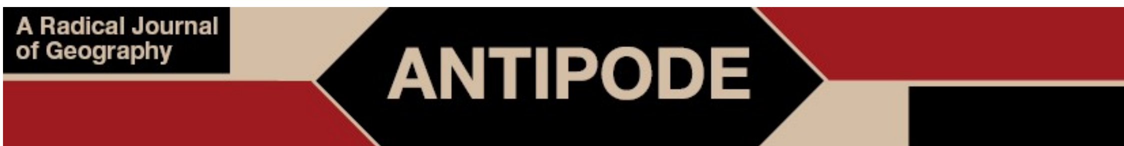

Madeleine Fairbairn, *Fields of Gold: Financing the Global Land Rush*, Ithaca: Cornell University Press, 2020. ISBN: 9781501750083 (paper); ISBN: 9781501750076 (cloth); ISBN: 9781501750090 (ebook)

In the late-aughts, a surge of transnational investment in farmland became a major driver of land dispossession and concentration, agrarian protest, and ultimately scholarship. Although geographers and other social scientists had studied various forms of land dispossession for decades,[1] those who entered the topic through this new wave of transnational farmland investment quickly advanced terms like "the global land grab" or the "the global land rush", while alarmed NGOs sought to quantify it based on "deals" signed between investors and host governments. Since land grabbing was not, of course, new, such constructions begged the question of what, if any, relationship existed between these transnational investments in farmland qua farmland and other longstanding forms of rural land dispossession for mining, industry, and urban real estate – all of which also appeared to be increasing and changing in character in many regions during the neoliberal period. Then there was the problem of whether all of these transnational farmland "deals" actually involved "grabs", which implies coercive dispossession. Since many evidently did not and farmers continued to lose land in many other ways, another vein of scholarship pushed back against the growing focus on coercive "land grabs" with the finding that dispossession could be driven by the market (Li 2014; Vijayabaskar and Menon 2018), though the dynamics of this process – land concentration and agrarian differentiation – had already been the bread and butter of "the agrarian question" for over a century (Kautsky 1988; Lenin 1964; Patnaik 1990). Further debates over whether land grabs constituted "primitive accumulation" (Marx 1977) or "accumulation by dispossession" (Harvey 2003) often created

[1] A very selective sample would include Peters (1994), Baviskar (1995), Hart (2002), Moore (2005) and contributions to Peet and Watts (1996) and Peluso and Watts (2001). This is not to mention the vast policy-oriented literature on "development-induced displacement" going back to the 1970s.

more fog than they dissipated. Sorting through this morass took many a special issue and was enough to generate land grab fatigue for many, even if many questions of great significance remained on the table. One such question was: What was driving this transnational investment in farmland? This is where Madeleine Fairbairn's path-breaking scholarship on farmland financialization, culminating in this much-anticipated monograph, has been a salve of clear thinking and rigorous research.

A major distinguishing feature of *Fields of Gold* is its ethnographic approach to the farmland investment industry. A model of "studying up", Fairbairn tirelessly tracked down farmland investors, fund managers, farmland operators and other industry brokers in their offices on various continents and during the cocktail hours of high-priced farmland investment conferences – often volunteering to distribute name tags and the like to crash the party. Her focus is on investors in the United States, which has played a key role in the evolution of the sector and is responsible for something like 60% of the industry, and Brazil, which has been a major recipient of such investments by virtue of its notoriously concentrated landholdings and thriving agribusiness sector. The latter focus draws on further ethnographic research in the *cerrado* (tropical savanna) of Western Bahia and the halls of power in the capital Brasilia, which helps to connect the machinations of Northern finance capital to the political economy of land and agriculture in the South. The resulting insights into the interests, worldviews and strategies of financial actors as they seek to transform agricultural land into a global asset class – and the material, moral, and political obstacles they encounter and seek to overcome – is infinitely more edifying than countless works proffering a bird's eye view or abstractly debating what is or is not "accumulation by dispossession". But far from retreating to micro-institutional analysis, Fairbairn connects her ethnographic insights to macro-historical forces of finance capital and a bravura engagement with theories of land rent, financialization and commodification.

Chapter 1 provides a sharp and succinct history of the US farmland investment industry. Commercial banks and life insurance companies had long been involved in farmland markets,

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though largely by providing mortgages to farmers. But how did direct investment in farmland acquisition become a significant source of financial profits by the early 21st century? Fairbairn's account builds on David Harvey (2006) and Giovanni Arrighi (1994) in emphasizing redeployments of capital and institutional restructurings in the wake of economic crises; and on Karl Polanyi (2001) in pointing out the social and political obstacles that must be overcome to transform land into a financial asset. Fairbairn recounts that boom-and-bust cycles in the 1920s and 1970s resulted in financial institutions owning and managing significant farmland, often through foreclosure, which gave them experience with farm management. Yet a proposed farmland investment fund was squashed in 1977 after withering opposition from (many conservative) politicians in agricultural states. In Polanyian terms, the "agrarian ideal" of small farm ownership in the United States still constituted a significant moral-political barrier to farmland financialization. Over the next decade, however, this barrier would collapse as finance expanded its reach generally and into the agricultural sector specifically. Significant developments included the deregulation of commodity trading in the 1990s and the financialization of US timberland – lower-hanging fruit due its already high consolidation in corporate hands and, one presumes, its lesser moral significance. The organizational innovations driving the latter – timberland investment management organizations (TIMOs) and real estate investment trusts (REITs) – would play an important role in subsequent farmland financialization. By the late 1980s, Fairbairn argues, opposition to financial investment in farmland had been overcome, largely due to two factors: "first, that after a decade of explosive financial growth, people had grown accustomed to the pervasive presence of finance; and, second, that the economic devastation of the 1980s farm crisis further sapped the already declining political clout of farmers" (p.35).

By the early 2000s, there were several established agricultural asset management companies in the US and investor interest was slowly creeping up, but farmland could still not compete with a booming stock market. The 2008 financial crisis, coinciding with booming

agricultural commodity prices, changed the calculus. Deprived of profitable avenues of investment elsewhere in the economy as so much fictitious value evaporated, farmland suddenly looked like an attractive outlet due to its indestructible materiality and its counter-cyclical price movements (logics described further in the following chapter). The challenge now became assembling enough land to accommodate the quantity of capital, which prompted farmland investors to go global, particularly to countries where either highly concentrated ownership (Brazil) or government ownership (much of Africa) created the possibility for large acquisitions. This was, in short, a classic "spatial fix".

That financial actors would be interested in such a material and classically productive "asset" represents something of a puzzle. Malthusian warnings about global food shortages and promises of productivity gains – closing the "yield gap" on ostensibly underutilized lands in the Global South, as the authors of an influential World Bank report (Deininger and Byerlee 2011) put it – have featured prominently as *legitimizations* for transnational investments in farmland, but do they feature prominently in investor *motivations*? In Chapter 2, Fairbairn gets right to the question of how financial actors value land, arguing that while agricultural income streams play a role it is largely the prospect of capital gains from land appreciation that motivates investors. After an uncommonly clear overview of theories of land rent, Fairbairn argues that the neo-classical view of land is the consciously operative one for the agents directing large amounts of capital into farmland. For financial investors, farmland value is "essentially the net present value of the expected future income stream from landownership, discounted to its present value at a risk-adjusted rate" (p.56). Its value – by this way of thinking – is a product of both farm income and of dominant rates of financial return in the economy as a whole, meaning that land values may rise as a result of either growing profits from agricultural production or as a result of declining interest rates or returns from alternative investments. Both of these factors help clarify why farmland was so attractive in the post-crisis economy, when investors sought an inflation hedge and refuge from stock market volatility. But these sober calculations only go so far in

explaining a speculative boom. For most investors, Fairbairn argues, the expectation of future land appreciation is essential to the investment calculus; most of her interviewees expected 50 percent of their returns from land appreciation. While such appreciation can be actively enhanced by land improvements, these expectations are, as ever, driven by less than completely rational sentiments and are to a large extent performative – driven by narratives about the future. And this is where neo-Malthusianism enters: not as an accurate explanation of world hunger or a compelling moral justification for farmland financialization, but as one aspect of a dystopian imaginary used to sell farmland as a global asset class. In addition to looming food shortages, visions of future economic crises and currency collapse figure prominently in farmland funds' sales pitches.

Yet, as Kautsky and subsequent geographers have explained, agriculture presents unique barriers to capital, and land's materiality makes it a peculiar commodity. In Chapter 3, Fairbairn shows how, one by one, financiers have overcome or "detoured" around such difficulties. In response to the age-old riskiness of farming, farmland investors hedge risk not through the peasant strategy of diversifying crops and seeds on a particular piece of land, but by diversifying their global land portfolios by region, crop, political domicile, and through vertical integration. Through such strategies, as Fairbairn brutally puts it, "a globally diversified farmland investment portfolio can reduce agricultural risk without abandoning industrial mono-cropping" (p.85). The next difficulty is the inescapable uniqueness and heterogeneity of farmland, which would seem to prevent its valuation as a financial asset that can be bought and sold like a barrel of crude. But farmland investors utilize various metrics of commensuration – dutifully provided by consultancies, real estate firms and the World Bank – to make the risks and returns of, say, Australian farmland comparable to treasury bonds or commercial real estate. To the challenge of managing millions of acres of farmland spread across the globe, there is now big data-enabled "digital agriculture", which allows "operators to visualize and understand expanses of land too big for them to regularly visit and experience in person" (p.91). Land fragmentation – as Kautsky

observed, a major barrier to the concentration of capital in agriculture – becomes an opportunity for private equity to generate "alpha returns" through the assembly of small properties into larger ones. If the high cost and non-depreciability of farmland makes operating companies look bad on paper, the fix is "opco/propco restructurings" – unlocking the value of real estate by spinning it off from operations. To the problem of farmland's illiquidity, the solution is securitization through public farmland REITs and incipient farmland "investment crowdsourcing", which allow even retail investors to acquire partial interests in the rental streams from global farmland and, in some cases, to sell them as quickly as a stock. All of this financial ingenuity pushes farmland closer and closer to becoming, in Harvey's (2006: 347) terms, "a pure financial asset".

Yet, if farmland is to become a *global* asset class there remains the question of how the Polanyi problem – moral and political valuations of land that are hostile to its treatment as a financial asset – is to be overcome not just in the United States but in all the countries on the receiving end of such investments. Chapter 4 delves into the politics of the land rush in Brazil. Because of the country's prior and notoriously brutal concentration of land – historically accomplished with colonial land grabs and ongoing practices of land fraud known as *grilagem* – large tracts of land can be acquired by investors in the present without forcibly evicting large numbers of peasants, with the land struggles these often generate. Nevertheless, the land rush of the aughts still generated significant political backlash in the country, including by social movements like the Landless Workers Movement (MST) which have for decades fought to redistribute land in the opposite direction. Yet, Fairbairn explains why the major response of the left-wing Workers Party (PT) government was limited to restricting land purchases by foreigners, and why this was an abject failure. The reason why it was limited was a dominant moral economy of land – famously enshrined in the constitution and effectively utilized by the MST in its push for land redistribution – that primarily insists that land fulfill a productive function, without any explicit consideration of distributional equity. Since the profit model of financiers depends at least partially on actual agricultural production, this moral economy

provided little basis for halting the land rush. Instead, the Brazilian government relied on a nationalist discourse of territorial sovereignty – complete with disproportionate alarm about rare Chinese investments – to restrict foreign investments. But foreign investment was an awkward proxy for financial investments in a country whose agribusiness sector was already globalized, and so the resulting restrictions on foreign land acquisitions were easily evaded through subsidiarization and creative accounting. While regulating foreign ownership may be an attractive way to respond to the global land rush, Fairbairn concludes that it is a poor substitute for "broader imaginaries of a more socially just agricultural structure" and "deeply insufficient to address landownership by footloose finance capital" (p.131). In short, nationalism is an inadequate basis for challenging finance capital.

The book concludes by outlining the social and environmental consequences of farmland financialization and supplying a pragmatic discussion of possible solutions. Whether or not it generates "land grabs", which it often will, increasing financial interest in farmland will undoubtedly push forward land concentration, pricing out small farmers and making agrarian reform only more unachievable. On balance, the interests of financial investors in capital gains also bodes ill for sustainable land management. Financial investment in farmland tends to favor large-scale, industrial and carbon-intensive agriculture and is thus assuredly bad for the climate. If restricting purchases by foreigners is an ineffective brake on land concentration by global finance capital, what might be the solutions? Fairbairn quickly dispatches with the absurd false solution of corporate codes of conduct; takes more seriously campaigns targeting particular corporate investors (like the NGO campaign against TIAA, manager of many a faculty's retirement plan) but worries that they are not just easily ignored but only work against the few "widely recognized brands" investing in farmland; and is attracted by the potential of Community Land Trusts and Real Estate Investment Cooperatives to re-embed land, though realizes that these are highly localized – not to mention Northern – solutions. Ultimately, however, Fairbairn argues that there is no alternative to national regulations to check speculation

in farmland: “To effectively discipline the flows of finance capital into farmland markets, governments would have to embrace a much broader understanding of the social function of land – one that encompasses land’s ability to produce wealth via appreciation” (p.145). Specifically, Fairbairn resuscitates Henry George’s (1981) late-19th century proposal to tax land values in order to capture “the social increment” and reduce incentives for speculation; and points to existing laws in many countries and US states that are “designed to keep land in the hands of family farmers while deterring corporate farming and rentier landownership” (p.146). Whatever the precise responses, the global land rush should serve as a “wake up call” to revive national debates about the social value of land (p.147).

It should be clear that Fairbairn has written a superb and field-defining monograph. Its achievement is to use rigorous ethnographic fieldwork – where insight into the lifeworlds of her informants involved mastering financial sector jargon and neoclassical economics – to illuminate the macro-forces of global finance capital with the aid of theoretically sophisticated readings of Harvey, Arrighi and Polanyi, among others. If there is one notable absence it is the role of the state in facilitating these investments in receiving countries, though covering this adequately would have been a tall order for an already exhaustively researched book. I believe it is fair to say that after a decade of the land grab literature rush (Oya 2013), *Fields of Gold* is now the gold standard for scholarship on the financial drivers of transnational farmland investment. To cap off the achievement, Fairbairn writes in a clear and down-to-earth style that demystifies finance jargon and clearly conveys the significance of difficult theory for the lay reader. It could thus be assigned in both graduate and undergraduate classes, and is the book I would give to anyone interested in the subject.

It is also the book’s merit to illuminate many avenues for further and comparative research. I will briefly mention three areas. The first area deserving further study is on the finance end – specifically the interactions between Northern and “peripheral” financialization. How does the well-documented role of companies from the Global South – e.g. India and China

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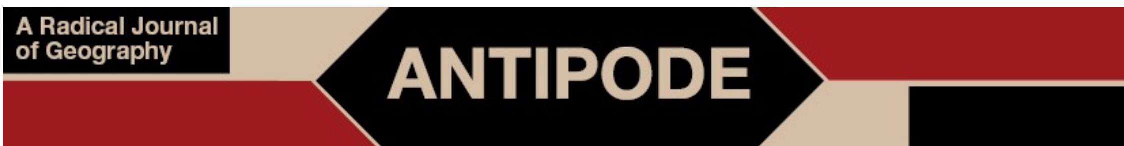
– in acquiring land in other Southern countries fit into this analysis of Northern finance capital seeking a spatial fix (leaving aside the more mercantilist acquisitions by sovereign states, which Fairbairn rightly notes constitute a small portion of the total)? How does the entry of global finance capital into agriculture look organizationally different in countries that lack Brazil's large and globalized agribusiness sector (and would restricting foreign purchases be a more accurate proxy for finance capital in those settings?)? And, more generally, is there any connection between the farmland rush and the roughly concomitant surge of investments in real estate and infrastructure that occurred in many emerging markets in the same period, though only partly driven by foreign capital?

A second area of further research would involve connecting global finance capital to the comparative politics of rural land dispossession in different parts of the world. In regions where large consolidated plots of land are not there for the taking, the political limits to farmland financialization are even clearer than in Brazil and appear to work pre-emptively. Transnational farmland investments have not been a major phenomenon *within* countries like India and China, where average landholdings are miniscule (between one and two hectares) and consolidation on this scale – one of Fairbairn's financier informants expressed a preference for 10,000 hectares and up – would be politically suicidal. Domestically the Indian state dispossesses land for many things (with great political difficulty) but is hardly interested in agriculture, while the Chinese state is trying to consolidate farmland for domestic agribusiness, often through coercive leasing from peasants. Yet, in countries where large transnational investments in farmland are attractive to investors and deemed politically feasible by states, and where this requires expropriating small farms or public and common lands used by agrarian populations, it is the politics of land dispossession that is likely to be the decisive counterveiling force and the protagonist of changes to national policies. This is the part of the Venn diagram in which Fairbairn's analysis of the financial drivers of the farmland rush intersects with comparative land grab politics, shaped as the latter is by regional agrarian social structures, land tenure and histories of peasant politics.



The outcome of this interaction – along with other parts of the diagram where real estate, mining or industrial capitals are the drivers – will be decisive for agrarian futures in large parts of the world. Understanding what happens to dispossessed peasants when such struggles fail, and the different types of investments described by Fairbairn take shape, is a third and still under-researched subject.

One hopes that Fairbairn's book provides a useful weapon for those resisting the global financialization of farmland; and that a generation of scholars follows the many paths Fairbairn has laid out for them, and with similar rigor.

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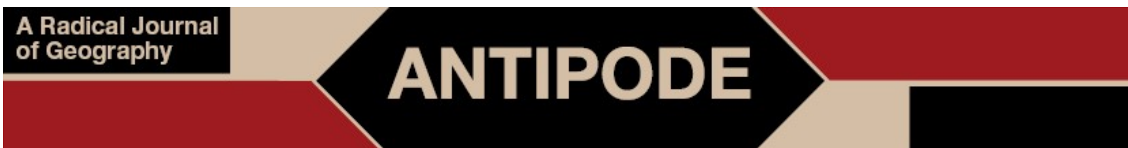

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