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## Land and Finance : Farming as Financial Asset: Global Finance and the Making of Institutional Landscapes

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## Book Review Essay

Ouma S,

*Farming as Financial Asset: Global Finance and the Making of Institutional Landscapes*, Agenda Publishing, 2020; Newcastle Upon Tyne, ISBN: 978-1-78821-187-1 (paperback), i-x + 204 pp.

### Reviewed by Franklin Obeng-Odoom

One of the myths in economics and political economy is that land no longer matters in wealth creation. A triple shift has taken place: from farms, and factories to finance. So the story goes. This ‘financialisation’ is fixated on footloose processes of accumulation, which is neither constrained by space nor time. Thus, whether from the academic left or the right, the tendency is to regard land economics as a relic of a past society, a ‘minority report’ applicable only to rural areas, or a transient moment in ‘serious’ analysis of modern capital.

Land economists have tried to counter this narrative. The authors of the books, *Urban Land Rent: Singapore as a Property State* (Anne Haila, 2016, Chichester: Wiley) to *Rethinking the Economics of Land and Housing* (Josh Ryan-Collins, Toby Lloyd, and Laurie MacFarlane. London: Zed Books) have been among the most vociferous. Alas! They have been rebuffed: ‘It’s not primarily about land ...; it’s about the supply of money’ (Aalbers and Haila, 2018, p. 1827). Books such as *The Financialization of Housing: A Political Economy Approach* (Aalbers, 2016, Routledge, London) have been written from that standpoint.

But is land not the root of all money? Could modern economic transactions demonstrate this centrality of land to financialisation? What are the implications of putting land at the heart of financial economics? *Farming as Financial Asset* addresses these questions. Part of the *Economic Transformations Series* of Agenda Publishing, co-edited by Jamie Peck, the world-renowned geographer, the methodology of the book under review is holistic. Both on the farmlands and in the heartlands, Professor Ouma, its author, fearlessly carried on his investigations. Forensic collection and scrutiny of macro financial data are combined with ethnographic manoeuvres.

In the end, the intricacies of the financial empire, often shielded from public scrutiny, are unveiled. Under it all is the land. Not only has the study of estate management offered key concepts such as ‘assets’ to the field of finance and financialisation, land economics has also contributed techniques such as derivatives and discount cash flow techniques to finance. Incidentally, Irving Fisher, a towering figure in finance and economics, built on the land economics idea of ‘capital value’ to conceptualise the widely used notion of ‘asset’.

Land is central to finance in another sense. Across the world, it has become the investment vehicle of choice. Pension funds invest in land. Silicon Valley tech companies invest in land. European banks invest in land. Even farmers, especially wealthy white farmers, invest in land elsewhere not just theirs. The apparent certainty of returns from land is one of its attractions. So, is the importance of food to the global economy. Financial wizards, fund and asset

companies, along with investors and marketers work together to sustain these impressions. Beyond global commodity chains, or global value chains, the fine details of those linkages are all steeped in land investments. These institutional investors combine with institutional rules or landscapes to make land the pivot of world finance.

This treatise has important implications. Sustainability is one of them. If greater financialisation means greater distances between farms and where their shadows are cast, asset farm are unsustainable. They lengthen global value chains, increase transportation, and pollution. The growing importance of absentee ‘owners’ of land is another problem. These shareholders care less about land other than what it can produce in financial terms. Nurturing land is secondary. Questions about self-sufficiency do not arise. Food sovereignty is lost. This loss of social and ecological sustainability cannot be restored with mainstream fixes that prioritise carbon sequestration, and technological solutions. Considering land as commons appears to be a more effective alternative.

These arguments unfold in nine chapters and an epilogue. After setting the scene in the introduction, and laying out the structure of the book, Ouma probes methodological questions in chapter two. A rich history of the finance-farming nexus is developed in chapter three, while fresh data, or original syntheses are offered in the rest of the book. Consider chapter four. It leads the way with a conclave of historical data on the farm-finance dialectic. An analysis of time, it dovetails into a mosaic of detailed information about space (centred on New and Tanzania). How institutions shape the activities of investors is the focus of chapter six. All these generate contradictory architecture of change and inertia, which are analysed in chapter seven. Iterative attempts to overcome such tensions, albeit unsuccessfully, are analysed in chapter eight. Alternatives, ranging between a model that relies on technology to fix the problems of finance and food, and another based on indigenous principles (e.g., intergenerational investment and earth stewardship), are discussed in chapter nine. The Epilogue highlights the book’s central problematique with a ‘personal’ story.

Although the author appears to prefer an entirely different farming arrangement, the commons, the book is silent on the details of this preferred fundamental alternative. One reference is made to the commons on page 178, but the idea is left bald. The important role of British and Australian real estate finance and property economics programs on justifying the current models of land-based financialisation is similarly overlooked. Yet, as books like *Land Grabbing: Journeys in the New Colonialism* (Stefano Liberti. London, New York: Verso, 2013), *Reconstructing Urban Economics: Towards a Political Economy of the Built Environment* (Franklin Obeng-Odoom, Zed Books, London, 2016), and *The Politics of Land Reform in Africa: From Communal Tenure to Free Markets* (Ambreena Manji, Zed Books, London, 2006) show, these institutions have been influential.

They join the dots from money, to finance, and currency and show the ecological limitations of the Marxist circuit of capital: M-C...(P)...C’-M’, on which the book relies as a narrative arc. Could Henry George, the most prominent land economist in the world, not have provided a more compelling plot, rather than be given only one mention as ‘nineteenth- century radical

Henry' (p.176)? Together with professional lawyers, property associations, and the world development agencies, property associations, teachers of property economics, and property economists have contributed significantly to the financialisation of land. Neglecting these pieces in the jigsaw weakens and fragments, indeed misses the opportunity to contribute *analytically* to land economics, but it does not undermine the compelling case made by the book that land is the root of all finance.

A tour de force, *Farming as Financial Asset* is engagingly accessible, transdisciplinary, and global in outlook. By putting land in its place - at the heart of the current economic system -, this book reconnects land economics to property economics, stitching back the rural to the urban which, in turn, is linked to the national, international, and to the global. This book is neither left nor right; it is original.

### **About the Reviewer**

Franklin Obeng-Odoom is the author, most recently, of *Property, Institutions, and Social Stratification in Africa* (Cambridge University Press, 2020). He is Associate Professor of Sustainability Science at the University of Helsinki in Finland, where he is based in the Discipline of Development Studies and the Helsinki Institute of Sustainability Science.

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