returns or for inflation hedging purposes. However, in Romania this would not have been possible without the prior privatization of farmland and the formalization of property rights, as well as the articulation of the frontier narrative. Privatization opened the land market to investors. But it was the formalization of property rights that secured exclusive rights for owners and made investors confident. These devices were assembled into a market narrative that rendered farmland investable and guided the actions of investors.

The post-2007 global land rush was guided by a scarcity narrative which in conjunction with the frontier narrative created the farmland boom in Romania. The foreignization narrative, articulated by local farmers and politicians, framed foreign investments as a threat to their existence and to the integrity of the national territory. But this narrative occluded the struggle between middle sized and large farmers, while it also legitimatized the grabbing of land from smallholders and enhanced the liquidity of farmland.

The state tried to support local farmers in their competition with foreign institutional investors by enabling the former to access credit and further enhanced the liquidity of farmland. The debt relation engendered was possible because farms were made financially legible. The EU development funds available starting with 2004 were used to require farms to be legally registered and thus obliged to keep single or double-entry accounting. The latter became inscription devices of farm's activities and were the source of financial statements used by the state for tax purposes and by the banks to calculate the value of farms and the risk of crediting them. Also, the growing productivity and the rise of the volume of crops exported attracted transnational grain trading companies which replaced samsari and pushed also farms to formalize their commercial activities.

The long-term effects of this incorporation of farms into credit system are twofold. First, the inequalities between smallholders, middle sized farms and large farms are increasing. The latter two have more assets and can carry more debt, hence are able to buy more land on credit. However, the still dominant fragmentation of property also permits large farms to acquire land with their own resources, while middle sized farmers require more credit. Second, this integration into the financial system imposes a fiscal discipline that oils the crediting and fiscal system but, as I will show in the next chapter, also eliminates friction in the agricultural products market infrastructure and makes farms more vulnerable to global prices, and thus to the financial flows that influence their formation.

Chapter 4. Failed exchanges

Introduction

In the aftermath of the financial crisis food prices rose to unexpected levels to drop, rise, and drop again then sharply. This volatility sparked waves of dissent in countries dependent on food imports and protectionist measures were taken in some food exporting countries (McMichael 2014). In Romania, a country which exports more than half of its grain crops, the most dissatisfied with the price volatility were the producers, not the consumers. Farmers were furious because prices were not high enough, or not as high as they thought they thought they should be. Farmers were arguing that traders were intentionally lowering prices below the crops' costs of production, taking advantage of the farmers' chronic need of cash to start next season's plantings and of their lack of storage facilities. Responsible for this, they said, were the banks who practiced high interest rates on credit and the state who was unable to distribute subsidies and development funds efficiently. They were asking the state to take some protectionist measures, but eventually the state did not concede to their demands.

Although there is no general consensus, many researchers believe that alongside the increased demand for crops from the agrofuel industry, low supply from bad weather conditions, and higher fuel costs, institutional investors' speculation of agricultural commodity derivatives' prices played a major role in creating this volatility (Clapp and Isakson 2018b). Derivates, like *futures*, or *options* on futures, are standardized transactions made ahead of crop delivery. With these kinds of transactions, made anonymously on commodity Exchanges that organize the matching of parties and secure their commitment, farmers can fix the price of their crop before harvest and manage the market's price volatility. They transfer the risk of getting a lower than expected price, and, at the same time, the opportunity to receive a high price, to whoever is willing to assume this risk. In most cases it is large investment funds and banks that take this risk.

But the same transactions can be customized and made outside commodity Exchanges between two parties with or without the mediation of a third. Derivatives like *forwards*, *swaps*, or some *index funds* are usually called over-the-counter (OTC) derivatives because they are traded off the Exchange. In this case there is no need for an Exchange to match anonymous parties, but also no Exchange to secure their commitment to the contract.

The reasons for investors to place their money in agricultural commodity derivatives was similar to the reason of those behind investing in farmland (see chapter 3). Believing that there is a short supply of crops, they expected an increase in prices, so they were willing to assume the risk farmers wanted to offset. At the same time, derivatives were also used by investment funds to hedge their investment portfolios against inflation, but also to make gains from arbitrage trading.

When I started fieldwork, my goal was to understand the ways in which agricultural commodity derivatives are perceived by local smallholders and farmers in Romania. I was interested more precisely in knowing how commodity derivatives are seen in relation to the emerging discourses about the role they played in the global financial crisis of 2007 and the ensuing period of highly volatile agricultural prices. However, the situation I found myself during fieldwork is perfectly described by a Romanian adage: "socoteala de-acasă nu se potrivește întotdeauna cu cea din târg", which roughly translates as "the calculations made at home don't always match those made at the marketplace."[35] I wanted to study commodity derivatives, but smallholders knew nothing about them, while only a few farmers had some vague idea what they were, often confusing forwards with futures. Nor did any Exchange on which one could trade agricultural commodities exist in Romania, despite numerous attempts to create one.

A number of ethnographic works mobilized in debates about finance before and after

[35] The equivalent of the English idiom "best laid plans".

the crisis have focused on scrutinizing innovative financial practices and instruments (Appadurai 2016; Guyer 2009; Lépinay 2011; LiPuma and Lee 2004; LiPuma 2017; Maurer 2002; Millo 2007; Miyazaki 2013). Derivatives have been central to this work. Appadurai (2016, 1) referred to derivatives as “the core technical innovation that characterizes contemporary finance”, while LiPuma (2017, 1) stated that “derivatives not only motivated the 2008 crisis, they are instrumental in transforming the character of the crisis itself.” Nevertheless, except for Besky (2016), who looks at the possible changes that derivative trading will bring to tea commerce in India, no other anthropologist has attempted to ethnographically look at agricultural commodity derivatives and how they have been embedded into non-financial practices in peripheral areas of capitalism because, even though most of the anthropologists of finance to which I refer do acknowledge that the genealogy of financial derivatives is rooted in the agricultural derivate markets of mid 19th century Chicago, they tend to treat the latter as relics of the past, preferring to focus on the more complex collateral debt obligations (CDO) or credit default swaps (CDS) emerging from the mortgage market. Appadurai (2016) for instance says that these agricultural derivatives markets “remain important today, though to a smaller degree than in the period of their birth” and that “today's derivatives [...] are an extraordinary extension of early futures contracts”.

In this chapter I show that in peripheral contexts these “early futures contracts” matter. There is a record of initiatives to build marketplaces where commodity derivatives could be traded, in Romania or in the region, but none succeeded so far. I will argue that despite this failure OTC commodity derivatives are still entangled in the local grain market. For this purpose I make use of a classical dichotomy in the economic anthropology literature between the market as a process, i.e. the market understood as “the transactional mode of exchange” (Bohannan and Dalton 1968, 2), and the market as a place, the specific site where buyers and sellers meet (Agnew 1986; Applbaum 2005; Plattner 1989)(Agnew 1986; Applbaum 2005;

Bohannan and Dalton 1968; Plattner 1989). In this chapter, unlike most anthropologists employing this distinction, I do not focus on peasant, wholesale or retail market places (Bestor 2004; Geertz 1971) but on organized Exchanges, which are of a more recent interest in anthropological and sociological work (Çalişkan 2010; Hertz 1998; Muniesa 2007; Zaloom 2006). To be more precise, I look at the tensions and interplay between commodity derivatives Exchanges and the circulation of OTC derivatives outside the marketplace boundaries in a diffuse market process.

I show that although there is no local or regional marketplace for commodity derivatives, OTC derivatives are used by Romanian farmers and link them to the global capital markets. The prices of these OTC are set in reference to the derivatives traded on the Chicago and Paris Exchanges, while the deals are secured through promissory notes that rely on the farmers' dependency on bank credit to compete with foreign investors and between themselves over arable land. Rather than looking at the way in which derivatives were perceived after the 2008 debate, I seek to uncover how derivatives are hidden (Guyer 2009) in the pricing practices and discourses of the farmers and of other participants in the local grain market.

The first part of this chapter traces the emergence of derivatives and derivatives' discourses in relation to postsocialist neoliberalization. I show how the privatization of state agribusinesses and the liberalization of the grain market led to the current market structure and how derivatives appear as a solution to manage price volatility in a free market. The second part describes the temporal and spatial dynamics of the market grain flows in order to show what determines price volatility. The third part outlines the various failed attempts of establishing commodity Exchanges which could provide farmers the tools needed to deal with price volatility, while in the last part I show how derivatives are despite the absence of a commodity Exchange still present in the grain market flows in Romania.

The Neoliberalization of the Grain Market

After 1990 Romania gradually started to liberalize its economy and consequently its grain market. The privatization of land, of the state' agribusinesses, and the liberalization of trade and prices defined the new configuration of the grain market, replacing the socialist state controlled grain provisioning system. During socialism grains were produced in state farms and collective farms according to five-year production plans elaborated by the central planning committee. These farms kept a small share of the production for seed and fodder purposes, while selling the rest to feed mills and storage facilities. Storage facilities and mills were organized by centralizing entities, sometimes independent of and other times subordinated to the Ministry of Agriculture or directly to the government. The authority responsible for the collection, storage and distribution of grains had several elevators[36] and collection points in each county and some of the mills, themselves centralized, also had their own storage facilities. After procuring the grains, from storage they were distributed according to the central plan to feed and food mills or to the state export company called Agroexport.

The sovereign debts accumulated by the socialist economies of Eastern Europe led to their collapse at the end of the 1980s and were reformed by neoliberal reforms advanced by the EU, IMF, and the World Bank, who were willing to lend money to these states with the condition to adjust their economies according to free market principles. This meant that the postsocialist governments had to privatize their state assets, liberalize the markets, and dismantle forms of socialist organization in every sector of the economy and public administration.

[36] Grain silos equipped with a conveyor belt with buckets which moves grains vertically, like an elevator, to fill the grain silos.

In 1991 the Romanian entity responsible for the acquisition, storage and distribution of grains was reorganized as an autonomous public company called Romcereal. It had a quasi-monopoly on the market of grain acquisition, storage, and input distribution. At the recurrent insistence of the World Bank, the EU, and other international advisors, Romcereal was split in 1995 and in 1997 into autonomous private companies and were renamed Comcereal and Cerealcom. Agroexport was also privatized and bought by its former chief manager, the infamous Triță Fănìță[37], in the beginning of the 1990s. Up until 1997, this company operated the only grain port terminal in Constanța, which meant that all exports had to pass through it. But continuous privatizations and liberalization led to the emergence of new grain buyers. The current major grain buyers built their storage capacities on former privatized Cerealcom and Comcereal infrastructures. The storage facilities inside the country were bought by aggregators, buyers who aggregated grain from the different producers. Some of them had a local reach, others regional, national or international. These buyers also occupied different positions in the agricultural chain. Some were vertically integrated agribusiness, others seeds and inputs distributors, others large farmers, but many were international grain traders.

New storage facilities were also built since the 2000s. Between 2005 and 2013 the total storage capacity grew in Romania from 16 million metric tons to 23 million, more than half of this growth being represented by the on farm storage facilities built by large farmers and new port terminals, which were almost non-existing during socialism (Bruni 2017).

At the beginning of the 2000s Fănìță went bankrupt. The port terminal was bought by two different local companies which split the terminal between each other. The privatization of Agroexport and the privatization of port operators in the 1990s led to the emergence of new terminals owned by multinational trading companies. The international companies that

[37] Fănìță was involved in scandals regarding wheat trading during socialism. He also managed after 1990 to take control of a state farm and was a major actor on the political scene. Verdery (2003) refers to him as the leading figure in the agrarian lobby against the privatization of state farms.

dominate the global grain trade became shareholders of these port operators and invested in the construction of new elevators and warehouses. Together with their facilities inside the country, these export traders manage to dominate the entire grain market. Few national and regional aggregators manage to export because of the existence of a small number of independent port operators. However, most aggregators must sell their crop to the export traders. This is different from the Russian situation where state owned companies still control a large share of the market and push multinational grain exporters to adopt country specific business strategies (Lander 2018).

Figure 23 Former state elevator in Dragoș Vodă, now owned by a multinational agribusiness

Postsocialist Price Volatility

During socialism domestic prices were set by a price commission or by the government and were instrumental for the state to accumulate capital, redistribute it and achieve the targets set by the plan. The market, however, was not centralized in a marketplace. Moreover, up until the 1970s prices had no connection with the prices on the international markets and they hardly changed from one year to the other. Losses or surplus in respect to the plan, generated by price differences or any other reason, were most of the time absorbed by the state budget. Things slightly changed after the introduction of the New Economic Program in the 1970s (Höhmann, Kaser, and Thalheim 1975; Nove, Höhmann, and Seidenstecher 1982). The government introduced a series of reforms that made producers more responsible for losses and it also adjusted prices to some extent to the international markets' levels. However, producing units never really went out of business. When facing financial distress they would merge into a bigger unit offsetting the losses (see the interesting comparison between the socialist economy and financialized capitalism in Visser and Kalb 2010).

Once land was decollectivized, state farms and state companies privatized, and crop prices completely liberalized in 1997, the risk of losing money because of price volatility felt on the private producers and traders. This change posed a set of problems. On one hand, in the absence of fixed prices and of an organized marketplace, the producers could not know what were the prices at which other producers were selling – the classic information asymmetry problem. On the other hand, local prices were now aligned to international prices, determined by factors that were out of the control of the state or of the producers.

The postsocialist governments tried to solve these uncertainties with import and export quotas, used until the mid 2000s to protect local producers, sometimes at the disadvantage of the millers. Occasionally the state would also intervene on the market by acquiring from producers for or “lending” to processors from the state reserves at over or below the market price. It also provided subsidies for storing grains when farmers needed to carry the crop to take the risk of a price change in their favor and premia for exporting when the market was oversupplied. In what regards the price, the state would sometimes announce a reference price for wheat during harvest as a mean of helping farmers to negotiate a better price, much to the despair of traders and millers that in most cases considered the price too high, despite their participation in the meetings that set this price.

Since the accession to the EU in 2007, the state had to drop or readjust according with EU regulations some of these interventionists measures. Quotas for import and export between EU countries were removed, which meant that cheaper wheat can always be imported from other EU producing countries if it is available. Subsidies for storage were removed. An intervention price at which wheat could be bought for the state reserves was kept according to EU legislation, but at a very low level. Also, some prices were made public, but this time the prices collected from a statistical sample by the National Institute of Statistics, rather than prices set after a meeting with stakeholders. However, these prices were usually weekly averages published at the beginning of the next working week. So, most of the time these were past prices, not very useful in conditions of daily price volatility.

Tensions between farmers and traders over prices reached a peak in 2013. At that time, former president Traian Băsescu made a speech at an agricultural exhibition, in which he claimed that transnational grain trading companies have formed a cartel that controls prices. Băsescu argued that the government is responsible for this situation because it suspended a mechanism of crediting farmers based on warehouse receipts. This mechanism, launched in 2009, consisted in the issuing of warehouse receipts for grains stored in state licensed warehouses and elevators. The receipts were supposed to be guaranteed by FGCR and could have been traded or used as collateral for credits. Băsescu said that by suspending this mechanism the government sabotaged the Romanian farmers in favor of the big trading companies.

Cleary, the president's intention was to attack the government formed by a coalition between PSD and PNL, which replaced the previous government led by PDL, ousted after weeks of protests over the proposed health care reforms the previous year, part of the post crisis austerity measures. Nevertheless, the unfolding of this political clash is relevant. The prime minister replied that the president was not interested in all the farmers. Instead, he was defending the interests of his campaign sponsors, the vertically integrated agribusinesses – the president's adviser was Adrian Rădulescu, the former leader and founder of LAPAR. The minister of agriculture also intervened in support of the prime minister, arguing that warehouse receipts were released only for 2,25% of the 2009-2013 harvest. He said that although they were instituted to help farmers who do not own storage facilities to get credit, in the end only a few big farmers who owned elevators and could afford to carry grain stocks benefited from them.

Underlining this issue of the receipts was something bigger though. First, the differences between agricultural producers and second the transparency of price formation. A functioning warehouse receipts system was considered by many policy makers and state authorities the basis for a centralized marketplace, a commodity Exchange which would theoretically increase price making transparency. An investigation started by the Competition Council after Băsescu's allegations was finished in 2016 and resulted in a dismissal of the accusation of cartelization but suggested the establishment of a commodity Exchange that could make market prices more transparent and fair. Besides price transparency, a commodity Exchange would provide the marketplace for derivatives which would help farmers manage their price risk. But what made the creation of an Exchange difficult was the differentiation between the producers, because warehouses and elevators were controlled either by large farmers and vertically integrated agribusiness or grain traders, while other small and medium sized farmers had difficulty in accessing storage facilities and were forced to sell their harvest immediately. This dynamic structured the market infrastructure and the prices.

Market Flows

I came to know more about how the Romanian grain market is structured and price formed from Gabriel Razi. When I met him he was making the transition from his 5 year agribusiness journalist job at the largest business and finance newspaper in the country to his own grain market information and consultancy agency. The first thing Razi told me was that the postsocialist Romanian grain market is not centralized in a marketplace. The grain market is a diffuse process, consisting in a multitude of by-lateral agreements between sellers and buyers.

When grain exporters buy directly from medium sized and large producers, they employ Area Sales Managers (ASM), which act as brokers employed directly by the trading company. These brokers maintain relations with farmers through phone calls, WhatsApp messages and farm visits. When the companies are looking to buy grain, ASMs call and bid for grain within a price range. Price ranges are set at the European regional headquarters – usually located in Switzerland or the Netherlands – and then transmitted to the Romanian offices. Payment is made either in kind, as inputs advanced in exchange for a future delivery of crops of equal value, or cash transfer at delivery.

These companies buy grain not only directly from producers but also from aggregators. Aggregators are production inputs distributors, crop processors, agribusinesses, or large farmers with storage facilities. Aggregators, like trading companies, buy grain or receive it as in-kind payment for inputs advanced at the beginning of the planting season from smaller producers. These aggregators then sell the grains to the export traders from whom they might have also received inputs in advance of the planting season, which they further distributed to the smaller farmers. Sometimes medium and large farmers are organized in a marketing cooperative and market their grain in common to gain bargaining power. Because they can buy bigger volumes of inputs or sale bigger volumes of grain, they receive discounts and premia. Despite a rather persistent promotion of these type of cooperative, only a few exist. The reason often invoked for this lack of cooperation between farmers being the legacy of the socialist farm collectives, but it is more likely because of the power hierarchy between mid-sized and large farmers which is reproduced within the organization of the cooperatives.

Băsescu's reference to the warehouse receipts mechanism was making a direct link between the grain traders' power to set prices and contractual relations they have with farmers based on the advance of inputs in return for cash or grain at harvest works which works as a form of commercial credit for which interest is paid as premium over the market price of these inputs. This is a very common practice because few farmers have the cash needed to restart the planting season after harvest. In fact, the balance sheets of farmers, if they have any (see chapter 1 and chapter 3), are notorious for their negative cash flow caused by volatility in prices, seasonality, as well as their long term investments in capital assets.

The warehouse receipts and the direct payments received by farmers as part of the CAP are supposed to help them buy inputs with cash and avoid taking inputs on commercial credit. Whereas the receipts mechanism was not functional, the direct payments are seldom received on time because of bureaucratic mishaps. Since 2007 the agenda of every Minister of Agriculture was to pay the subsidies on time. The state authorities instead devised an alternative to help farmers cope with the delays of the payments: APIA releases promissory notes, which certifies that the farmer is a beneficiary of these payments, and with them can take a short-term loan from a commercial bank. The warehouse receipts function in a similar way, only that what secures the credit is the stored grain, not the APIA subsidies. Both of these options, nevertheless, come with interest that farmers need to pay and does not necessarily constitute a solution to the lack of power in respect to traders.

The powerlessness of farmers has to do more with the fact that the Romanian market is a so-called buyers' market, i.e., supply is bigger than demand, thus allowing buyers to set the terms of the deal. This is the reason why all the farmers I asked how they price their crop told me that they the price is imposed on them by the traders and that they do not have the power to negotiate. The current manager of the former state farm in Dragoș Vodă, alluding to Băsescu's allegations that grain exporters have formed a price cartel, believed that

> The traders agree on a price and make their bid. All bid the same price, none of the give over the agreed price. And the producer has to sell because he needs money. There were some attempts to discuss this issue but nobody [in the state administration] cares.

Since Romania exports two thirds of its wheat production, half of its maize production and more than three quarters of its sunflower and rape seed production, grain exporters are indeed the main buyers in the market. But do these trading companies secretly meet to fix prices and deceive the farmers? As the food system becomes more global, the physical and cultural distance between producers and consumer increases and their relation is mediated by more complex forms of intermediation. Moreover, as Clapp (2014) has noted, financialization has introduced new actors into the global food chains, increasing this distance between producers and consumers, but also creating a distance between the physical crop commodity and its abstraction into tradeable commodity derivatives. It is within this distance that competing discourse about how prices are formed emerge, many of them relying on accounts of occult economies to explain their feelings of powerlessness (Comaroff and Comaroff 2000).

To understand more about how prices are formed I asked Razi for a second meeting and he invited me to a workshop he had to give to the sales team of the local subsidiary of one of the largest seed producers in the world. We went the following week in the northern part of Bucharest and entered into one of the many all glass tall buildings in the corporate district. We took the elevator to the top floor and entered into the office, where we sat down in the conference room and after the sales team of the company arrived Razi started his presentation.

Geography of price

During the workshop Razi explained that prices in the Romanian grain market are structured based on the export price received by traders in the Port of Constanța. This price is called the FOB price, from "Free on Board", which according to international commerce terminology means that the buyer pays for the grain and expects it to be delivered in its designated vessel located at a designated port terminal. Local producers and aggregators do not receive this price because they are unable to deliver grain into a ship as they do not have access to a port terminal. Only export traders have access to port terminals and in recent years these terminals have been built or bought by the large traders, only a few remaining somewhat independent.

The local producers and aggregators receive CPT prices, which stands for "Carriage Paid to". This means that grains have to be delivered in the warehouse of the buyer. The most important CPT price is the price for delivery in the Port of Constanța because this is the main export hub, and it is where most of the grain production goes. Sometimes grains are exported through the Port of Brăila, but because this is a river port, on the Danube, it can only load smaller dry bulk cargo vessels – in Constanța vessels of a 60.000 ton capacity, called Panamax, can be loaded, whereas in Braila the maximum is vessels of 3.000 – 5.000 tons capacity, called Coasters. FOB Brăila prices are usually lower also because of the longer distance the ships must make through the Danube Delta to arrive at the port. The CPT price is given by subtracting the costs of port handling, quality surveying, and customs paperwork from the FOB price.

Figure 24 Middle size farmer in Dragoș Vodă harversting sunflower seeds into his own truck to deliver at the former state owned elevator

The Constanța CPT price determines the CPT price of warehouses inside the country. Usually, the latter is given by subtracting the transport costs from the Constanța CPT price. From warehouses inside the country grains are transported by trucks, rail, or barge on the Danube. The truck transportation is the most expensive, whereas barge is the less costly. However, barges require a larger volume of grains, 1.000 – 3.000 tons, whereas trucks can carry a maximum load of 25 tons. Hence, trucks allow mid-sized farmers to remain independent from local aggregators, but is an independence for which they need to pay.

Constanța CPT also determines the ExWorks price, *la poarta fermei*, which is the price the farmer gets for the grain he makes available to the trader at his farm. This price is made by subtracting from the CPT price the transport costs from farm to warehouse and. In most cases the traders would send trucks (hired from an independent company or from their own fleet) in the field, or the farmer would have one or two trucks of his own or hire trucks from another farmer or a transport company to first take the grains from the field to their farm.

Mid-sized farmers usually sell ExWork, and the trucks are loaded in the field straight from the harvesting combine (see figure 22). Large farmers and aggregators store grain and thus make grain available at their own warehouse or elevator facilities. This allows them to clean and dry the grain and separate it according to different quality grades in separate bins. Instead of risking to have the entire harvest evaluated at a low grade, and receive a lower price, by carefully blending grains of different grades they can market their grain at better prices. Hence, prices for grain taken from farm field and those taken from farm elevators are different. The difference consists in the costs of improving the grain quality and storage costs. In the case of large farmers CPT and ExWorks prices coincide, in the sense that a large farmers' ExWorks price can be a mid-sized farmers' CPT price.

If the delivery is made at a processor's storage facility, the CPT price can be higher than the CPT price offered by a trader or an aggregator. The reason is that local processors pay a premium over the market price to outcompete exporters. The premium is paid from the bigger profit margin the processor gets from the final product: flour, oil, or feed. Many farmers would like to make direct trades with processors. However, the demand for grain from these processors is small because of the limited number of production units in the food industry and the livestock sector.

The export price itself is determined by the global market. This price is determined by FOB prices in countries exporting high volumes, called *origins*, and the prices of import in high volume importing countries, called *destinations*. For wheat, major exporting countries are Russia, US, Canada, Australia, and France, whereas major importing countries are Egypt, Indonesia, Algeria, Japan, Morocco, Nigeria, Philippines, Brazil, and Mexico. There are global regions where exporters compete for importers. Russia and France are in competition for Egypt, Morocco, Algeria, and European importing countries. Canada, Australia, and the

US are in competition for Japan, Indonesia, Philippines, Mexico, and Brazil. Canada, US, and France compete for Nigeria. Distance between countries plays an important role in the determination of export price as it determines the transport cost added to the price. Russia can get a higher price than France because it is closer to Egypt, but it is farther from Algeria or Morocco.

In recent years Russia has been able to outcompete all global wheat exporters in all global destinations. The reason behind this has been the low costs of production, mostly the low land prices, cheap labor and inputs, and the economy of scale (Still 2017).

Romania, together with smaller exporters like Bulgaria, Ukraine, Moldova, Hungary, and Serbia competes with Russia and France for the European, North African and Middle East destinations. For the traders active in Romania to be competitive on these markets, export prices have to be lower than in Russia or France. In what concerns Egypt, for example, Romania has the advantage of being closer than Russia or France. However, Romanian cost of production are higher than Russian and Russian export prices push down in many marketing years Romanian producers' margins.

Temporality of price

Prices also change in time. By default, as time passes the season' production is being consumed leaving less grain available. The less grain available, the lower the supply and the higher the price. But from one season to the next weather conditions change the world aggregate supply of grain, while economic performance changes the aggregate demand. Forecasts of crop production, consumption, and stock play a major role in the fluctuation of price. This information is essential in deciding when to sale or buy grain (Salerno 2017).

The temporal dynamic of prices creates a series of uncertainties which both traders and farmers try to diminish by *taking positions* in the market based on future expectations. As in the much more discussed financial markets, they take *short* positions when their expectations are *bearish*, which means they sell grain which they might not have yet harvested or on stock when they believe prices will go down in the future, or go *long* when their expectations are *bullish*, buying on spot or ahead of harvest if they expect an increase in price.

Usually there is a synergy between the spatial and temporal dimension of price. The price falls from the export location to the production location and rises after the harvest until the new crop is on the market. However, in certain conditions of supply and demand, because of timing, the predictable price link between CPT prices and FOB prices given by the spatial component of price can become severed. During harvest, the supply of grain increases considerably, to the extent that it creates bottlenecks in the infrastructure (see also Brennan 1995). Since most of the producers do not own storage facilities, they want to sell their grain as soon as possible, otherwise grain might lose its quality. Traders, having only limited storage capacity, end up not being able to buy all the grain available for lack of places where to keep it or for lack of demand from importers. The transportation capacity also becomes overloaded because of the excess of available grain, thus rising transport costs or making it outright unavailable. Hence, producers are forced to start lowering their price so they can sell without incurring losses. This situation prompts farmers to complain about the big difference between the FOB price and the CPT price they receive accusing traders of price manipulation. Gradually though, as the supply diminishes, prices realign to the export price.

Here is where the advantage of owning or being able to use a storage facility comes in. Postponing the selling of grain might offer the chance to take advantage of rising prices (see also S. Martin 2016). At the same time, sometime after the harvest traders might also be in a short position, needing to deliver grain to meet the demands of an export contract but not having the quantity needed. Thus, traders would start offering higher prices, premia over the average price, because the grain supply is lower and harder to find – this is another advantage of owning a storage facility on farm.

But, since many of the storage facilities are managed and owned by large farmers, aggregators or export trading companies, medium and small farmers depend on them for storage facilities. Nevertheless, the traders are more interested in buying the grain when is cheap and storing it for themselves, not for someone else. Because of this, the storage costs asked for the storage services are usually set high. So high that covering them with the extra gain from a price increase might not be possible. Hence, small and medium sized farmers can seldom store grain.

There is however another option available for those without storage. Selling the crop before harvest. This is when commodity derivatives come into play. A transaction made in advance of the harvest is called a *forward*, as opposed to a spot or cash contract – which is based on immediate delivery. Forward contracts are deals in which prices are fixed ahead of harvest. Traders and farmers strike a deal between one or six months (or more) in advance of the harvest. The two parties agree on a price for the crop, the quality of the crop, and the delivery date.

The premise behind the deal is that the more distant in time from the new harvest, the higher the crop price, because there is a considerable amount of risk involved in promising to deliver grain that is yet to grow. As the harvest approaches and the risk of crop failure diminishes, prices fall. Bad weather conditions might nevertheless deteriorate the crop and the prospects for a good quality bumper harvest diminish and make prices rise back. By fixing the price in advance, the farmer makes sure the cost of production is obtained and gets a profit margin. Most of the time, these deals are made for less than half of the estimated average output, to avoid a situation of crop failure that might make the farmer unable to deliver 100% of the estimated average output. Farmers speak of the 30-30-30 rule, 30% in advance of the harvest, 30% at harvest, and 30% after, however, this rule is hard to follow for the small and middle sized farmers lacking storage facilities.

The difficulty in setting the forward price comes from the fact that it is hard to appreciate the evolution of the price in the future. The lack of information regarding the number of deals made and the prices at which they were made creates an informational asymmetry. But buyers with a large market share have access to a big pool of transactions and can thus keep records of different prices from different locations and at different delivery times and can take advantage of the lack of information of some of the farmers (Salerno 2017). Transnational trading corporations are present all over the globe in key importing and exporting countries and have their own research units that collect and analyze prices. This gives them an important advantage over the local farmers.

Another difficulty comes from securing the farmers commitment. Traders have often complained that forward contracts were not honored when prices at harvest were higher than those fixed in advance. This concern was also observed by Lander (2018) in Russia. Farmers' defaults can cause traders problems as themselves have made sales in advance based on these forward contracts.

Pricing quality

The quality of the grains also changes prices. Grain quality is assessed based on grading and standards systems which take into account kernels' protein content, their damage, and the presence of foreign matter amongst them. What these quality requirements impose is for the grain to be isolated from the multiple species with which they interact during their growth, harvest, and storage, putting farmers on the treadmill of production. To avoid the presence of foreign matter farmers need to use herbicides and kill other plants whose seeds are seen as foreign matter amongst the grains. They need to use hybrid seeds, pesticides, and fungicides to protect kernels from deterioration caused by excessive rain and insects.

The push to improve quality is, together with the drive to close the yield gap (see chapter), one of the main causes of the intensification of petro-farming and agricultural biotechnology, getting farmers on the treadmill of production and undermining environmental resilience (Gould, Pellow, and Schnaiberg 2008), but also the capitalist accumulation of cheap nature itself. As Moore (2015) points out

> Capitalism's long history of agro-ecological control regimes began with the monocultures and highly regimented work disciplines of early modern plantations. Today, it has crosse a world-historical threshold with molecular and other disciplinary projects. [But] The functionality of abstract social nature is breaking down. The shift is a new era of extra-human nature's resistance, in which short-run fixes not only become progressively short-run, but progressively more toxic (274).

Although the use of chemicals to make the grain meet quality grades help, foreign matter and protein content cannot be entirely controlled by them. Technological advances in storage facilities further allow the cleaning of the grain, but also, as mentioned earlier, the separation according to different grades that can be blended to create a load of grain which on average meets the standards of the grade. Small and mid-sized farmers who sell their grain straight from the field cannot make use of these storage functionalities and thus their grains are often graded as lower quality whenever the chemical inputs reach their limits in controlling the non-human environment.

Grain Exchanges

The warehouse receipts mechanism Băsescu was mentioning in 2013 was not a new theme in Romania's agriculture. To deal with the price information asymmetry and power imbalances that resulted from the liberalization of prices and the privatization of the storage infrastructure, the advisors of the World Bank encouraged in the 1990s the development of a warehouse receipts system that could be used as collateral for bank credit but also form the basis for a commodity Exchange. The commodity Exchange was supposed to solve both the information asymmetry between farmers and traders and secure forward deals.

The warehouse receipts system emerged in the mid 19th century US grain trade centered around Chicago. It was the result of a techno-political assemblage, constituted of the newly invented elevator warehouse, the grading system, and the Chicago Board of Trade Exchange (CBOT) (Cronon 1991). This assemblage allowed producers to store grain in elevators and receive a warehouse receipt as proof of the ownership of a certain quantity and quality of grain, made interchangeable regardless of who produced it by the standardized grading system, and stored in a specific authorized location. The receipt embodied the value of the grain and became itself exchangeable. As Cronon (1992, 120) puts it, "the elevators effectively created a new form of money, secured not by gold but by grain". This new money, the receipts, could be traded not only by those involved in the production, trading, and processing of grain, but also by financial entities, for they were tradeable securities, and could also be used as loan collateral (S. Martin 2016). The CBOT organized the exchange of these receipts, helping with the centralization of information about their trades and transaction prices. As the volume of trades increased in the Chicago Exchange, it made this marketplace a reference for the prices at which grain was traded globally (Rothstein 1960).

The World Bank required the implementation of this mechanism in Romania in the Agricultural Structural Adjustment Loan agreement signed in 1996. World Bank experts on rural finance stated that

> These receipts play a key role in agricultural financing and marketing in countries where they are backed by a legal and institutional framework that allows their value to be used as collateral. […] The overall efficiency of financial and agricultural markets is greatly enhanced by the ability to convert agricultural commodities into tradable securities. (Chaves et al. 2001)

Nevertheless, despite the efforts to create it, the system did not become operational. The World Bank research on rural finance outlined several reasons for this failure (Chaves et al. 2001, 43). First, the legal environment created uncertainties because the duties, liabilities and rights of each party involved were are not defined in a clear manner and were not enforceable. Second, the receipts were not transferable to a third party. Third, the lenders had no way to determine if there are competing claims on the stock underlining the receipt. Fourth, farmers and traders were reluctant in storing grain in a warehouse because of the uncertainty regarding the existence of their stock in the quantity and quality specified in the receipt, a situation worsened by the lack of independent surveyors. Fifth, although Romcereal was now broken into Cerealcoms and Comcereals, these were still largely controlled by the state and the prices asked for storing grain were unattractive for farmers and traders.

Regardless of this lack of functioning of the warehouse receipts system, different commodity Exchange initiatives emerged in the country. After the regime change in 1989 the first commodity exchange established in 1992 was the Romanian Commodity Exchange – Bursa Romana de Mărfuri (BRM). Afterwards, several exchanges popped-up in regional cities, amongst which one in the city of Slobozia, one of the main administrative centers of the Bărăgan plain, focusing exclusively on grain and oilseeds. In 1994, 5 of these new exchanges, including BRM, were organized in an association of exchanges and by 1999 there were already 10 exchanges in this association and 12 in the entire country. In 1998 the director of the Constanța Maritime and Commodity Exchange, also a senator at that time in the Romanian parliament, proposed to the Parliamentary Assembly of the Black Sea Economic Cooperation Organization a project for a Regional Commodity Exchange for Grains and Oil in the free trade zone of the port of Constanța, which eventually did not come to fruition.

Figure 25 The abandoned building which was supposed to host the BRM Exchange in the port on the Danube in the town of Corabia

These Exchanges were not operational. Besides the lack of a functional warehouse receipts system, they were also failing because there was no law regulating them. During 1997 a government decree regulating commodity Exchanges passed, but it was approved by the parliament and passed as a law only in 2000, then modified in 2002 and repealed in 2004. By the time a new law was passed in 2005 only BRM was still operating, with branches in different regional cities of the country, and the Sibiu Monetary and Commodity Exchange, which immediately after transformed into a stock Exchange, leaving BRM to be the only commodity Exchange in the country since then.

In the meantime, changes were made to launch the warehouse receipts system in the early 2000s. Yet, in 2005 the system was still not working. A 2005 World Bank report (Csaki and Kray 2006) on the state of Romanian agriculture prior to EU accession mentioned that a national quality grading system was established in 2002 to reduce the previous uncertainties regarding the match between the quality and quantity inscribed in the receipts and existent in storage. But grading fees were too high and an indemnity fund to use in case of defaults was still lacking. The state did not provide funds for such a fund and storage owners were not willing to create one out of their own resources. Although by now the storage infrastructure was almost privatized, according to the World Bank researchers, the reluctance of the private storage owners to contribute to the indemnity fund and probably the reason why they kept prices high was related to huge debts carried from the time of the storage's state ownership. These storage owners also lacked capital for technical improvements and had poor access to credit for purchasing and storing grain.

Export traders were also dissatisfied with the new warehouse receipts system. As the World Bank research pointed out,

> The main problems faced by grain traders (mentioned in interviews mainly by international traders, such as Cargill, Continental Grain, and Dreyfus) lies with the legislative framework (especially on warehouse receipts and grading), excess bureaucracy, market instability caused by the uncertain political environment, and the quality of production (the prices obtained by grain traders for Romanian wheat exported are lower than world prices due to differences in quality) (Csaki and Kray 2006, 91-92).

Nevertheless, in 2005 BRM went ahead and opened a grain trading floor, trying to circumvent the non-functional warehouse receipts by using a public out-cry auctioning system. However, producers and traders had no incentive to trade this way because they had to pay the cost of trading and had no advantage over direct trades. BRM's initiative proved to be a failure. One of the main advisors in the warehouse receipts project recalled in a conference on this theme organized by USAID in 2010 that he went to Romania and

> the first thing they wanted to show me was their new Board of Trade, which they had used US money to develop. I walked into the trading floor, and it looked exactly like a living room where you had coffee every day; not trading coffee; you drank coffee and had pastries. I said, "Well, what is this? Where is the floor?" They had not traded a thing in two years, but they called it their Board of Trade.(USAID 2010)

The warehouse receipts idea was revived yet again in 2009. At that time, the government was facing the consequences of the financial crisis, which took the form of a large budget deficit and a credit crunch. The government managed to secure a loan from the IMF to cover public expenditure. However, it implemented a series of reforms that rose taxes and cut spending. One other measure it took to reduce the deficit was to improve tax collection. Since the agri-food system was seen as the economic sector with the highest rate of tax evasion, measures were taken to enhance and enforce tax discipline. Hence, besides offering transparency to price making, in the context of renewed price tensions between producers, traders and processors since the food price spikes, and besides providing a financial instrument for farmers looking for short term credit to start the new season, the warehouse receipts system now also gained the role of fiscalizing the flow of grain.

Four years later though, the government decided to suspend the system. It is when Băsescu intervened and accused the government of sabotaging the Romanian farmers by taking this instrument away from them. However, the Minister of Agriculture mentioned that the reason was its poor performance and the need to reform it, as it helped only some of the large farmers and agribusinesses. After the reform, BRM became the official administrator of these receipts. The receipts were completely digitalized and only BRM could release them for the storage owners that demanded them. A dedicated building was constructed in the Danube port town of Corabia in the southern plain. However, the system failed again as no market participant uses these receipts and the building of the Grain Exchange is now abandoned (see figure 23).

Commodity Derivatives

The market infrastructure based on the warehouse receipts system that developed in 19th century US was not complete until the emergence of the future contracts. This last element was essential for the development of the global grain market and of the first global food regime (Friedmann and McMichael 1989). The receipts tradeable on the CBOT managed to centralize trading and to reduce the risk of price information asymmetry. Nevertheless, long distance trading required a tool to offset the risk emerging from price volatility during the transportation period. As grain was being shipped from Chicago, the center of the world's largest production area, to Liverpool, the port of the world's workshop and biggest importer of wheat, during the several days that it took for the commodities to arrive to destination prices might have already changed since the deal was made. The future contracts were invented to get rid of this uncertainty.

The future contract became a standardized version of the forward contract. Except, unlike the latter, the former was traded on the Exchange and the volume of deals, and their prices, were centralized and could be seen by every market participant. Nevertheless, the conditions that could emerge and change the price in respect to the fixed price would not completely disappear. Through forward and future contracts the bigger risk of flat price risk is replaced with the smaller more manageable basis risk. Thus, everyday prices would fluctuate according to supply and demand, while the fixed price would be kept unchanged, but could be monitored relative to a reference price.

Unlike the forward contracts, where the difference between the fixed price and the spot price at the time of delivery was a risk bore by either producer or trader, in the case of the standardized futures traded on the Exchange risk takers had the possibility to participate in and to speculate the direction of the price. The engagement of risk takers was what made the fixing of the price work on the Exchange because it drew speculative investors willing to take the risk of losing or winning from the price difference. But to accommodate speculators, the exchange operators had to make the delivery of the wheat at the expiration date optional allowing the settlement of price differences in cash (Levy 2006; Millo 2007). Therefore, one did not have to buy the wheat to buy the contract and one did not have to sell the wheat to sell the contract. Once these rules were in place, the future contracts got a life of their own, having their own supply and demand. But their value was nevertheless always attached to the value of the wheat stored and represented by the warehouse receipts. The value of the future price contract derived from the value of the wheat, hence the derivative in commodity derivatives.

Their importance during the post WWII era diminished, as state mechanisms were taking control of commodity markets but re-emerged with the 1970s neoliberal deregulations and privatizations that brought back price volatility. The transformation that defined this system up until the 2007 financial crisis was the gradual removal of position limits for financial investors (Clapp and Helleiner 2012; Baines 2017). The consequence of this regulatory change was the detachment of the future price from the spot price, which started to converge more rarely at the expiration date of the former. As soon as these contracts began to supersede in volume the contracts that involved the actual delivery of wheat, uncertainty loomed over whether the price was derived from the spot contracts or the either way around. Futures contracts, like the market narratives outlined in chapter 3, were performative (Callon 1998; Holmes 2014; MacKenzie 2006).

The whole point of establishing warehouse receipts tradable on an organized commodity Exchange in Romania was to enable the trading of these commodity derivatives to hedge price risk after the dismantling of the socialist economy. In fact, this market infrastructure originating in 19th century US was seen as a solution to all the problems that might emerge on the grain market with the adoption of neoliberal capitalism in Romania.

According to Steve Mikkelsen, one of the main advisors working on the Romanian warehouse receipts system said this in a conference when asked whether this system developed into a working commodity and futures exchange:

> Some are still working on that. That, again, is in my opinion, the last step that any country will take. As the US example, we had a market starting with a Board of Trade and went backwards and then came back up the ladder. That doesn't work normally. It just doesn't work. Normally, you've gotta have the basic steps, the quality control, the warehouses, the system of cash operating, and you'll see a cash market emerge initially and later on a futures market to serve the cash, but the futures is the last.

(USAID 2010)

But after the global financial crisis derivative instruments were highly scrutinized. The Permanent Subcommittee on Investigations of the Committee on Homeland Security and Governmental Affairs of the US Senate released a report in 2008 based on an inquiry into the reason why wheat prices increased and concluded that commodity indices traders created an artificial demand on the futures market resulting in a price rise which was subsequently transmitted in various ways to the spot market (Baines 2017; Clapp and Helleiner 2012).

The 2007 price rise started a big public debate not only in the US but also in the EU. The European Commission established in 2013 a consultative expert group on agricultural commodity derivatives. However, these debates were entirely lacking in Romania. The need for this system was promoted more than ever because of the price problems emerging after the 2007 crisis. Romania and the entire crop producing region started to look like a frontier for commodity Exchanges and derivatives.

The first grain derivative contract, a wheat futures contract, was launched by the Bucharest Stock Exchange in 2011. It was a listing of the more liquid Paris based Euronext wheat future contract, but in the local currency, thus avoiding the foreign exchange risk that might incur from trading a contract denominated in euros. However, as one of the experts working on launching this derivative told me, new EU legislation regarding capital markets led to the disappearance of this contract in the same year. One year later, the Chicago Mercantile Exchange (CME) launched a Black Sea Wheat futures contract, which had little trading volumes and despite still being listed on the exchange, it has not been traded. Euronext announced its intention to launch one too. Even the Romanian branch of a transnational bank launched an OTC swap derivative the same year, hoping to mediate forward transactions between farmers and traders, but was abandoned soon after. One of the transnational grain trading companies provided its own OTC option derivative, which most farmers did not use (although by the time I finished the research options on forward rape seed contracts were becoming more popular, albeit pricey). The price risk to which the bank and the trading company were exposed was supposed to be hedged by at their European headquarters using derivatives on the CME and Euronext markets.

After I interviewed those involved in these initiatives I found out that all of them claimed the reasons for a lack of interest in derivatives are farmers' lack of financial education, their lack of contractual discipline, but also vested interest of the trading corporations. When I asked Razi what are his thoughts, he said the same. Notwithstanding, derivatives sometimes are, as Guyer (2009) noticed, hidden in plain sight because of their diffusion into and complex entanglement with all aspects of the contemporary economy. According to her, the concealment of elements like derivatives in the price composition circumvents "the moral and political commentary that might ensue from close analysis" (204).

What happens is that farmers and traders are using the price information regarding derivatives traded on the Exchanges of Chicago and Paris as *prosthetics* (Çalışkan 2010) to price their own OTC forwards. This has been a recent development, made possible by the dependency of farms on bank credit for buying land which allows the securization of the contracts. Bad debtors are usually registered in a database managed by the BNR and made available to all commercial banks. When closing a forward deal traders ask farmers a promissory note in blank from the bank were they hold an open account. If farmers do not honor the forward contract the traders with the promissory note could ask for the equivalent value of the crop they were supposed to get in money from the farmers bank. However, if the farmers try to avoid paying and leave the account empty, they end up in the bad debtors register, making it impossible to access credits for a period of several years. The rise of loans for buying land and loans for accessing CAP development funds made the prospect of being cut off from credit much worse than losing some money because prices were higher than the fixed price in the contract.

So, even though there is no marketplace for derivates and few people know what they are or how they work, or that there is a whole global debate about them, derivatives are all tangled in all the market transactions between farmers and traders. But those who benefit from them are the traders, who take advantage of the information asymmetry that exists between them and the farmers. And, also, the aggregating large farmers who have grain storing facilities, buy from mid-sized farmers forward and sell it forward to the exporting traders, while using their own production as a hedge against unexpected price movements.

The way in which the market infrastructure is constructed within the cracks of failed attempts to adopt a system based on a blueprint is the outcome of the peripheral position of the local agricultural economy in the global system. The way in which the agricultural commodity derivatives' market have developed in postsocialist Romania is indicative of the a process of peripheral financialization. A process in which the divergence from the "model" is the result of the core-periphery power dynamic of global capitalism in which the lack of financial education and contractual discipline work both against financialization and with it.

Conclusions

In this chapter I focused on the role played by derivatives in the grain market of Romania. Commodity Exchanges, where these derivatives are being traded, have been promoted in Romania as an instrument that would make transparent the formation of crop prices. This became necessary as the neoliberalization of the economy since the 1990s took away any mechanism the state had of fixing prices. But often the risk management of the price volatility these Exchanges are supposed to facilitate is overlooked in public debates. This means that these discourses do not mention the involvement of financial institutions in these markets.

That the latter through buying and selling future contracts take on the price volatility risk farmers, crop processors and traders want to hedge, and provide liquidity to these markets. It is not so much a question of transparency as it is the fact that without such an Exchange, farmers are unable to manage this risk in a free market global capitalist system.

It would seems as if in the absence of a commodity Exchange, there is no financialization of the agricultural crops taking place in Romania. However, I tried to show that whether a commodity Exchange exists or not, farmers are, through the mediation of transnational commodity traders, still linked indirectly to the financial institutions trading derivatives on the Exchanges of Chicago or Paris. The latter list the prices generated by the derivative trading they manage, which becomes a reference price in the local OTC forward trades. In the absence of a market infrastructure based on warehouse receipts and clearing houses, the forward trades are secured through promissory notes which place farmers who do not honor their contracts into a bad debtors register administered by BNR which cuts them off from credit. But since the land rush and their increase need for loans to buy land, not honoring forward contracts comes with a risk they are not willing to assume

Conclusion

After the 2007 financial crisis, financialization captured the attention of an increased number of scholars from the social sciences, who generally used it as a term to describe the rising power of financial institutions, practices and investors in the global economy.

The relatively large and increasingly fashionable topic of financialization developed following several main directions. In the literature on the financialization of and by the state, scholars have argued that a financialization of the state exists, and it manifests in the political independence of central banks, and their monetary policy directed at inflation, which favors financial investors. Scholars have also paid more attention to how sovereign debt is becoming more market-based, states increasingly relying on issuing tradeable bonds to cover deficits. Other scholars developed a different strain of literature that I called the literature on shareholder value. They have focused on the pressure that financial investors, which hold corporate stock and bonds, have put on business management, arguing that management after 2007 concentrated on increasing the market value of their assets, going as far as replacing their accumulation model - based on production and commerce - with a model based on holding assets that bear interest and distribute dividends. Significant recent research has also developed the literature on financial markets and devices, analyzing the creation of new financial markets, as well as the introduction of new financial trading models and instruments. Lastly, the literature concerned with the financialization of everyday life has explored the ways in which financial institutions are taking over many aspects of social life, while financial models are internalized by individuals and households in their decision-making practices.

While this research provides valuable insights for understanding different global and local contexts, it is noteworthy that the majority of these works have nevertheless devoted significantly less attention to countries situated at the periphery of the global capitalist system.

A sum of the financial institutions and practices that this literature delves into are either missing or working in a different way and with different outcomes outside the core zones of the system. Policymakers from both the core and the periphery usually look at this issue as a form of "undevelopment", calling it an undeveloped financial sector, which automatically implies a relation and a reverence towards the core financial institutions. For the periphery, processes are seen mainly as "wrong", not necessarily as "different". During my fieldwork, in interviews that I conducted with financial experts, I was frequently told that one of the main reasons for the failure to develop a working commodity derivatives Exchange in Romania was the lack of financial education, which suggests a perception of backwardness, a sense that the periphery needs to catch up with the core. Against this generally held idea, and also to fill the identified gap in the literature, throughout the chapters of this thesis I have tried to show that financialization at the margins of global capitalism is characterized by different practices, and takes different institutional forms than in the core zones of the system. In this way, I am still approaching financialization as a relation, however not as a relation of underdevelopment, implicating lagging behind, incompleteness or backwardness, but rather a relation of reciprocal co-production in and of different contexts and emergent processes.

I showed that peripheral financialization entails a multiscalar rebundling of social relations to create frontiers of what Jason W. Moore (2015) calls Cheap Natures. By multiscalar rebundling I mean a massive reconfiguration of multiple relations at different scales of ownership, production, exchange and governance of assets, capital, and commodities. In the case of postsocialist Romania financialization the multiscalar rebundling has generated a frontier of cheap land and cheap labor. In the words of Jason Moore,

> As Cheap inputs stop being cheap and start being dear, the opportunities for accumulation in the zone of material production stagnate, and begin to contract. Financial expansions tend to commence as appropriation falters, and the value composition of labor-power, food, energy, and raw materials rises rather than falls. Thus, financial expansions inaugurate new eras of primitive accumulation, as capitalists and states pursue the restoration of Cheap Nature. (103)

Frontiers are sites that initially allow for extravagant new economies of windfall profit (Tsing 2005), as those from consolidating land, closing the yield gap, or asset inflation. Apart from economic booms, frontiers also generate economies of loss and inequality; some people get squeezed out by competition and become precarious (Li 2014).

Following Kalb's (2020) call for a relational approach to finance, I described financialization as a bundle of nested hierarchical relations which determine and are at the same determined by peripheral and core zones within global capitalism, but also within nation states, economic sectors, regions, environments, households and individuals.

In peripheral financialization the institutions and practices which define the development of financialization in the core usually fail to produce the same effects. As political economists have shown, one reason for this is related to the dependency of peripheries on capital inflows from the core zones, which are attracted by high interest rates and overvalued exchange rates that guarantee big returns for investors. In this thesis I went beyond and below the macroeconomic level to grasp the multiscalar and also grassroots relational forms of finance that develop in the periphery.

I showed that the literature on financialization, which is grounded in cases from the core zone of the global economy, fails to a large extent to account for the way in which in the periphery one encounters different relational financial forms. Filling this gap, I examined a series of interconnected processes - involving institutions such as the central bank, foreign-owned banks, and the government, among others - that made Romania different as a periphery. In Romania, the financialization of and by the state after 1990 has been accomplished by making the central bank politically independent, yet subordinated to the neoliberal set of policies advanced by the EU, IMF, and the World Bank. Since the 1990s the central bank has conducted a monetary policy that maintained interest rates high in order to discipline companies into efficiency through hard budgetary constraints. It also kept an overvalued exchange rate to stimulate export demand, but impaired the consumption of imported goods, whose prices were inflated. The far-reaching consequences of such policy were the hindering of companies, especially the local ones, to upgrade their technological infrastructures and at the same time the hindering of households' and individuals' access to basic resources such as food.

Moreover, for the achievement of its policy targets, the central bank relied on open market operations which have encouraged the speculative behavior of local foreign-owned banks who concentrated their funds in this activity instead of financing the economy. Meanwhile, the government debt management was reformed and relied more on bonds tradeable on the capital market, which effectively subordinates public policy to the market's assessment of its appropriateness. Dependent on debt to finance increased budget deficits, the volatility of the sovereign bonds forced the government to make choices that did not lower the country's credit score. The more the government advances a direction that does not favor financial interests, the higher the interest rate the country needs to pay for credit.

While debt management seems to not be so different from what is happening in the core zones of the system, the shareholder value maximization theory has had less of an influence on the local business sector. The predominance of SMEs suggests that most companies in Romania lack a corporate governance structure. This means that most of them are not indirectly owned by shareholders. In the case of the acquisition of land, there are a series of developments that first had to take place in order to render it investable. Investors cannot simply buy the stock of an agribusiness and automatically have a share of land ownership.

I showed that land was made investable through the establishment of a land registry system, the creation of narrative market devices, and farms' commercial registration. Property rights had to be made secure and legible in order to make land tradeable. This was made possible through a centralized land administration system, which identified land parcels on an artificially imposed grid and linked them to an owner registered into a centralized land book. However, the political and social chaos produced by the restitution procedures, followed by a compromise on the rights registration process, have created a fuzzy property regime (Verdery 2003) which largely benefitted the investors.

I examined how a series of different market narratives devices have been used to frame investors' decision making, and to configure land sales and agricultural production at different scales. These devices mostly portrayed Romanian arable land internationally as being fertile, unused, and cheap, and, in the context of a global land scarcity and increasing food demand, promising high returns - a rather typical frontier portrait with areas imagined as empty lands waiting to be transformed into profit. Yet, at the same time, a local market narrative depicted land as expensive and scarce for the local farmers. Squeezed and menaced by the competition with foreign investors, local commercial farms rushed to acquire land before it was too late. Those who sold were the smallholders, who had recently become landowners by virtue of cumbersome restitution land reforms. The combination of narrative and processual devices effectively created a liquid market which allowed investors to buy and sell land with relative ease.

The local narrative, however, focused on the foreignization of land, a process that locals framed bitterly as akin to land grabbing, but which also involved perceived benefits, holding the promise of a windfall profit and a better life. But the fears and fantasies of selling to foreigners in fact hid the equally unsettling competition created between local large farms and mid-sized ones. The latter confronted higher obstacles in accessing credit because they were financially illegible and lacked collateral. The EU and the national state contributed to the legibility and collateralization of these farms and integrated them into the banking system.

Moreover, the state became a sort of land buyer of last resort, securing liquidity in case of credit defaults.

What is specifically peripheral about financialization in this case is the perceived requirement to make both land and farms investible in a short time, by a process of importing institutions that have developed in the core zones over a much longer period of time, and in relation to specific local contexts. As a result of this unbecoming contraction and lack of fitness, the entire process appears as being in a continuous state of incompleteness, creating cracks and interstices beneficial to investors. Equally specific to the periphery is the instrumentalization of the state in this process of integrating farms into global financial circuits, playing a key role in establishing the land registry system under the supervision of the World Bank and in the registration of farms with the financial help provided by the EU.

Throughout the dissertation, I have shown various nefarious effects of the lack of shareholder pressure. Related to the lack of shareholder pressure is the undercapitalization and illiquidity of financial markets and devices. Instead of a stock market that usually facilitates the access of investors, branches of transnational corporations acted as mediators between local economic entities and global capital markets. Academics have given a great amount of attention to financial derivatives and the role they play in the process of financialization. Commodity derivatives have a major impact on the financialization of agriculture. These were integrated in index-based derivatives, which passive institutional investors integrated into their portfolios and contributed to a "virtual" demand that pushed prices up. But in Romania various initiatives to establish marketplaces for trading agricultural derivatives have failed. I showed that the market infrastructure of these derivatives looks rather different in the periphery of the global economy.

Although there is no significant presence of exchange-traded-derivatives, over-the-counter derivatives have proliferated and are priced in relation to the price listings of the major agricultural commodities in the world. Forward contracts, which are business-to-business derivatives, are priced in relation to derivative contracts' prices listed on the Exchanges based in Chicago and Paris. Instead of being secured by a clearing house, which usually Exchanges have attached, or by a major investment bank, forward contracts are secured through promissory notes released by the banks where farms hold their accounts. What makes possible this securitization is the indebtedness of the local farms by way of their acquisition of land, since defaulting on a promissory note leads to their placement in a centralized bad debtors' book which hinders their future access to credit. The failure to establish marketplaces for commodity derivatives reveals how the institutional blueprint of financialization in core zones fails and creates interstices from which different relation financial forms emerge.

I have also argued that the financialization of arable land would not have been possible without the increased number of smallholders who sold their property. My in-depth research at village level in the plains of Bărăgan showed that what drives this selling is a shift in the value system of smallholders living in rural areas. Their desire for modern, urban-like, housing conditions replaced land with houses as a representation of their social prestige. While land held first place among local values for many decades, fuelled by a hunger for land initially generated by the liberation from serfdom and subsequent land reforms in the modern era (in the second half of the 19th century until World War Two), this high land valuation suffered a downfall starting in the socialist period, beginning with collectivisation. Recently, the 'downgrading' of land has become steeper. In postsocialism, in the flat and dusty village of Dragoș Vodă in the Bărăgan Plain, selling land was the main available strategy through which smallholders were able to improve their houses and aim for a comfortable life, as such lifestyles were increasingly advertised by popular TVshows. The land rush raised the prices of land and made this selling strategy ubiquitous. Moreover, I have shown that smallholders did not sell their entire land plots. They kept small tenements that became revalued as means of producing healthy organic food, in line with a recent reconfiguration of middle-class urbanite consumption values. This case shows that everyday life financialization in the periphery does not necessarily take the form of indebtedness to banks, or investment in capital markets, as one is more likely to see in the core zones. Instead, financialization in the periphery leads to a reshuffling of local value systems which does not appear as an immediate result of financialization.

In the periphery of global capitalism, investment in arable land and agricultural commodity derivatives is dependent on foreign financial capital inflows, whether it is foreign asset managers who set up and fund local operations that buy land, produce and sell grains, multinational trading companies that sell inputs and buy and export grains, local capitalist farmers who loan from foreign banks to buy land and produce cash crops, or rural smallholding households redefining what they value, and in the process redefining their production and consumption, and implicitly themselves.

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