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From financialization to operations of capital: Historicizing and disentangling the finance–farmland-nexus

Stefan Ouma

Economic Geography Research Group, Department of Human Geography, Goethe University Frankfurt am Main, Theodor-W.-Adorno-Platz 6, PEG-Gebaeude, 60629 Frankfurt, Germany

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ABSTRACT

This largely programmatic paper offers a new way of thinking through the incorporation of farmland into financial markets. Building on the notion of "operations of capital", it sketches analytical entry points for scrutinizing the inner workings of agri-finance capital formation. The concept of operations can make two useful contributions to the existing discussion. First, it helps provide a more nuanced historicization of the entanglement between finance and farmland. Finance has a long history of penetrating agriculture and the new quality of the contemporary coupling of finance and farmland only becomes fully visible when adopting a more nuanced historical perspective. Rather than imagining the history of capitalism as one where industrial capitalism gives way to financialized capitalism, the concept of operations sensitizes us for the situated modes, processes and practices of financial economization that have reworked economy, society and nature at specific historical conjunctures.

Second, it allows us to move beyond simply treating "financialization" as *explanans*. Shifting attention to the situated practical activities of global finance, it eventually helps us explore central categories of financial economization ("capital", "resources", "property" and "value") as practical accomplishments rather than taking them for granted. Only then can we come to terms with how finance works through farmland in different geographical settings. Empirical material from an ongoing research project will support my arguments.

1. Introduction

"Financialization" has become a key term in the critical social sciences. Often used to describe a historical condition that is marked by the "growing and systemic power of finance and financial engineering" (Blackburn, 2006, p. 40), observers have found that almost everything has been financialized: economies, firms, sectors, nature, households, daily life. While scholars working with the concept have often contributed to enhancing our understanding of the rise of global finance and its implications for the "real economy", the reiteration of the concept across the social sciences has not been unproblematic (Christophers, 2015). Frequently, "financialization" has been turned into an abstract force *sui generis*, morphing from *explanandum* into *explanans*. In this regard, it has shared the fate of other concepts such as "capitalism", "the market", "globalization" or "neoliberalism" (Ouma, 2015a).

More recently, several authors have used the concept to make sense of finance's growing appetite for all things agricultural (for critical reviews, see Ouma, 2014, 2015b). While attuning us to a number of important questions, the project of applying a financialization perspective to the incorporation of farmland and food production into financial circuits of value encounters a number of analytical and epistemological challenges. First, much of the literature, as the financialization literature more generally, deploys 'a restricted historical optic, (...) thus overlooking historic parallels and (dis)continuities' (Christophers, 2015, p. 192). After all, finance has a long history of penetrating agriculture (Chayanov, 1966; Cronon, 1992). Second, given that the concept has been used to make sense of dynamics in core regions of global financialized capitalism (e.g., Krippner, 2005; Lapavitsas, 2011), the next challenge seems to be 'to produce rich, contextualized research on what processes of financialisation mean in broader regional contexts, beyond the usual financial industries, occupations and places' (Lee et al., 2009, p. 736). What happens if we start researching the new finance–farmland-nexus in Zambia, Tanzania, Australia,

E-mail address: ouma@geo.uni-frankfurt.de

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or New Zealand? Might accounts from "the margins"[1] requalify existing understandings of "financialization"? Finally, the existing literature is unsure whether it wants to use the concept of "financialization" as a prism to theorize accumulation dynamics in contemporary capitalism, or whether it wants to say something about how finance works. Much of the finance-oriented works on the global land rush does in fact rely on literature that does the former. Of course, the question is whether a literature which does not have the ambition to explain how finance works can fully grasp how the incorporation of farmland and agriculture into financial markets practically unfolds.

This largely programmatic paper offers a new way of thinking through the incorporation of farmland into "financial markets". Building on the notion of operations of capital (Mezzadra and Neilson, 2013, 2015), a concept that has the power to bridge concerns of critical political economy with those of the practice-attuned field of the social studies of finance, it sketches analytical entry points for further scrutinizing the inner workings of agri-finance capital formation. The concept of operations can make two useful contributions to the existing discussion. First, it helps provide a more nuanced historicization of the coupling of finance and farmland. Early work on the global land rush at times created the impression that the "financialization of farmland" is a child of neoliberal capitalism (McMichael, 2012; White et al., 2012). More recently, several authors have tried to transcend this rather narrow historical take on finance's entanglement with farming (e.g., Fairbairn, 2014, 2015b; Gunnoe, 2014; Martin and Clapp, 2015). This paper sympathizes with such undertakings. But rather than mobilizing the historically blurry catch-all concept of "financialization", it advances the notion of operations of capital. The latter attunes us to the situated modes, processes and practices of financial economization that have reworked organizations, economic relations, labor and nature at specific historical conjunctures. Historicizing the finance–farmland-nexus gets complicated by the fact that there is not one history of capitalist transition, but that there are multiple histories (Taylor, 2010). The "financialization of farmland" may mean different things in different agrarian contexts.

The second contribution of the concept lies in its power to overcome one of the main lacunae of the existing literature, which, despite greater historical sensitivity as of more recently, still treats "financialization" as an external force. Thus, this paper reaffirms Visser et al.'s (2015, p. 541) call to 'examine real-life incarnations of finance in the sector by looking at investment arrangements, including connections with the state, and its (regional) variations' (see also Ducastel and Anseeuw, 2016; Williams, 2014). It further substantiates this concern, as it urges scholars to investigate the historically and geographically variegated grounded operations of finance. An operations perspective eventually shifts the focus from an ostensive notion of "financialization" (i.e. financialization as preconfigured *explanans*) to a performative one, treating it as a practical accomplishment.[2] The operative dimension of farmland investment relations can only be effectively rematerialized if we break down the categories of capital, resources, property and value into practical activities – "things" that are often taken for granted in the existing literature. As will eventually become clear, unpacking these activities is a political act, because it "un-black-boxes" 'devices, practices, or organizations that are opaque to outsiders, often because their contents are regarded as "technical"' (MacKenzie, 2005, p. 555).

Overall, this paper's ambition is less to develop a new comprehensive framework for analyzing "finance-gone-farming", but to sketch different entry points for further exploring the geographically variegated operations of agri-finance capital formation. Even though the paper's nature is programmatic, I shall use empirical material for illustrative purposes.

This paper is structured as follows: In the next section, I problematize some of the shortcomings of concept of "financialization", detailing how it has been put to use to study "finance-gone-farming". I will then propose an alternative analytics before historicizing the finance–farmland-nexus more nuancedly than done in the existing literature. The latter part of the paper will disentangle the finance–farmland nexus and scrutinize the notions of capital, resources, property and value through the prism of the concept of operations. Arguments made in each section will be illustrated with empirical material from an ongoing research project on the variegated financial economization of farmland and its local entanglements. 'Follow[ing] the money' (Christophers, 2011), the project builds on interviews with farm managers and/or asset managers in Tanzania, Australia and New Zealand.[3] While Tanzania, like much of Africa, counts as a risky "niche market" for only 'the hardiest of investors' (White, 2014), Australia and New Zealand are considered prime frontiers in financial circles, especially for large (but risk-averse) institutional investors. Each of these countries offers different crop choices, investment and property regimes, agroecological conditions, infrastructural bases, local socioeconomic particularities, and market conditions. Such historically produced and geographically variegated conditions affect the making of capital, resources, property, and value *for* "financial markets" in crucial but differentiated ways.

2. Farmland investments as "financialization

It is now common sense in the critical social sciences that we live in financialized times. Since the crisis of industrial capitalism in the 1970s, finance has been steadily expanding its operations into ever-new domains, which subsequently led to the incorporation of currencies, manufacturing, real estate, infrastructure, households, commodities and even the weather into financial circuits of value. Therefore, it was not surprising that finance recently turned its eye to farmland and food production, at least this is the narrative we frequently encounter in much of the current literature that deals with the finance-driven version of the global land rush (Ouma, 2014). It sounds convincing, as finance's growing interest in all things agricultural seems to be a text-book case of Harvey's idea of the spatiotemporal fix (Castree, 2009; Harvey, 1982): after crises and devaluations in established domains of finance, capital sought greener pastures, extending its operational space into geographies in which it was previously not much interested in. "Finance" itself has not fallen short of spectacularising its new interest in "real things". Industry players claim that even though agriculture was the oldest asset class in world, investors had grossly neglected it. While this claim obscures the long-lasting entanglements between finance and agriculture, e.g. in the domain of commodity futures, it serves well to make an

[1] By account from "the margins", I do not simply mean an account of capitalist accumulation dynamics produced in a so-called "periphery" (Shivji, 2009). I rather mean an account that aims at decentering histories of capitalism written in epistemic centers such as North America or Europe in relation to "other spaces" (Taylor, 2010). From such a perspective, even settler-colonial countries such as New Zealand or Australia would count as "margins" because they have neither been featured strongly in the prominent literature on financialization nor in the literature on its agrarian variant (for exceptions, see Le Heron, 2013; Magnan, 2015; Sippel et al., 2015).

[2] The inspiration here is Latour's call for a shift from an ostensive to a performative take on social relations and society at large. We cannot leave the definition of "society" (or "economy") to social scientists and their preconfigured categories. We need to focus on how it is performed through everyday practices of definition, legitimation, enactment etc. among social actors themselves (Latour, 1986: 273).

[3] Additionally, it draws on interviews with key industry players placed in Germany, the US and South Africa, observations made at different agri-investment conferences, and the analysis of media and investor accounts of farmland investments. The project started in 2013.