



Standing up to Farmland Financialization

—by Cathy Holtslander, NFU Director of Research and Policy

Farmland financialization happens when farmland is owned as a financial asset for its investment value instead of for its ability to produce agricultural products. Farmland is often promoted to potential investors as “gold with dividends” because it holds its value like gold, and the rent farmers pay is like a dividend paid on stocks in a company. The relationship between an investor-owner and the land is quite different from the relationship between the farmer and the land. While the farmer lives on or near the farm and earns an income by planting crops and/or raising livestock (in often uncertain conditions), the investment company shareholders may have never seen a farm, yet “farm the farmers” through rent and land price increases.

One farmland investment company that already owns over 83,000 acres (130 square miles) says it “provides investors with the opportunity to participate passively and indirectly in the consolidation of agricultural land primarily in the Province of Saskatchewan. The Agricultural Land LP seeks to generate returns for the Agricultural Land Trust via the capital appreciation of its growing portfolio of farmland and the leasing of its land holdings.” Its investors must buy a minimum of \$25,000 worth of trust units to get in on the game. These investments are RRSP eligible, and also provide other tax benefits to the investor in addition to the rent and eventual share of the land’s selling price.

Other investment companies with similar structures, goals and investment strategies include Veripath, Manulife, Nicola Wealth Management, and Bonnefield.

Farmland investment companies rely on farmers to operate the farms to produce returns. In some cases, renters are themselves large farms that have grown in size and complexity to the point they can no longer be considered “family farms”. These extra-large farms can be well over 30,000 acres, made up of both owned and rented land, and which hire non-family seasonal labour and managers.

Farmland investment companies put pressure on farmer tenants to maximize yields in order to pay high rents. They encourage draining wetlands, cultivating native prairie, and cutting down hedgerows and shelterbelts to increase the farmable acres and to make it easier to use large equipment that can till, seed, spray and harvest more land faster. Even when renters want to maintain natural habitat on the land, the owner can easily rent to someone else who would be willing to farm it corner to corner.

The vicious circle of large farms, high rents, high land prices, and rising interest rates make it increasingly impossible for smaller farms to expand, or for young farmers to buy land even if they are from a farming family. The cost of borrowing millions of dollars for land and equipment is prohibitive, and banks are less willing to take risks on lending to small and/or less experienced farmers.

Like the input companies, the banks, the grain companies and the railways, farmland investment companies use their size and market power to take more than their fair share of what the farmer produces. They use excess profits to enrich investors and to buy more financial assets to further enhance their power. This leaves less and less of the value of farmers’ crops and livestock in the hands of farmers to maintain and improve their own farms or spend in their communities.

Over the past five years, [Agricultural Land Trust](#) made an annual return on investment ranging from 12.61% to 19.69% while [Statistics Canada](#) reports that Saskatchewan farmers’ return on assets ranged from 1.8% to 8.3% over same period. This farmland investment company getting a higher return from collecting rent than what farmers make from growing crops.

Farmers in many other countries are facing the same kind of problems. Many of the Temporary Foreign Workers working on

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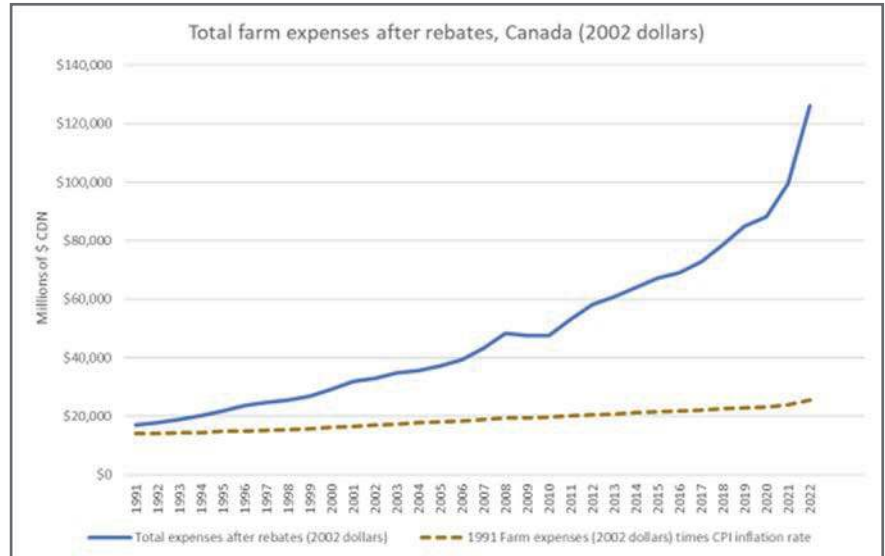
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Canadian farms are from countries where people are being pushed off their farms and forced to look for jobs in the city or abroad to support their families.

In Canada, the total net income farmers earn from the market has been stagnant for decades. The purchasing power of these dollars has dropped, as the costs for land, inputs and equipment have risen faster than prices for the consumer basket used to calculate the Cost Of Living in Canada. The solid line on the graph (right) shows rising total farm expenses, adjusted to constant 2002 dollars, and the dotted line shows total farm expenses in 1991 multiplied by the Consumer Price Index. This shows that the cost of farming has risen much faster than the cost of living in Canada. Because of this, it is necessary for each farmer to sell more and more product – this has to come from more input-intensive farming and/or farming more land. Larger farms means fewer farmers.

Farmland financialization is a one of the ways our economy extracts wealth from farmers and the land, and is a key factor in the process of dispossession that driving farmers off the land.

The increasing consolidation for farmland ownership, with larger tracts of land under the control of farmland investment companies and investor-like



Source: Statistics Canada

large farms, is both a symptom and a cause of the farmland access crisis that acutely affects young people and marginalized people who wish to farm. Unchecked, this cycle of consolidation and extraction will continue to eject farmers from the land and fundamentally change the character of our food and agriculture system.

To reverse the farmland consolidation, policy responses are needed. This is why the NFU is calling for a ban on farmland investment company ownership of farmland and why we support enactment legislation in all provinces along the lines of the Prince Edward Island Lands Protection Act, to limit the total amount of land an individual or a corporation may own. ■



For more information about farmland issues, visit <https://www.nfu.ca/campaigns/farmland/>

If you are interested in joining the Farmland Action Committee to work with other NFU members on farmland issues, contact the national office at 306-652-9465 or nfu@nfu.ca

A short History of Food Sovereignty

—by Cathy Holtlander, NFU Director of Research and Policy

The NFU's roots go back more than 100 years to when farmers fought back against their exploitation by the railways, banks and grain companies. We continue to fight corporate power by organizing like-minded farmers and farm workers, and working with allies. Now, Food Sovereignty is our guiding principle. *Food sovereignty* means democratic control of the food system – it's not just having enough to eat, but having a say in how our food is produced, determining who benefits from the food system, and making sure that what we do today will support a good future for the next generations. It's worth looking back to when the concept was developed by farmers (including NFU members), peasants, Indigenous peoples, herders, fishers and other food producers in Canada and internationally.

In the early 1990s the World Trade Organization (WTO) was created to set up a world-wide system of trade rules. While government-level negotiations were going on, peasant and farmers' organizations from the Global North and South were meeting and talking about what this would mean to farmers. They understood that the WTO would take agriculture policy out of the realm of national governments, and would put WTO rules above any demands made by the people of each country. This would seriously weaken our national-level political actions. Furthermore, farmers in the North and the South alike were being exploited by the same multinational corporations. The WTO rules that support companies' global power simultaneously restrict farmers' democratic power.

La Via Campesina (LVC) is the international movement of farm and peasant organizations that came together to resist the WTO and all it stood for. In 2017, former NFU President Nettie Wiebe, who participated in founding the LVC, reflected on the challenge of finding the right words to express what they were fighting for:

This was about more than producing more food or distributing it more efficiently. We were grappling with fundamental questions of power and democracy: Who controls food producing resources such as land, water, seeds and genetics and for what purposes? Who gets to decide what is grown, how and where it is grown and for whom? We needed to have language that expressed the political dimensions of our struggle.

Food Sovereignty is such a term. It provokes the necessary discourse about power, freedom, democracy, equality, justice, sustainability and culture. Food is taken out of the realm of being primarily a market commodity and re-embedded in the social, ecological, cultural and local contexts as a source of nutrition, livelihood, meaning and relationships.

...Food Sovereignty is our guiding principle. Food sovereignty means democratic control of the food system...

In 2007, NFU members went to Mali for the historic Nyéléni International Forum on Food Sovereignty. The [Nyéléni Declaration](#) includes this paragraph:

Most of us are food producers and are ready, able and willing to feed all the world's peoples. Our heritage as food producers is critical to the future of humanity. This is specially so in the case of women and indigenous peoples who are historical creators of knowledge about food and agriculture and are devalued. But this heritage and our capacities to produce healthy, good and abundant food are being threatened and undermined by neo-liberalism and global capitalism. Food sovereignty gives us the hope and power to preserve, recover and build on our food producing knowledge and capacity.

Attending the Nyéléni forum sparked the *Peoples Food Policy Project*, led by the late Cathleen Kneen, and involved many NFU members. Through a three-year participatory process, it introduced and spread the concept of Food Sovereignty throughout the food movement, and changed the conversation in Canada. You can read more about the project on Food Secure Canada's website.

The NFU's International Program Committee, or the IPC, connects the concerns and demands of farmers in Canada with those of our sister organizations in the LVC, helping us better understand how corporate power and governments that support corporate power are harming us here at home. These relationships also connect the NFU more closely with the struggles of Indigenous peoples in Canada and around the world, and with migrant workers – who are often farmers displaced from their home countries.

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We also look at policy issues within Canada through the lens of Food Sovereignty. Seed is fundamental to farmers' livelihoods, identity, culture and autonomy, but for corporations, control of seed is a way to transfer enormous wealth to their shareholders. This is why seed is the site of power struggle, and why seed issues are such a high priority for the NFU. When the USA decided to use the Canada-US-Mexico Trade Agreement (CUSMA) to challenge Mexico's decision to ban imports of GM white corn used for making tortillas and dough, we urged Canada to stay out of the dispute. We are working with allies in Mexico, Canada and the USA to support Mexico's food sovereignty. Land is also a critical foundation of our food system. We oppose land grabbing within Canada, as well as internationally. Rapid increases in land prices mean only the very wealthiest buyers can afford to pay for land. To keep farmland in farmers' hands we are calling for a ban on its ownership by farmland investment companies.

The NFU has always supported institutions like the Canadian Wheat Board, the provincial hog marketing boards and Supply Management. They provide farmers

with market power, are democratically governed by elected farmers, and limit the power of multinational corporations. Such institutions ensure farmers of all sizes can access markets, and are paid full value for their products. These institutions are examples of food sovereignty in action at a larger scale. They show us how food sovereignty is able to deliver better quality of life, more prosperity, less inequality and enable more ecological sustainability.

We are facing many serious problems in the world. Who has power, who has the say over how we organize our production, who gets to define the problem and decide what we can and cannot do about it is what really matters. Confronting this kind of power means people need to work together in solidarity. As people of the land, our concerns are long term – we are thinking of future generations. We can support each other and build food sovereignty together. ■

This article is based on the presentation Cathy gave at the Federation of Sovereign Indigenous Nations' Food Sovereignty conference in Saskatoon, September 2023.

Connecting the dots ...

When I read this morning's paper, I was struck by the front-page headlines: **Two local CEOs among highest paid in nation** and **Farmers' mental health a growing concern**. I read that the Canadian Centre for Policy Alternatives' report on CEO pay shows Ken Seitz, CEO of fertilizer giant Nutrien, got \$11,353,564 in compensation in 2023. Meanwhile, the farmer mental health story highlights studies showing thoughts of suicide are twice as high among Canadian farmers than in the general population, with financial difficulty, along with isolation, as a key factors. These two stories reminded me of the article, **FCC says 2023 crop was the most expensive crop ever for farmers**, where Farm Credit Canada said the situation was due to higher input costs and lower commodity prices.

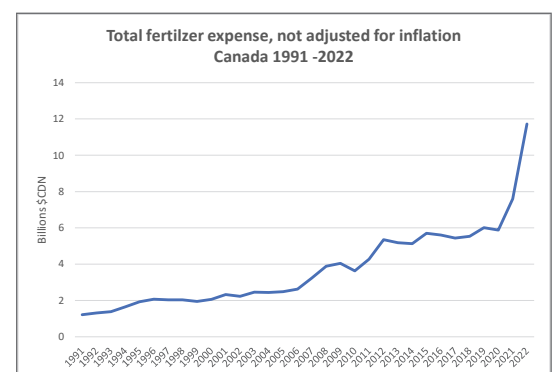
Nutrien is Canada's largest fertilizer company, created when Potash Corporation of Saskatchewan and Agrium merged in 2018. It now has 44% of Canada's ammonia market and 46% of the urea market. Notably, farmers' fertilizer expenses increased dramatically following this merger. When so few companies control the sector, they can make windfall profits at the expense of farmers. In the NFU's brief to the Competition Bureau, **The Competition Act as a Tool for Democracy – Fairness for Farmers**, we called for changes to enable it to address anti-competitive behaviour and abuse of dominance.

Another aspect of rising input costs is that, without market power, the main strategy cash crop farmers have to improve their incomes is to maximize yields by using inputs. Yet, the more we produce, the easier it is for buyers like Cargill and Bunge to depress prices and still make a profit.

Field Notes: Looking Upstream at the Farmer Mental Health Crisis in Canada, by the NFU's Mental Health Working Group Chair, Zsofia Mendly-Zambo, concluded that pervasive economic uncertainty and precarity is at the heart of the mental health crisis – and that government policies to address unfettered corporate concentration in the food sector, consolidation and financialization of farmland, climate change, and trade liberalization are needed to change this.

Being involved with the NFU lessens isolation, and by organizing for change, we can push for government action to limit corporate power – and rebuild economic dignity, along with the health of our people and our planet.

— Cathy Holtslander, NFU Director of Research and Policy



Source: Statistics Canada