



# Interpreting the Land Grab

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## Introduction

The so-called “global land grab” continues the historic process of land enclosures described by Sir Thomas More in *Utopia* as “sheep eating men,” when English peasants were evicted from the commons to make room for private estates. Colonialism extended the enclosure movement as lands and habitats were commandeered for export monocultures and/or settled by colonists at the expense of indigenous peoples — a practice continued during the mid-twentieth century development era as new states sought to secure national territory and export revenues. The subsequent neoliberal project of global development intensified market-driven enclosure for mineral and agro-exporting as indebted states submitted to structural adjustment. Now in the twenty-first century, enclosure by “land grabbing” is driven by a combination of the food, energy, climate and financial crises. With rising energy and food prices, land has become the object of speculative investment and a hedge against food and fuel supply shortfalls.

In its 2009 report, *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?* the World Bank notes that global investors acquired 111 million hectares of agricultural lands over four years, 75 percent of which were in Africa. In 2011, the Bank reported a 12-fold increase in the amount of agricultural land acquired by foreign investors. China and the Middle Eastern countries were the first players in the land rush. Since 2008, land grabbers include China, Saudi Arabia, Egypt, Bahrain, the Gulf countries, Jordan, Kuwait, Libya, Qatar, United Arab Emirates, India, Malaysia, Japan and South Korea. Rising energy and food prices have intensified the land enclosure, as speculative venture funds hedge against food and fuel supply shortfalls.

The associated migration of industrial agriculture to the global South has several drivers, including soil depletion in Northern “breadbasket” regions and rising costs of compensatory inputs, cheap land in the South increasingly accessible through new forms of “environmental diplomacy” (offset protocols/Clean Development Mechanism, World Bank governance interventions), climate and food crises spurring biofuel and ‘agriculture for development’ solutions implicating Southern land, and financialization. Facilitating this transition are accommodating policies of host governments, public-private biofuel

complexes, and public authority governance mandates regarding land titling -- legitimating new initiatives for the development industry in the name of feeding the world and saving the planet.

### **Financialization and the land grab**

By the twenty-first century, declining industrial productivity combined with a collapse of the financial derivatives market, expressed itself in an accumulation crisis. A notable consequence has been the decisive shift of investment capital into speculative ventures in land, food and biofuels – thus, between 2004 and 2007, venture capital investment in biofuels increased by 800 percent (Holt-Giménez 2007,10). International capital markets gravitated towards agriculture as a relatively safe investment haven for the relatively long-term. Most notably, in 2007 “soft” commodities (renewable crops) overtook “hard” commodities (non-renewables, such as oil and metals) as “prime performers” in the commodities investment market. Researchers have cited new demands from bioenergy and other “bioproducts” from agricultural crops among the causes of this bull-run on “soft commodities” (Daniel 2009, 5). In addition to food futures and crops, land and agriculture have constituted a new investment frontier in recent years, with returns of up to 25 percent. In June, 2009, the Executive Director of JP Morgan, stated: ‘Physical agriculture’s assets are the new focus in longer term investments as institutional investors explore opportunities in everything from raw land to grain elevators to food processing plant’ (quoted in Gillam 2009).

Rising food prices, peaking oil production, emission mandates, and stalled investment funds find material resolution in the land grab, accompanied by an ideology of enclosure in the name of humanity (food) and the environment (green fuel). Whether agricultural investments can resolve the profitability crisis of capital in general is in question, but the short answer may be that the logic of financialization is to privilege futures over productivity gains. Certainly there is development agency rhetoric regarding a “yield gap” between attainable and potential yields in agriculture on Southern lands. For example, the World Bank claims ‘none of the African countries of most interest to

investors is now achieving more than 30% of the potential yield on currently cultivated areas' (2010, vii).

The notion of a “yield gap” appears to justify an extractive form of agriculture, where commercial food and “biomass” is produced as a world/corporate product, not for local or domestic food/fuel sovereignty. The assumption that value-chain agriculture will resolve the “yield gap” is misleading in two senses: first, in assuming that small-scale farming is necessarily less productive than industrial agriculture (cf Pretty, et al 2006, Hamer and Anslow 2010); and second, in assuming that it is sustainable, compared with small-scale agro-ecological farming (Altieri 2010). The issue here of course is to redirect land investments to support diverse smallholder farming (as recommended by the recent High Level Panel of Experts (HLPE) report on Land Investment for the committee on Food Security (CFS) -- thereby addressing such misconstructions, which too easily conflate small farming and poverty (as a reflex of the development/modernist narrative).

Further, large-scale land enclosure threatens the livelihoods of countless rural inhabitants who depend on common lands, which are routinely classified as “idle lands” allowing large-scale dispossession.<sup>1</sup> Enclosure of common lands has a long lineage. The modernist narrative identifies such land as undeveloped, invisibilizing subsistence and pastoral cultures for which “low input” land use serves multiple functions (fuel, grazing, water, medicines, dietary diversity) including fallowing to manage soil fertility.

A new twist in the twenty-first century involves land grabbing in the name of conservation and global planetary health, facilitated by the carbon market (soon to be deepened by Reducing Emissions from Deforestation and Forest Degradation (REDD) protocols). Thus, in a recent case, the UK-based New Forests Company, which grows forests in Africa for carbon credits (under the Kyoto Protocol) and whose investors include the World Bank and HSBC, was granted a 50-year lease by the Ugandan

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<sup>1</sup> For example, in Colombia between 2001-2005, 263,000 peasant families were expropriated from 2.6 million hectares by agrobusiness and/or paramilitaries interested primarily in oil palm development (Houtart 2010, 107). Houtart estimates that 60 million people risk expulsion by biofuels (Ibid, 119).

government in 2005 to grow pine and eucalyptus trees, displacing 20,000 inhabitants (Kron 2011).

Under these circumstances, land is rendered cheap as a subsidy to investors by governments trading away social reproduction rights of smallholders, and transforming them into a labor force. The real costs include the rights of small producers to ancestral lands, food insecurity arising from the conversion of food-producing land to food- or fuel-crop export agriculture, environmental deterioration resulting from industrial agriculture, and increased greenhouse gas emissions. Each of these issues eventually become monetary (and opportunity) costs, associated with human displacement, food shortages, and ecological disruptions.

### **The land grab and development**

Africa is the target of half the land grab projects, followed by Asia, Latin America and Eastern Europe. According to GRAIN (2010), source of the World Bank report on large-scale land acquisitions, by the end of the first decade of the new century, there were 389 land deals in 80 countries, where the ‘bulk (37%) of the so-called investment projects are meant to produce food (crops and livestock), while biofuels come in second place (35%)’. The global land grab combines the domestic construction of land rents with *new* mercantilist food security practices, as foreign governments sponsor offshore agriculture in the interests of national food and energy security. Assisted by World Bank policy, land “development” is defined by productivity gains and employment. Such development enables indebted governments in the global South to receive foreign investment and hard currency from conversion of their land and forests into agro-export platforms.

Inherent in the development narrative is the idea that subsistence or near-subsistence farmers are necessarily poor, and would benefit from jobs. Cash is viewed as the currency of modernity, identifying wealth with money, rather than intact habitat and common lands, and the security of landholding.

The World Bank's report, *Rising Global Interest in Farmland*, views large-scale land acquisition as a vehicle for poverty reduction via rural employment, contract farming, and selling or renting. Tania Li critiques these claims with the World Bank's own data. For example, on employment, while the report claims oil-palm employs 1.7–3 million people on 6 million hectares, 'field data indicates that an established plantation uses only one worker per four to ten hectares of land, depending on the efficiency and stage of production' (2011, 284). For fuel crops, other estimates are that in tropical regions: '100 hectares dedicated to family farming generates 35 jobs. Oil-palm and sugarcane provide ten jobs, eucalyptus two, and soybeans a scant half-job per 100 hectares, all poorly paid . . . Hundreds of thousands [of smallholders] have already been displaced by the soybean plantations in the "Republic of Soy," a 50-million hectare area in southern Brazil, northern Argentina, Paraguay, and eastern Bolivia' (Holt-Giménez 2010, 10).

Fuel crops such as oil-palm deplete soil and compromise local food availability by displacing farmers and food crops, as reported in *Land is Life* (published in 2007 by indigenous organizations):

The people first found out about the oil-palm scheme when workers started work on their lands, clearing the lands which included rubber trees and fruit trees belonging to the indigenous communities. As the oil-palm land clearing work continued, the rivers that supplied water to the people and the fish stock were affected. In addition to the crops, and polluted rivers, the people's burial ground and farm lands were also destroyed. People were then unable to hunt for the game which is an important element in their diet. There was no more rattan to harvest either, the raw material for handicrafts which had provided extra cash income to the communities. Jungle food sources, like vegetables, were also destroyed (Colchester, et al., 2007, 54).

The enclosure of land in the global South revitalizes a long-standing (but institutionally dormant) modernization trope that agriculture is the baseline to development. The World Bank *Report*,<sup>2</sup> centering on "agriculture for development," was the first time in a quarter

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<sup>2</sup> For critical reviews, see the *Journal of Agrarian Change*, 39, 6 (2008).

of a century that this key development institution paid attention to agriculture. It appears that the urgency of the food and energy crises has refocused the attention of the global political-economic elite on mobilizing agricultural resources to offset food, water and fuel shortages. Agricultural land in the global South, in particular, is targeted for “productivity increase” via technification. For example, Susan Payne, CEO of Emergent Asset Management (a UK investment fund planning to spend \$50m on African land) declared: ‘Farmland in sub-Saharan Africa is giving 25% returns a year and new technology can treble crop yields in short time frames... Agricultural development is not only sustainable, it is our future. If we do not pay great care and attention now to increase food production by over 50% before 2050, we will face serious food shortages globally’ (quoted in Vidal 2010).

Unsurprisingly, international development and financial institutions are working behind the scenes on privatizing land relations to enable and attract foreign investment in land. US investment, for example, is encouraged by the US government’s Millennium Challenge Corporation (MCC), which disburses money in the form of grants to particular countries on condition that they meet certain neoliberal economic criteria. Most MCC Compacts signed with African countries focus on agriculture, with a central land privatization component, supporting “market-based solutions to food security.” Such provisions include certifying outgrowers for food exports, constructing infrastructure to gain access to world markets, and partnering with The Alliance for a Green Revolution in Africa (AGRA) to provide inputs to farmers to draw them into commercial markets (GRAIN 2010). The Gates Foundation (financing AGRA) suggests that enabling the commercial development of African agriculture ‘will require some degree of land mobility and a lower percentage of total employment involved in direct agricultural production’ – suggesting an eviction trajectory (quoted in Xcroc 2008).

## **Conclusion**

The land grab is not new, and it is not a single phenomenon. It has multiple dimensions. It is the medium through which development agencies can renew their legitimacy via land “improvement” with codes of conduct ostensibly to protect inhabitants but practically to protect investments. It contributes to the investment portfolio of finance capital, restoring profits even as capitalism enters a profound crisis of political legitimacy, and energy and environmental limits. The land grab includes plans to incorporate southern peasants into the World Bank’s new initiative of “agriculture for development.” And it serves revenue interests of host states and the security interests of investing states - anticipating food, water and fuel shortages.

Since peasants constitute the majority of the world’s food producers, and provide the majority of the world’s staple foods, there is rising concern about the long-term impact of the land grab. Land consolidation and/or agro-technologies not only portend a deepening of the homogenization of landscapes with ecological implications, but also redirects food resources away from local communities—whether as commercial foods for distant consumers, or as agrofuels.

Land grabbing, even via voluntary codes of conduct, is represented by its handlers as a form of security planning for an uncertain future. Arguably there is no such security to be had, and the land grab – to the extent that it is incapable of recognizing the salience of low-carbon bio-diverse agriculture – is a modernist fantasy, as industrial biofuels and value-added agriculture will not resolve the combined problems of climate change and food insecurity. They will only buy time (and space!) in the short run for political and economic elites and consumers with purchasing power. In this scenario the longer run may well be catastrophic.

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