

Food First BACKGROUNDER

INSTITUTE FOR FOOD AND DEVELOPMENT POLICY

WINTER 2012-13

VOLUME 18 • NUMBER 4



Photo by Eric Holt-Giménez

Land Grabs vs. Land Sovereignty

By Eric Holt-Giménez

The ‘global land rush’ is grabbing headlines. While media coverage has focused on the role of hedge funds, retirement funds, sovereign wealth and ‘new colonialist’ purchases of vast tracts of land in Africa and Asia, academic research is uncovering a broader pattern. As global land values increase, land ownership is becoming increasingly concentrated, even where there have been few reports of land grabbing. Researchers are uncovering patterns of dispossession that are even deeper, wider and potentially more devastating for rural local communities than is generally acknowledged.¹

Land deals are occurring in areas of longstanding inequity, racism and conflict. They involve real estate speculation, mining, agro-fuels, industrial forestry and ‘flex crop’ production for export, often led by local elites and regional companies.² Global institutional investors view agricultural land as an \$8.4 trillion market (of which they now own an estimated \$30-40 billion).³

Land grabbers often claim they are working to solve the world’s food, fuel and climate problems. The World Bank and the FAO assert that these “large-scale land acquisitions” are needed for agricultural investment. But none of the estimated 83 million hectares⁴ grabbed since global food prices spiked in 2007 are being driven by concerns for the livelihoods and needs of the people actually living on the land being grabbed.

What’s Driving Land Grabs?

Land, while viewed by the market as a tradable commodity, is the social space where economic and community decisions are made. It is the place of neighborhood, culture and livelihoods. For indigenous peoples, it is their territory. It is home.

Why are hundreds of thousands of people around the world being driven from their land?

The proximate causes of land grabs—the ones that make media headlines—all cite global *scarcities* of food, fuel and water as drivers for the global land rush. But this assumes scarcity to be a “natural” consequence of “overpopulation.” It does not explain how scarcity is produced through inequitable economic growth (leading to hunger during record harvests, for example), or who benefits from scarcity. Nor does this explain how land grabs actually happen, why they only happen to poor and marginalized communities, or why they are often facilitated by public institutions.

2 Land grabs are a quick fix for an age-old financial problem that has taken on global proportions: the crisis of “over-accumulation.” In a recession, purchasing power is reduced because of unemployment and underemployment. Goods pile up unsold. Banks fill with cash because there are no attractive outlets for productive investment. Money loses value and real interest rates drop. Then land—rural and urban—is a good refuge for excess capital. There is no point in holding wealth as money (which is losing value) when one can hold wealth in land, which (theoretically) will gain in value. Investors buy land at low prices, then sell high when the recession is over. This has led to a rush of speculative land purchases.

Contrary to widespread perceptions, land grabs do not just involve wide swaths of rangeland in sub-Saharan Africa or massive palm oil, soy and sugar cane plantations in Asia and Latin America. The trend is also occurring in the former Soviet Union, the Global North and in urban areas. And foreigners, and local elites alike are jumping on the land grab bandwagon.

But to bring low-value land into the global market, it must become “valuable.” How? Through scarcity. As John Hantz, the financial magnate grabbing urban land in Detroit puts it:

We don’t have scarcity. What I mean is, there’s no reason to buy real estate in Detroit—every year, it just gets cheaper. We’ve gone from 2 million people to 800,000. There are over 200,000 abandoned parcels of land and, by debatable estimates, 30,000 acres of abandoned property. We need to create scarcity, because until we get a stabilized market, there’s no reason for entrepreneurs or other people to start buying.⁵

If the land itself can’t be made scarce, then investors can increase its value by linking it to land-based resources that are *perceived* as becoming scarce, like food. Food becomes scarce through crises. In a crisis, prices are inflated, deflated and manipulated through hoarding and speculative bubbles. (It is important to remember that market “scarcity” can be created in the midst of abundance... The 2007-2008 and 2010 food crises coincided with the highest historical levels of global food production.) This creates market volatility; a sort of “flexible scarcity” that allows those with the most market power—primarily oligopolies that corner buying *and* selling—to make money on the rise and fall of prices. The overall trend in price is steadily upward (that’s what makes it a crisis), which favors more speculation and hoarding. All of this has led to a spectacular rise in the price of land, worldwide, fuelling the global land rush.

The price of agricultural land is rising so fast, its financial value is outpacing its productive value: land is worth more for what it can sell for than for what it can produce. Susan Payne, global land grabber and CEO of Emergent Asset Management once bragged,

In South Africa and sub-Saharan Africa the cost of agriland, arable, good agriland that we’re buying is one-seventh of the price of similar

land in Argentina, Brazil and America. That alone is an arbitrage opportunity. We could be moronic and not grow anything and we think we will make money over the next decade.⁶

The “double function” of land as both a productive and financial asset has brought financial investors flocking to high-value farmland in the US as well, leading to new forms of land concentration in the Great Midwest. Further, with the fall in the value of almost all global currencies, old drivers of land inflation like gold mining and mineral extraction have also returned in force. “Green grabbing” of land to access carbon markets, set aside nature reserves and to plant biofuels is on the rise. But few land grabs actually lead to productive projects, leading many observers to ask if the land rush is not just one gigantic, speculative bubble.

Territorial Restructuring

Land grabs do not appear out of thin air. Markets must be deregulated (or created), national laws must be changed (or broken) and infrastructure must be developed. This is the “drilling down” of investment capital in which land grabs—whatever their form—are simply one part of a larger reconfiguration of rules, markets and landscapes. The “grab” is one link in a long chain of larger political and economic transformations called *territorial restructuring*.⁷

Territorial restructuring seeks control over places and spaces by shaping and controlling the rules, institutions and social relations that govern production. *Places* are the physical areas where production and restructuring happens. *Spaces* are the socio-political arenas in which different actors vie for power, e.g. the market, financial and multilateral institutions, and government. The point of territorial restructuring is to extract wealth.

The bitterly resisted Marlin Mine on



California farmer, Photo by Agriculture & Land-Based Training Association (ALBA)

indigenous land in Guatemala is a good example. After the signing of the country's Peace Accords in 1996, the World Bank quickly advised the Arzú government to "modernize" its mining sector. Under the new mining law, companies could be 100% foreign owned. Mandatory royalty levels of 6% were reduced to 1%, and the 58% tax on profits was reduced to 31%. In a country where poor consumers pay up to \$140 a month for water, the substantial quantities of water needed for processing gold ore became free to mining companies. The Guatemalan government offered a special four-year tax holiday. Then, in 2004, the World Bank's International Finance Corporation stepped in to loan Canadian *Glamis Gold* (now *Goldcorp*) \$45 million to begin open-pit, cyanide gold mining. The land grab was on.

What can be done? Land Sovereignty

The global trend in land concentration includes land grabs that are small, urban and gradual as well as large-scale, rural and explosive. Some are recent, but others are part of longstanding struggles. All land grabs use existing frameworks of power to build and consolidate more power. This is why land grabs are not just about profits but about *grabbing power*.⁸ It is also why resistance to land grabs is ruthlessly repressed. If we want to understand why land grabs are happening—and learn how to best resist them—we need

to understand the histories of territorial struggles.

According to the Transnational Institute,

There are two broad types of resistance linked to current land grabbing today. The first type is a defensive struggle to resist expulsion of people from the land, or resistance against the appropriation of their water resources or community forest. The second type is a pro-active struggle where local communities occupy and enclose their land, water or forest and develop alternative livelihoods and production systems such as agro-ecology that challenge the dominant model of industrial development. Both types are life-and-death struggles.⁹

The challenge is for people to build community power *before* they are preyed upon by speculators, hedge funds, giant retailers or extractive industries. This requires a proactive strategy that advances alternative land and livelihood projects while building broad alliances that protect vulnerable communities from resource dispossession. It also requires community vigilance against the political, economic and infrastructure changes that precedes land grabbing. It requires a strategy for territorial *land sovereignty*.¹⁰

Land sovereignty is the right of communities and peoples to sustainable, land-based livelihoods; their right to have a democratic say in its use and an equitable share in the stream of social, environmental and economic benefits of the land where they live.

Land sovereignty is a strategy of resistance in the face of territorial restructuring. From the peasant cooperatives of the Aguán Valley in Honduras to the urban gardens

of the Detroit Black Community Food Security Network, people are busy, building local alternatives and community control over their spaces and places. In order to stand up to the global land rush, they will also need regional, national and international alliances with everyone truly concerned with ending the injustices that cause hunger.

ENDNOTES

1. Of more than 100 papers presented in 32 panels during the 2011 International Conference on Global Land Grabbing, in Sussex, England, *not a single case of positive outcomes for local communities, food security, employment and environmental sustainability was found.*
2. Borras, S. M., J. C. Franco, S Gómez, C. Kay & M. Spoor . 2012. Land grabbing in Latin America and the Caribbean. *Journal of Peasant Studies* 39(3-4): 845-872.
3. Bloomberg. Dec. 5 2012, <http://farm-landgrab.org/post/view/21390>
4. Anseeuw, W.; M. Boche.; T. Breu., ; M. Giger.; J. Lay; P. Messerli, and K. Nolte. 2012. "Transnational Land Deals for Agriculture in the Global South. Analytical Report based on the Land Matrix Database". CDE/CIRAD/GIGA, Bern/Montpellier/Hamburg. <http://www.landcoalition.org/sites/default/files/publication/1254/Analytical%20Report%20Web.pdf>
5. Smith, E.. Nov. 2010 "John Hantz." *The Atlantic*. <http://www.theatlantic.com/magazine/archive/2010/11/john-hantz/308277/>
6. <http://farmlandgrab.org/11247>
7. Holt-Giménez, E. 2008. *Territorial Restructuring and the Grounding of Agrarian Reform: Indigenous Communities, Gold Mining and the World Bank*. Transnational Institute. Amsterdam.
8. Kerssen, Tanya M. 2013. *Grabbing Power: The New Struggles for Land, Food and Democracy in Northern Honduras*. Food First Books. Oakland.
9. The Global Land Grab: A Primer. Transnational Institute. Amsterdam. <http://www.tni.org/primer/global-land-grab>
10. See Borras, J. and J. Franco 2012. "A Land Sovereignty" Alternative? Towards a Peoples Counter Enclosure." TNI Agrarian Justice Discussion Paper. Transnational Institute. <http://www.tni.org/paper/land-sovereignty-alternative>

MEMBER BENEFITS:

- 20% discount on Food First books
- Quarterly Food First News & Views and Backgrounders. Call or write for copies to share with friends
- Donate \$100-\$499 - one free Food First book or T-shirt.
- Donate \$500-\$999 - Two free Food First books or T-shirts.
- Donate \$1,000 or more - receive all Food First materials.

SAVE PAPER, POSTAGE, AND TIME BY JOINING OUR *SUSTAINERS' CIRCLE*

For as little as \$10 a month, you can be a vital part of...

sustaining FOOD FIRST

Support Food First with easy, automatic monthly donations through your credit card or checking account.

Call (510) 654-4400 or email info@foodfirst.org for details

JOIN FOOD FIRST AND TELL YOUR FRIENDS

more info at www.foodfirst.org

GRABBING POWER:

The New Struggles for Land, Food and Democracy in Northern Honduras

By Tanya M. Kerssen, with a Foreword by Eric Holt-Giménez

This is the first of a series of Food First books on Land & Sovereignty. Grabbing Power unravels the history of agribusiness in Northern Honduras, from the United Fruit Company's dominance in the early 20th century to the rise of ruthless landowner Miguel Facussé, the "oil palm grower of death." In the face of rising landlessness and mounting repression, especially since the 2009 coup, peasant families in the Aguán Valley of Honduras have formed an impressive social movement to reclaim their lands, build food sovereignty and create genuine democracy in Honduras.

Publication date:
February 1, 2013. Now
available for pre-order.
Paperback 188 pages
\$14.99, ISBN 978-0-935028-
43-0
E-book \$9.99, ISBN 978-0-
935028-44-7



**NEW
RELEASE!**

**NEW
RELEASE!**

UNFINISHED PUZZLE:

Cuban Agriculture - The Challenges, Lessons and Opportunities

By May Ling Chan & Eduardo Francisco Freyre Roach

Why is the Cuban experience so unique in terms of sustainable agriculture, local development, agrarian reform, food security and food sovereignty? Is that experience replicable in other countries?

This book provides a rare view from inside Cuba of the tension between food sovereignty and the struggle for food security in the face of a 50-year U.S. embargo. The authors use statistical analysis, interviews and studies including trends in production, consumption and imports and exports from the years 1989 to 2011.

Paperback 129 pages,
\$14.95. ISBN 978-0-935028-42-3
E-book \$11.95. ISBN 978-0-935028-40-9



**TO ORDER AND SEE MORE FOOD FIRST BOOKS: www.foodfirst.org/en/catalog
or contact Perseus Distribution, at 800-351-5073**

Foodfirst

INSTITUTE FOR FOOD AND DEVELOPMENT POLICY

398 60TH STREET • OAKLAND, CALIFORNIA 94618 USA • TEL: (510) 654-4400 • EMAIL FOODFIRST@FOODFIRST.ORG

©2013 BY FOOD FIRST. ALL RIGHTS RESERVED. PLEASE OBTAIN PERMISSION TO COPY