

INTRODUCTION



Agrifood Financialisation

Over the last twenty years, substantial investments have been made in agricultural land and agribusinesses globally (Deinger and Byerlee 2011; Bjørkhaug, McMichael and Muirhead 2020; Smith, Lawrence and Langford 2023), leading to concerns about the implications of a global ‘land rush’ (Arezki, Deinger and Selod 2015; Cotula 2012; Ouma 2014, 2020; Fairbairn 2020). These financial investments play a role in restructuring agrifood industries in ways that may see a reorientation of national food systems towards the needs of financial investors (Lawrence, Richards and Lyons 2013; Sippel 2015). They can also create a neorentier landholder base (Gunnoe 2014), compromise the viability of family farms (Alston 2004; Weller, Smith and Pritchard 2013; Smith 2015) and concentrate monopoly power in food distribution systems (Lawrence 2005; Burch and Lawrence 2009; Carolan 2012; Isakson 2014; Clapp 2017; Magnan, Davidson and Desmarais 2022). Some have framed these issues as the ‘financialisation’ of food systems – a perspective that raises concerns about the increase in profit-making from financial rather than productive activities (Krippner 2011). Concern extends to the management of companies according to the needs of distant shareholders rather than local communities, consumers and producers (Lazonick and O’Sullivan 2000; Crotty 2003; Milberg 2008; Baud and Durand 2012; Li 2015; Gunnoe 2016; Li and Semedi 2021), and the potential increase in food price volatility and food

insecurity that may accompany these shifts (Isakson 2014; Clapp 2017; Kinda et al. 2022).

However, despite widespread disquiet about the issues associated with financial investment in agriculture, little is known about how this investment occurs in practice. Financial investors are often positioned as sites of power, leading to assumptions that the investments they make occur continuously, inevitably and homogeneously. However, investments in land and agribusinesses do not simply ‘appear’ when regulation is relaxed (Ouma 2015a). ‘Successful’ and ‘failed’ attempts at asset creation are co-constitutive (Borras et al. 2022). They are negotiated, contested and facilitated by a diverse range of actors, both distant and local, who assemble land-based investments across diverse geographies. These actors use a range of calculative tools and devices to structure investments and perform their agency in diverse ways. Financial agrifood investments are the result of ongoing work, and this work is difficult, messy and often unsuccessful. As Williams writes, ‘instead of financialization at work . . . we need to think about financialization *as* work and thus the forms of labour that have enabled the financialization of food’ (2014, 410, emphasis in original). This focus on work allows us to overcome the ‘black-boxing’ of the actual processes through which financialisation occurs (Poovey 2015; Ouma 2016) and explore how they work in practice – and how they might be altered. As Ouma (2015b, 124) observes, there is an urgent need to ‘relocate[e] [markets] in the realm of politics and sociotechnical practice at a time these have gained a sheer metaphysical quality’. Rather than allowing finance to remain an abstract concept, ‘[r]eckoning finance into a practical activity discloses capital’s own methods such that they might be both reappropriated and redeployed’ (Martin et al. 2008, 128). Revealing how technical processes proceed, and the moral and practical choices that shape their operation, makes them available for renegotiation (Callon, Lascoumes and Barthe 2009). This book examines some of these processes and reveals some of the key decisions and value judgements that underpin them.

Assemblage Approaches

A poststructural assemblage ontology informs this approach. While recognising the importance of structural analysis of global changes such as financialisation, it is also useful to locate power in micro-negotiations that are ‘global in scope but microsocial in character’ (Knorr Cetina and Bruegger 2002, 907). This privileges the work of local actors who mediate financial investments into land and agribusiness as sites of study, recognising, for example, how small things can become powerful scripting devices for subsequent work (Latour 1992). Examples here are how a tool for assessing the

value of pastoral land in remote parts of the Northern Territory (NT) could come to be a powerful driver of speculative behaviour across the region, or how planning tools being developed by one Indigenous group for their land today might become important organising principles across wide areas in the future.

The contribution of this book lies in its focus on local people and places. Emerging literature on financialisation as work has revealed how land and agribusinesses are approached by financial actors and reconfigured to form income-yielding assets (Visser 2017; Ducastel and Anseeuw 2017, 2018). In such studies, financial actors are positioned as the site of power and the decisions that they make are uncovered to understand how these actors generate certain patterns of global investment. However, less attention has been paid to local actors ‘inside’ a place, who champion certain sites of investment and work to assemble them in particular ways and for diverse reasons. As Henry and Prince observe:

grasping the incorporation of agriculture into finance means getting beyond the office towers of international finance centres and into the places where the necessary connections with agriculture can be made . . . Smaller places many of us have never heard of . . . are a part of this space, and they play vital roles. (2018, 991)

In local spaces, farmers seek equity partnerships to expand their own businesses; Indigenous organisations seek investors for community development; local governments seek finance capital to fund rural development; and private sector mediators such as land valuation specialists work to moderate markets. These local mediators pursue their own projects, which may not be connected by a desire to engage in financialisation in any political way, but nevertheless ‘modify a state of affairs by making a difference’ (Latour 2005, 71). These actors are often viewed within the wider literature on financialisation as powerless against global finance. Yet as this book demonstrates, in Northern Australia they are central to the process of negotiating financial investments and can exert agency in powerful ways. This recognition requires that scholars ‘expand the cast of actors, human and nonhuman, that participate, or are made to participate in the drawing together of generally fragile assemblages’ (Henry 2017, 102). This book contributes to this task through a case study of local actors operating in remote Northern Australia.

Northern Australia is a particularly important case study for understanding the work of financialisation by local intermediaries. It differs from more intensively farmed and heavily populated areas of southeastern Australia, in which financial investors target established and operating farms. In contrast, investments in Northern Australia are occurring largely in ‘greenfield’ projects. A greenfield site is an undeveloped parcel of land earmarked for

commercial development, one in which new agricultural crops or methods are being introduced to increase output from farming or to allow for pastoral intensification. The risky and experimental nature of these investments introduces a speculative aspect that makes Northern Australia, from an investment perspective, more similar to an emerging farmland market than the established markets in the Global North. This feature is alluded to in the Commonwealth Government's 'Developing Northern Australia' White Paper, which introduces a 'value proposition' for the region: 'Northern Australia: Emerging opportunities in an advanced economy' (Australian Government 2015a, 7). In this context, financial investments are particularly risky and vulnerable to failure, and specialist knowledge of the environment is needed. These characteristics makes local people particularly important to financial investors, as they provide unique skills and expertise, and therefore become powerful brokers of local knowledge. In such contexts, local firms and people may valorise their local knowledge to 'affirm their essential role as gateway to the country and its agricultural value chains' (Ducastel and Anseuw 2017, 201). Furthermore, local farmers and Indigenous organisations may be particularly willing to engage with financial investors because they often lack finance for development. Some seek to engage with finance, but on their own terms and in ways that will benefit local regions and populations. Local actors are often essential intermediaries to negotiating land-based investments, and these investments are difficult to assemble, requiring innovation and experimentation. These features empower local people and make Northern Australia an important site in which to study the ways that local mediators contribute to the assemblage of financialisation.

The work of investment negotiation occurs at the interface of global and local; a site of 'friction' in which 'heterogeneous and unequal encounters can lead to new arrangements of culture and power' (Tsing 2004, 5). Taking this interface as a site of study sees larger global patterns as assembled by these moments of negotiation, innovation and contestation. It remakes local mediators as important actors in the financialisation of land and agribusiness, asking how they perform their work and what implications these negotiations might have for investment policy. Attention to this work reveals unexpected ways in which diverse people, acting with tools developed in specific places at specific times, and moving across diverse geographies that constrain and alter the way in which negotiations occur, assemble new connections between Northern Australian land and global finance. This focus requires attention to the everyday practices of a range of local actors involved in mediating and negotiating investments. This book examines key processes occurring at this interface: where local government officials seek to both attract and control financial investment into rural spaces; where professional land valuers seek to control the value of the land; where rural bankers exert moral judgements

about how much money should be lent to whom; where family farmers negotiate equity partnerships with global investors; and where Indigenous organisations seek to attract investment into their lands through processes of assetisation. Their labour is spatially situated; it occurs at particular sites that themselves are complex sociotechnical assemblages in which people work to remake relationships between finance and agriculture (Henry and Prince 2018). Three broad themes have shaped the direction of this enquiry: human agencies, tools and geographies.

First, individual human actors are embedded in professional networks with rules, conventions and cultures that engender particular processes of decision making (Ho 2009) and may live or work in communities and workplace cultures with particular spatial and historical features, which in turn shape individual values and pursuits (Muniesa et al. 2017). Yet individual people negotiating and mediating financial investments also have their own preferences, values and agendas that shape the way in which they undertake this work. A focus on these individual human agencies encourages exploration of the ways that these individual and cultural factors shape their work.

Second, financial tools (such as reports and templates) and calculative devices (such as valuation formulae) shape the way in which investments are organised and enacted. For example, a land valuation formula requires certain variables to be entered and prevents the user from entering others. Such devices shape the way that humans interact with them, constraining the possibilities available to them. This power can be understood as agency of a nonhuman actor (Latour 1992, 1996). What histories and geographies do these tools emerge from, and how are they used by different actors in pursuit of divergent goals? Tools and calculative devices are not neutral (Lagoarde-Segot 2015; 2017; Lagoarde-Segot and Paranque 2017), but contain histories of decisions that have moral and ethical dimensions, and that create a range of results that may be far removed from their original intention. They 'script' (Latour 1992) investment negotiations in important ways. Tsing (2004, 6) observes that: 'Roads create pathways that make motion easier and more efficient, but in doing so they limit where we go. The ease of travel they facilitate is also a structure of confinement.' Similarly, tools that guide the investment negotiation process facilitate the process, but also shape the results it creates (Mackenzie 2006; Henry 2017). A focus on these tools and calculative devices and how they are replicated, adapted and reproduced in the process of investment mediation and negotiation reveals their influence on investment patterns.

Third, in the literature on farming and financialisation, authors are increasingly calling for attention to be paid to the geographically and temporally situated manifestations of finance. This is to understand financialisation not as an inevitable and homogeneous process of expansion, but as difficult

work that moves across geographies in different ways (see Higgins and Larner 2017a; Forney, Rosin and Campbell 2018b; Ouma 2015b, 2020). In Northern Australia, geography has critically shaped development trajectories and the environment has been a constantly present nonhuman actor in financial negotiations. This context underpins the agencies and tools used in this work, as we see not only the financialisation of agriculture, but also the ‘agriculturalization of finance’ (Henry and Prince 2018). Rather than focusing on how ‘universalizing, totalizing, and disembodied processes . . . manifest themselves in similar ways in different places’ (Larner, Le Heron and Lewis 2007, 223), increased attention to spatially and temporally situated negotiations reveals how spaces shape investment negotiations and change the appearance of financialisation. Explicit attention to the geographies in which negotiations occur reveals how local places shape investment structures.

This book explores the work of local actors working at the interface of global investment and local spaces, examining how these human actors negotiate their work using particular tools in particular places. The information drawn upon in this book was collected as part of a larger project examining agrifood transformations in Northern Australia from 2016 to 2020, for which more than 100 semi-structured interviews were undertaken. This research draws on a subset of forty of these interviews focusing specifically on intermediaries to land and agribusiness in Northern Australia. Participants were purposively sampled according to their professional involvement in forging connections between local agrifood production and finance, and comprise a range of professionals, including land valuers, bankers, consultants, lawyers and government officials. The insights gained from these professionals generate a highly spatial understanding of financial investment, located in a specific cultural and geographical landscape at a particular time. They highlight power dynamics between actors and spaces of unequal negotiation where some groups are able to exert influence over others. They describe places where finance flows easily and spaces where the work is contested, difficult and forms unstable links. They reveal hidden tools that are shaping flows of investment in Northern Australia and show how these tools are contested and exploited by different actors. Taken together, this reveals a picture of the difficult, unstable and disordered work involved in financialisation, and highlights the importance of microlevel processes in effecting large-scale patterns.

Assemblage approaches are sometimes criticised for providing a depoliticised account of global processes isolated from an imperative to act. This book seeks to demonstrate that, on the contrary, the suspension of normative judgements of actors, tools and processes can reveal important insights into how these diverse actors interact to create a range of unexpected local impacts, and that these insights are often key to the design of more effective policy responses. Each chapter of the book examines in detail the work of

a different group of actors and offers recommendations for policy based on the particular dynamics identified within. The result - if not explicitly political – is not disengaged: the recommendations generated target specific rural policies and aim to support a more sustainable agrifood system.

The Structure of the Book

Chapter 1, ‘Assembling Financialisation’, introduces the literature on financialisation that frames the inquiry of this book. It outlines relevant contributions to understanding financialisation as a global, sectoral and asset-level process, highlighting the range of ways in which it has been conceptualised. It also details the utility of the assemblage approach used in this book and discusses issues of power and ethics in research with professionals. This chapter frames the key question driving this book: how does financialisation occur in practice and in what ways do local actors and spaces shape its form?

Chapter 2, ‘A Brief History of Northern Development’, provides an overview of historical financial investments in Northern Australian land and agribusinesses, highlighting the long history of these investments and the role of the state in moderating them. This information highlights the need to study financialisation in differentiated spatial and historical contexts, nuanced by local policies, environments, communities, values and histories. It demonstrates the importance of Northern Australia as a case study: in such a remote region, where agricultural production expertise is rare and hard-earned, local actors are key intermediaries to financial investments.

Chapter 3, ‘The Investment Proposition’, introduces the contemporary work being done to market Northern Australia as an investment destination. It introduces the programme on ‘Developing Northern Australia’ and how it envisions the future of the region and its form of development. Drawing on interviews with local government officials, it explores how they seek to attract investors to Northern Australia, as well as how they work to control investor activities in order to create local benefit. It suggests that the Northern development programme can be considered a financialising form of governance, and also examines the contradictions inherent in the ongoing work of government officials to re-establish influence in these development pathways.

Chapter 4, ‘Making Land Valuable’, explores how the value of Northern Australian land is made, and unmade, by interactions between human actors such as valuation specialists, bankers, investors and farmers with calculative tools for valuing land. It describes two tools used for pastoral land valuations in the region – the Beast Area Value and the Return on Investment – and explores how these tools are used by a range of actors in strategic and sometimes competing ways. It describes the moral reasoning of valuation

specialists as they seek to control markets, as well as efforts by investors and others to adapt and exploit valuation devices. It considers the importance of environmental and geographical particularities in shaping the use of valuation devices, and explores how these environments are made commensurable to facilitate investment across diverse geographies. The understanding of how land is made valuable by the work of specific local professionals provided in this chapter offers important context to the following chapters, which discuss other ways in which people seek to create and communicate investment value.

Chapter 5, ‘The Moral Economies of Debt’, explores the traditional financiers of the region: banks. It examines the work of rural agricultural finance specialists who are the most common connection between local farmers and global finance. It also explores the challenges faced by these specialists in their work and how banker–client relationships both shape and are shaped by understandings of morality in lending in the region. It provides insights into the traditional debt financing of agriculture in the region and the ways in which it is changing with growing financial investment in Northern Australian pastoralism.

Chapter 6, ‘How to Get an Investor’, explores a source of finance rapidly growing in appeal to local farmers: equity investors. It provides a case study of one farming family that formed a joint venture with a large foreign institutional investor and describes the vast amount of time and resources expended by this exceptional family in this pursuit. It highlights the role of external accountancy firms as consultants to this process in creating legal structures for joint ventures, and explores how farmers work across financial and farming spaces to negotiate farming–finance links, valorising their specialist environmental knowledge and management expertise as they do so. The exceptional experience of this farming family suggests limits to the expansion of this form of investment for a wider cohort of farmers, which has implications for policy on approaches to development financing in the region.

Chapter 7, “‘Unlocking” the Indigenous Estate’, explores the work of Indigenous corporations, showing how they mobilise a range of tools in their pursuit of finance for development across diverse environments and geographies. It outlines a series of initiatives by Indigenous organisations in Northern Australia as they seek access to global capital pools and describes the experiences of a range of professionals as they work to transform Indigenous land into an asset for investment.

Chapter 8, ‘COVID-19 and Seven Years of “Developing Northern Australia”’, examines what has changed since the White Paper on Developing Northern Australia was first introduced in 2015. It revisits major themes in Northern development introduced in Chapter 4 and considers progress towards some of the goals that were outlined for the programme, including in large-scale greenfield agricultural investment, private financing of

infrastructure, patterns of land and water ownership, Indigenous agricultural development and pastoral development. It considers the impact of COVID-19 on farmland investment and highlights the intensification of investment in established industries such as pastoralism, as well as the limited progress made in other areas.

The concluding chapter, ‘Messy Assemblages’, argues that financialisation is usefully conceptualised as an assemblage of irreducibly complex processes that develop differently in different locations, and that policy initiatives could effectively target these microlevel processes to shape the role that finance plays in rural industries.

Through this approach, this book demonstrates the value of social science studies of economic systems and practices to provide insights into the actual processes through which the financialisation of agrifood industries proceeds. The research is grounded in Northern Australia and provides practical evidence that contributes to understanding and improving investment outcomes there. It recognises that ‘finance is . . . not only a technical activity, but has social, moral, and . . . political aspects’ (Lagoarde-Segot and Paranque 2017, 659), and aims to explore and reveal the assumptions and value judgements that underpin these aspects. The goal is that they can be made available for public debate in order to support a more informed and nuanced approach to the challenges of governing investment.