The Worldwide Destruction of the Family Farm. Wall Street's Unprecedented Land Grab

Sacrificing Food Security for Profit

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*A recent review carried out by the organization GRAIN revealed that **small farms produce most of the world's food and are more productively efficient than large farms** [1].*

*Facilitated by an appropriate policy framework, small farmers could easily feed the global population. However, small farmers are currently squeezed onto less than a quarter of the world's farmland. **The world is fast losing farms and farmers through the concentration of land into the hands of the rich and powerful.** The report concluded that if nothing is done to reverse this trend, the world will lose its capacity to feed itself.*

One major reason why small farms are disappearing is the rapid growth of monoculture plantations. In the last 50 years, 140 million hectares – well more than all the farmland in China – have been taken over for soybean, oil palm, rapeseed and sugar cane alone. **By definition, peasant agriculture prioritizes food production for local and national markets as well as for farmers' own families,** whereas **corporations take over scarce fertile land and prioritize commodities or export crops for profit and markets far away that cater for the needs of the affluent.**

This process impoverishes local communities and brings about food insecurity. GRAIN's Camila Montecinos concludes that **the concentration of fertile agricultural land in fewer and fewer hands is directly related to the increasing number of people going hungry every day.** While industrial farms have enormous power, influence and resources, GRAIN's data review showed that small farms almost everywhere outperform big farms in terms of productivity.

On the heels of the review by GRAIN is a new report from the policy think tank the Oakland Institute which states that the first years of the 21st century will be remembered for a global land rush of nearly unprecedented scale [2]. An estimated 500 million acres, **an area eight times the size of Britain, was reported bought or leased across the developing world between 2000 and 2011, often at the expense of local food security and land rights.**

The Oakland Institute indicates how a new generation of institutional investors, including hedge funds, private equity, pension funds and university endowments, is eager to capitalise on global farmland as a new and highly desirable asset class. Financial returns, not food security, are what matter.

And this trend is not confined to the much publicized buying up of valuable agricultural land in low-income by foreign concerns [3]. The Institute's Executive Director, Anuradha Mittal, argues that although media coverage tends to focus on land grabs in these countries, there is also a new rush for US farmland. With rising interest from investors and surging land prices, giant pension funds like TIAA-CREF are committing billions to buy agricultural land.

She states that one industry leader estimates that **ten billion dollars in institutional capital is looking for access to US farmland**, but that figure could easily rise as investors seek to ride out uncertain financial times by placing their money in the perceived safety of agriculture. The US will experiences an unprecedented crisis of retiring farmers over the next 20 years, leading to ample opportunities for these actors to expand their holdings as an estimated 400 million acres changes generational hands.

Mittal argues that for all their size and ambition, virtually nothing is known about these new investors and their business practices. Who do they buy land from? What do they grow? How do they manage their properties? She concludes that in an industry not known for its transparency, none of these questions have a satisfactory answer.

The corporate consolidation of agriculture is being felt just as strongly in Iowa and California as it is in the Philippines and Mozambique. Mittal notes that some of the most powerful players involved in these major land acquisitions include: UBS Agrivest, a subsidiary of the biggest bank in Switzerland; the Hancock Agricultural Investment Group (HAIG), a subsidiary of the biggest insurance company in Canada; and the Teacher Annuity Insurance Association College Retirement Equities Fund (TIAA-CREF), one of the largest pension funds in the world.

Mittal argues that this is crucial to look at the motives and pratices of these major players because although institutional investors only currently own an apparently tiny one percent of all US farmland and farmers are still the biggest buyers of farmland across the country, the writing is on the wall in terms of the long-term trends that threaten US agriculture.

Investors believe that there is roughly 1.8 trillion dollars' worth of farmland across the US. According to the Oakland Institute, of this between 300 and 500 billion dollars is considered to be of "institutional quality," a combination of factors relating to size, water access, soil quality, and location that determine the investment appeal of a property. This makes domestic farmland a huge and largely **untapped asset class**. Some of the biggest actors in the financial sector have already sought to exploit this opportunity by making equity investments in farmland. Frequently, these buyers enter the market with so much capital that their funds are practically limitless compared with the resources of most farmers.

Anuradha Mittal notes that they have made an impressive foothold and that this is the beginning, not the end, of a land rush. Not only is there space in the market for institutional investors to expand, but there are also major financial incentives for them to do so. She argues that if action is not taken, then **a perfect storm of global and national trends could converge to permanently shift farm ownership from family businesses to institutional investors and other consolidated corporate operations.**

A September 2013 report by the United Nations Conference on Trade and Development [4] stated that farming in rich and poor nations alike should shift from monoculture towards greater varieties of crops, reduced use of fertilisers and other inputs, greater support for small-scale farmers and more locally focused production and consumption of food. The report stated that monoculture and industrial farming methods are not providing sufficient affordable food where it is needed. The system actually causes food poverty, not addresses it, something which people like Vandana Shiva have been saying for some time [5].

Numerous high level reports from the UN and development agencies have argued in favour of small farmers and agro-ecology. However,**the bedrock of food production and food security – the small farmer – faces marginalisation and economic distress**. The trends in favour of 'asset-based', corporate-dictated agriculture do not bode well, especially for low-income (rural-based) countries. That type of system does not exist to address food security or support local economies. Based on speculation, the ring-fencing of commodities for markets and the control of subsidies, prices and inputs, it exists to satisfy shareholders and investors elsewhere.

Notes

[1] http://www.grain.org/article/entries/4929-hungry-for-land-small-farmers-feed-the-world-with-less-than-a-quarter-of-all-farmland

[2] http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_Report_Down_on_the_Farm.pdf

[3] http://www.oaklandinstitute.org/publications

[4] http://unctad.org/en/PublicationsLibrary/tdr2013_en.pdf

[5] http://www.globalresearch.ca/our-hunger-games/5302603

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