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LAND GRABBING IN EUROPE?

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2018

Posterpräsentation anlässlich der 58. Jahrestagung der GEWISOLA
(Gesellschaft für Wirtschafts- und Sozialwissenschaften des Landbaues e.V.)

„Visionen für eine Agrar- und Ernährungspolitik nach 2020“
Kiel, 12. bis 14. September 2018

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Abstract

Even though in Europe agriculture plays a decreasing economic role for rural livelihoods, the increases in land transactions by non-local and/or non-agricultural investors pervades rural life. Farms become larger and agricultural land more expensive. We conducted an empirical study in Saxony-Anhalt in 2016 to find out about the relationship between agriculture and rural people. Moreover, we analyzed literature about land grabbing in developed industrialized countries. There is evidence, that processes of land grabbing are taking place, yet land grabbing needs to be newly defined in a westernized developed context. Therefore, we propose six socio-cultural criteria: legal irregularities, non-residence of new owners, centralization in decision-making structures, treating land as an investment object, concentration of decision-power and limited access to land markets.

Keywords Land Grabbing, Europe, East Germany, agriculture, socio-cultural externalities

1 Introduction

Agriculture and rural development are influenced by worldwide developments, like the trend of large-scale land acquisitions (LSLA) by mainly foreign investors. If these land deals have negative consequences for rural society, they are called land-grabbing (BORRAS JR. ET AL. 2011). This phenomenon was fueled by the food crisis of 2007-2008 and is described predominantly for the Global South (VON BRAUN AND MEINZEN-DICK 2009). We expect that these developments present an ongoing challenge which has to be taken care of by future agriculture and food policy after 2020.

Studies indicate that the trend of large-scale land acquisitions, including domestic ones, arrived in Europe in the last years, too (KAY ET AL. 2015; TIETZ 2017; PETRESCU-MAG ET AL. 2017). Therefore, it is time to work on suitable criteria that help us to distinguish between land deals which bring benefits to rural areas and those which bring disadvantages. While in the Global South weak institutions enable displacement of informal land users and the neglecting of their customary land rights by calling it *underused land*, farmland in Europe is already used based on a formal land register and a working institutional system ensures the enforceability of land rights. In contrast to the Global South, we at least expect the land transactions to be legal to a large extent. Therefore, other appropriate criteria are needed to define the phenomena, which fit to the realities in European countries.

2 Empirical methods and data collection

We started our research with a literature review about cases of LSLA in developed countries and particularly those cases, which are called land grabbing. According to studies like the one from the Transnational Institute, the reasons for the rush to buy farmland in Europe are investment opportunity due to low interest rates, relatively cheap land prices (but prices that local small-scale farmers can't afford) and the EU area payments (FRANCO AND SATURNINO 2013). KAY ET AL. (2015) published one of the first considerations about criteria expressing the possible impacts of increasing large-scale land transactions on not only the agricultural farm structure, but also on the rural population as a whole. We have to look at the relationship

between agriculture and rural population to find out how a change in agricultural structure could affect the village life. What is crucial in this relationship is the change in ownership, thus the importance of landownership has also to be considered as it is a means of decision-making power (THEESFELD 2016).

As a next step, we conducted a field study in four villages in Saxony-Anhalt between July and December 2016 to explore on the relationship between agriculture and rural village life and the role of landownership in this. We chose East Germany, because there is an increase in large-scale land transactions (FORSTNER AND TIETZ 2013), and because of its history as a transition state where agriculture and social life were closely intertwined in the former agricultural cooperatives.

The case study design represents two contrasting village types: two villages with a broad land ownership and lease distribution among various farms. Additionally, various farms named their place of business and family home to be in the village; and two villages with rather concentrated lease and ownership structure, meaning less farms and those farming on comparatively more land. We conducted 16 qualitative semi-structured interviews with local farmers who became known by online business directory and also by further advice from already interviewed farmers. We further conducted a survey with rural people who were met at public places in the villages of which 127 questionnaires could be used for analysis. About 20% of the interviewed villagers were landowners (excluding their housing property), who to a large extent rent out to farmers: namely 95% of all who answered this question.

3 Findings

Insights from both literature review and field study lead to the development of six socio-cultural criteria, which we propose to grasp what land grabbing could mean in an East German context. In the following, we present those criteria at a glance.

1) Legal irregularities

Although we deal with a country such as Germany with a working legal system, there can be irregularities with land contracts that should serve as a criteria of land grabbing. New actors bring ‘extra-economic forces’ (VAN DER PLOEG ET AL. 2015).

2) Non-Residence

Farmers invest more into social involvement and civil society than non-resident farmers. Empirical material supports that resident farmers of medium-sized enterprise do only engage in local social activities if the center of their life is there, too.

3) Centralization in decision-making structures

Centralization in decision-making structures in the agricultural production process leads to standardization of production processes. The size and the huge tracts of land controlled by a small number of people who force into standardization.

4) Land as investment object

Investment in farmland in the EU involves a huge diversity of actors. The group most distant from agriculture is described as ‘a new asset class’ (KAY ET AL. 2015, p. 26).

5) Decision power concentration

In Europe and also in Germany, most of the local planning processes, land consolidation processes, flood-protection programs and all planning and civic participation in infrastructure projects are tied to land ownership, thus in the hand of less people.

6) De-facto limited land market access

The increasing prices of land can become barriers preventing local farmers and rural people from accessing the land market and thus land itself. HÜTTEL ET AL. (2013) show that the share of non-agricultural investors has an influence on land prices in land market auctions.

Our proposed criteria should serve to allow conclusions whether the phenomenon we observe, can be called land grabbing, a notion with clearly negative connotation. Agrarian structural policies could – theoretically – serve to counteract land concentration processes and to limit the engagements of large-scale or non-regional investors at the agricultural land market, yet it has to be for the reason of reducing otherwise negative consequences for the rural society of the land transactions. Up to now, these causalities are very difficult to be shown empirically, a main challenge for upcoming agrarian policies.

Moreover, if society's concerns push politicians to control land transactions, a broad social discourse is needed. Societies must debate whether such aims can be placed above the prevailing property order in western industrialized countries. For instance, in Germany, steering land deals in a government-preferred direction is in conflict with the German constitution (§ 14) that protects the freedom to sell private property. Thus, any political intervention would require careful legal considerations in other European countries, too, with similar systems of property ownership.

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