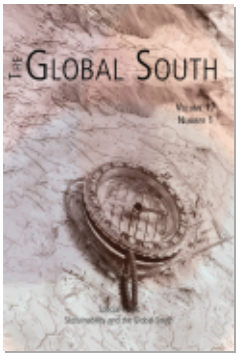
Farming as a Financial Asset: Global Finance and the Making of Institutional Landscapes : A Commentary



Joseph Yaro

The Global South, Volume 17, Number 1, Fall 2024, pp. 112-118 (Article)

Published by Indiana University Press
DOI: *https://doi.org/10.2979/gbs.00008*

Farming as a Financial Asset: Global Finance and the Making of Institutional Landscapes: A Commentary

Joseph Yaro

ABSTRACT

This book by Stefan Ouma presents a rich diversity of themes with compelling new insights into past theories, arguments, and proposals for a new conceptualization and understanding of the making of institutional landscapes. Due to this diversity—which is complicated by geographical, historical, and current contextual factors—the findings and conclusions provide new entry points to the student of radical political economy. It provides a break from the atemporal treatment of capital in agriculture in the land-grab literature by tracing the roots of capital in agriculture with a careful historical and disaggregated spatial context. The book uses Tanzania and Aotearoa New Zealand to make a case for spatial differentiation. It is a refreshing volume that disrupts old narratives on the workings of finance in agriculture by offering rich empirical material and evidence. The author argues succinctly and clearly, using refined historical, conceptual, theoretical, methodological, and empirical perspectives in showing how "finance goes farming." The data for this book emanates from serious global fieldwork across three continents with perspectives from other continents where different forms of finance operate in creating institutional landscapes. It extends our knowledge on global capital and agricultural development beyond the current the discourses. The author presents different lenses through which we can view "reality" in diverse contexts, especially through the lenses of capital itself, rather than only through the theoretical deductions and representations of affected social classes.

 • doi:10.2979/gbs.00008
The Global South 17, no. 1

This book provides a new twist on how to deal with the sustainability crisis facing the world following centuries of capitalist invasion of the global production sphere. As Mariko Frame's *Ecological Imperialism, Development and the Capitalist World-System: Cases from Africa and Asia* (2022) shows, the ecological imperialism that accompanies the economic models underpinning the world-system reveals the need for a transformative agenda that ensures humans are fed responsibly using the earth's resources optimally and efficiently with benefits to all. Stefan Ouma's book under review fits well within the 2022 HELSUS Global South Encounters theme (Obeng-Odoom 2022) by providing evidence critically needed in answering the questions of what the key sustainability problems are, whom they afflict, where, and how. Methodologically, the qualitative interviews conducted through serious negotiations in a highly suspicious industry, combined with historical information and secondary statistics, resulted in a rich repertoire of data and information for the book. Despite failures in access to some information due to poor record keeping, the unwillingness of a highly suspicious and secretive industry, and a long chain of command needed to grant permissions, the book is still empirically rich.

Outline/Content of the Book

The structure of the book takes the reader through a coherent story of the history of finance and its evolution and forms in agriculture, relating the current institutional landscapes created to holistic outcomes for countries, capital owners, and local populations. The book is composed of nine chapters. Chapter 1 provides a clear focus of the book and the debates influencing its theoretical orientation. Chapter 2 outlines how to study the finance-farming nexus by an extensive review of the literature and proposes a supplementary, more practice-centered approach that allows us to arrive at an operational account of institutional landscapes. The author argues that this approach leads to the grounding of agri-investment chains in the materialities, socialities, and spatialities of everyday life in these geographical areas. Chapter 3 shows farmland as "socially produced nature" (Ouma 2022, 10) which needs to be discussed taking into cognizance the transformative and often state-backed powers of globalized financial relations.

Chapter 4 offers an attempt to unlock the black box of "finance-gone-farming": that is, the actors, relations, and geographies underpinning farmland investments. The chapter shows the different types of actors involved and demystifies the assertions of southward orientation of farmland investments by showing a diversity which reflects the intention of finance—to make money for its owners. Chapter 5 interrogates the role of the state as a source of data and instrument for regulating finance's activities in a supposedly globalized

world of free movement of capital and people. It shows both the enabling and restricting role of the state in different contexts based on the prevailing political atmosphere.

Chapter 6 examines the ethical and moral dimensions of farmland investments, challenging the idea that finance is an amoral force by reimagining the world of asset management as one permeated by shared moral registers, norms, and standards. Chapter 7 enters the empirical world of investments through interesting contrasting case studies in Tanzania and Aotearoa New Zealand, seeking to unpack the socio-technical, legal, and cultural relations and practical operations through which the journey from money to more money via agricultural production (and processing) is organized. Chapter 8 uses different agricultural ventures in the research regions to unpack the ontological reconfiguration of farming into a financial asset by analyzing the material, organizational, legal, and technological conditions on the farming ventures acquired. The chapter shows the multiple challenges agricultural ventures face in order to maximize profits and maintain a social face. Chapter 9 questions whether institutional investments in the present form can be harnessed for greener and more just food futures. The book closes with an epilogue that takes us back to some of the very origins of institutional landscapes.

Major Themes and Arguments

By relating the current institutional landscapes to outcomes for countries, capital owners and local populations holistically, this book fills an important lacuna in the literature. According to the author,

> Finance-gone-farming offers a unique opportunity to study the emergence, evolution and production of a new social space—or "asset class"—through which money is used to create more money on behalf of the "better off" parts of the world, which are able to participate in capital markets. But its study also calls for historical depth, as modern finance has a much longer history in the remaking of agricultural landscapes than is often acknowledged in existing debates (Ouma 2020, vii).

The book therefore unpacks the phenomenon of foreign investments in agriculture or "land grabs" in a manner accessible to the ordinary reader by detailing its origins and historical changes in character using spatial differentiation. History matters, and spatial context acts as the prism that filters the effectiveness of finance's actions on the farm and its effects on society and owners of capital.

Going through the literature on land grabs and the operation of finance in agriculture, none can boast of the empirical grounding and unique field access down to the level of invested farms that the author has been able to negotiate

and access for his readers. The book is therefore relevant not just to academics and their students but to a broad range of industry players and policy makers. It creates a vivid image of how finance works in reality and not just in the models and theories of different disciplines nor the assertions of activists about these investments. There is also a measure of scholarly objectivity on the part of the author in dealing with the subject matter that enables a more accurate rendition of the processes, structures, and effects on all actors compared to other overtly biased studies. The book does this by adopting a broader and deeper view on the transformation of farmland, agricultural production, and food chains into objects of financial desire and proposing a middle ground in the highly polarized debate in the land rush literature.

Investments in all forms of agriculture come from institutional investors who move a staggering amount of money across the globe and are key makers of space in the early twenty-first century. The author argues that institutional landscapes are an expression of the expansion of a "global return society," in which the reproduction of the better-off people of the Global North and to a little extent the Global South has become tied to the reproduction of finance capital both "at home" and abroad (Ouma 2020, 4). The role of finance is indispensable in modern agri-value chains in creating institutional landscapes which are intelligible, politically-contested and with spatially-extensive repoliticized operations. Following the ideas of the economic historian Karl Polanyi ([1957] 1992), "instituting" denotes the vesting of economic processes and producing a structure within a definite function in society.

In adding new insights into methodological rigor, the book proposes a complementary, more practice-centered approach that allows enriching the literature with more attention paid to "history; scrutinizing the concrete practices of institutional landscape making; interrogating the politics of information and data; extending to epistemic margins as sites of empirical investigation; uncovering material and political frictions in agri-investment chains; and addressing the global value relations behind agri-investment chains and their social and ecological footprints" (Ouma 2020, 24). This new range of criteria moves the knowledge-creation process forward several steps.

The book also argues that agriculture is socially "produced nature" whose transformation is backed by the state and globalized financial entities. Financial networks that link different global nodes to the farm are essential in understanding the workings of capital and the resultant outcomes. These transformations are historical formations weaving different policy regimes and financing regimes with nature and local context. Hence, the intersection between global capital, the state and local forces is germane to the character of the "produced nature."

The outcomes of places formed from these intersections are characterized by the transformation of nature into landed property, people into (enslaved)

laboring subjects, and animals into livestock as noted by Michael Woods (2007) following colonial encounters. The extraction of surplus value from farming through rents and credit is notable. The mechanisms of surplus extraction are different in the North and South due to different histories and levels of development of financial arrangements and regulatory frameworks. Also, the willingness of capital to move varies greatly globally with less financing to the South, especially Africa where risks and other complexities play critical roles. The book contradicts the straightforward assumptions of assetization by radical political economists, such as automatic reaping of profits from investments and destruction of the environment; it argues for the need to follow finance and the people who work on it into their farming journey.

The state is an important actor through agricultural and land policies in facilitating financialization. The expansion of global investment chains within and outside the farming sector is mediated by the state, despite all the rhetoric about the withdrawal of the state in neoliberal capitalism. The book argues that the state and its associated institutions act as the major clearing house for capital and that the operations of global investments chains are themselves saturated with political moments (Mezzadra and Neilson 2019). The state's actions over the past define the current state and nature of capital's entry and impact on agricultural landscapes as shown by James Scott's (1998) outline of Tanzanian socialist developmental agenda and its replay in since 2015 when John Magufuli came to power.

Of critical relevance to the political economy of investment in agriculture is the moral dimension. Are investments without any moral foundations? The book shows the efforts made by some investors to be socially and environmentally responsible while at the same time following the primary goal of making money for investors. The author shows that assetization is itself firmly entangled with culture, morals, and values which is important in understanding what goes on inside the agri-investment chain. A good conceptualization of moral and just food systems is to think and act in the economy with concern for others along with ourselves with the habit of interconnections with others (Gibson-Graham et al. 2013).

Challenging the land rush literature's smooth portrayal of the ease with which foreign finance penetrates global spaces, the book shows how investment chains do not extend smoothly, encircling the globe as if there was no resistance. Historical antecedents and national economic laws and structures make these work in the Global North much better than in the Global South. Certainly, the role of power used in serving the interest of capital owners is strong but not without resistance even in the North. Resistance to the assetization of farming is common in all spaces but at different magnitudes. Resistance

from social, political, and environmental forces leads to the failure of many projects such as in the cases shown from Tanzania and many African countries, such as Ghana (Iddrisu et al. 2022; Yaro and Tsikata 2015). But capitalist agriculture is striving to extract and accumulate more wealth, which is hoped might be invested in greener and just futures. A radical perspective is needed for this future vision to be possible.

Conclusion

This book has presented a conceptually, theoretically, and empirically rich combination of material that calls for hybrid methodologies even in difficult situations where data is politicized. The ability to combine old relevant discourses with contemporary narratives while developing common grounds for understanding current changes in global countrysides is unparalleled. I highly recommend this book as a must read for policy makers, students of agrarian change, ecological imperialism, and development, and the savvy capitalists' investors or the ultimate investors allocating their capital to asset managers who then invest this in farms.

References

Frame, Mariko Lin. 2022. *Ecological Imperialism, Development, and the Capitalist World-System: Cases from Africa and Asia*. London: Routledge.

Gibson-Graham, J. K., Jenny Cameron, and Stephen Healy. 2013. *Take Back the Economy: An Ethical Guide for Transforming Our Communities*. Minneapolis: University of Minnesota Press.

Iddrisu, Azindow Yakubu, Stefan Ouma, and Joseph Awetori Yaro. 2022. "When Agricultural Commercialization Fails: 'Re-visiting' Value-chain Agriculture and Its Ruins in Northern Ghana." *Globalizations*. DOI: 10.1080/14747731.2022.2135423.

Mezzadra, Sandro, and Brett Neilson. 2019. *The Politics of Operations: Excavating Contemporary Capitalism*. Durham: Duke University Press.

Obeng-Odoom, Franklin. 2022 "Ecological Imperialism." *Just Ecological Political Economy: The HELSUS Global South Blog,* May 6, 2022, https://blogs.helsinki.fi/helsusglobalsouth/2022/05/06/ecological-imperialism/.

Ouma, Stefan. 2020. *Farming as a Financial Asset: Global Finance and the Making of Institutional Landscapes*. Newcastle Upon Tyne: Agenda Publishing.

Polanyi, Karl. (1957) 1992. "The Economy as Instituted Process." In *The Sociology of Economic Life*, edited by Mark Granovetter and Richard Swedberg, 29–52. Boulder: Westview Press.

Scott, James C. 1998. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven: Yale University Press.

Woods, Michael. 2007. "Engaging the Global Countryside: Globalization, Hybridity and the Reconstitution of Rural Place." *Progress in Human Geography* 31, no. 4: 485–507. DOI: 10.1177/0309132507079503.

Yaro, Joseph Awetori, and Dzodzi Tsikata. 2015. "Recent Transnational Land Deals & the Local Agrarian Economy in Ghana." In *Africa's Land Rush: Rural Livelihoods and Agrarian Change*, edited by Ruth Hall, Ian Scoones, and Dzodzi Tsikata, 46–64. Rochester: Boydell and Brewer. DOI: 10.1017/9781782045588.004.

Joseph Awetori Yaro (jayaro@ug.edu.gh) is a Professor of Human Geography at the University of Ghana. He is currently the Principal of the University of Ghana Accra City and the West Africa Regional Hub Coordinator for the Futures Agricultural Consortium. His teaching and research interests reflect a combination of development studies and rural geography. He has done extensive research in rural Ghana in the areas of Rural Livelihoods, Migration and Development, Climate Change Adaptation, Land tenure, Agricultural Commercialization, and Food Security. He has authored several publications in these broad developmental themes and contributed to a range of policy documents on agrarian development, migration, and climate change.