

Project Syndicate

Banning China from Owning US Farmland Will Achieve Nothing

Apr 14, 2023 INANCY QIAN

CHICAGO – In March, a group of United States senators introduced the bipartisan Protecting America’s Agricultural Land from Foreign Harm Act, which would prohibit any entity “owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary” from leasing or purchasing public and private US farmlands.

Although the term “foreign adversaries” refers to four countries – Iran, North Korea, China, and Russia – it is clear that China is the real target. Introduced amid heightened fears of Chinese espionage after the downing of a Chinese surveillance balloon over US territorial waters in February, the bill follows a series of large land purchases near American military bases by entities allegedly associated with China’s government. It also follows similar restrictions on foreign ownership of farmland passed by 14 state legislatures over the past few years.

The proposed law aims to safeguard the US food supply and to ensure that agricultural land remains affordable to American farmers. These two goals are complementary: by protecting domestic farming, the argument goes, the US could enhance food security. But while these are worthy goals, it is doubtful that the senators’ bill could achieve them.

It is clearly in the interest of US national security to limit foreign ownership of land near strategic military and civilian facilities. But the Act would go beyond that, seeking to impose a blanket ban on ownership of agricultural land by anyone from the four specified countries (excluding US citizens and permanent residents).

While some US legislators fear that foreign owners could disrupt the US food supply by refusing to sell the their lands’ output to American consumers, these concerns are overblown. According to a comprehensive report by the US Department of Agriculture (USDA), foreign entities owned 3.1% of US agricultural land as of 2021. Of this total, 29% was cropland, implying that foreign entities own just 0.9% of all US cropland.

Moreover, the largest foreign owner of US agricultural land is Canada, hardly a hostile foreign power. According to the USDA, Canadians own 10% of all US cropland, or nearly 4.3 million acres. Italian entities are the second-largest foreign owners, with 4% of total US cropland, or nearly 1.7 million acres. China owns only 34,425 acres, or 0.08%, whereas Iran and Russia together own less than 1,250 acres. North Korea owns none.

To be sure, one could argue that the proposed ban seeks to preempt a future problem, as Chinese land ownership will surely grow if left unchecked. Even so, the best way to protect the integrity of the US food supply is to regulate how food is distributed. For example, the federal government could stipulate that a certain share of US produce must be sold to Americans. It could also require that cropland owned by foreign entities be used to grow food. These and other such regulations would fall within the existing policy framework, as the government already keeps track of agricultural land ownership and provides economic incentives to encourage production. But the current version of the bill contains no provisions regulating

distribution.

While making agricultural land more affordable to US farmers by limiting foreign ownership may seem like a great idea on paper, the reality is more complicated. The 2021 USDA report found that foreign ownership had no effect on land prices – hardly a surprise, given that foreign-owned entities own a fraction of US farmland.

In fact, an increase in foreign ownership could have a net positive economic impact on US farmers. After all, land purchases lead to money transfers from foreign investors to American landowners. Foreign landowners must also pay state and municipal taxes that policymakers could then invest in local communities. In Texas, for example, where there is no state income tax, local property taxes make up more than half of tax revenues. Yet Texas strongly supports the proposed national ban on Chinese land ownership and is currently debating a similar bill backed by Governor Greg Abbott. If legislators really wanted to help American farmers, they would enforce taxes on foreign-owned property and ensure that the revenues are spent on encouraging agriculture.

The data show that the proposed legislation is unlikely to improve US food security or the well-being of American farmers. There are better, more effective ways to achieve these goals that are not being discussed. The primary purpose of the senators' bill is political. For those behind it, the proposed ban is a low-cost way to capitalize on the escalating rivalry between the US and China. US lawmakers seem more concerned with grandstanding and fueling geopolitical tensions than they are with helping American food producers and consumers.

NANCY QIAN

Nancy Qian, Professor of Economics at Northwestern University, is a co-director of Northwestern University's Global Poverty Research Lab and Founding Director of China Econ Lab.

<https://prosyn.org/jup5lks>

Support Project Syndicate

Subscribe Upgrade Donate

Make your inbox smarter.

Select Newsletters

Content

[PS Quarterly](#)

[Sections](#)

[Topics](#)

[Archive](#)

[Columnists](#)

[Videos](#)

[Podcasts](#)

[Subscriber Exclusive](#)

[OnPoint](#)

[Longer Reads](#)

[Insider Interviews](#)

[Say More](#)

[Big Picture](#)

[Global Bookmark](#)

[Rewards](#)

[Project Syndicate](#)

[About Us](#)

[Contact](#)

[Careers](#)

[FAQ](#)

[Submission policy](#)

[Newsletters](#)

[Member Publications](#)

[Network](#)

[Syndication](#)

[PS Magazines](#)

[PS Events](#)

[Institutions](#)