Financializing Prairie farmland

Farmland investment funds and the restructuring of family farming systems in central Canada

Melanie Sommerville

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Abstract

Scholarship on the 'global land grab' has placed financial actors and financialization processes at the centre of recent farmland acquisitions and investments in large-scale agricultural ventures. This paper contributes to this body of work by examining the emergence of Farmland Investment Funds (FIFs) in the Canadian Prairie Provinces amidst the ongoing financialization of family farming systems in the region. Postulating that a highly financialized agricultural sector is one where profits are raised mainly through rent and the appreciation of farmland, as well as through interest, dividends, and capital gains on agricultural ventures, I show how FIFs have sought to harness these channels. While FIFs result in part from increased demand for prairie farmland on the basis of its performance as a financial asset, the funds' growth has similarly depended on a set of factors working to supply land to the vehicles, including a long period of declining farm incomes, steady and accelerating land appreciation, prairie farmers' gradual shift towards leasing (rather than owning) farmland, and climbing farm debt. I review the key features of FIFs and their implications for agricultural restructuring on the Prairies, showing how the funds further concentrate farmland ownership, shift patterns of wealth and risk accrual from owning and using farmland, deepen the circulation of interest bearing capital within regional farmland markets, and introduce new financial actors, priorities, and subjectivities into prairie farming systems. My findings generate insights into large-scale land transactions in other global settings, and contribute to current understandings of the 'land grab' and the financialization of agriculture and other natural resource sectors.

About the author

Melanie Sommerville is a doctoral candidate in the Department of Geography at the University of British Columbia in Vancouver, Canada. Her dissertation research examines the financialization of agriculture, using case studies in Canada and South Africa to assess its implications for family- and small-scale farmers as well as land restitution processes involving marginalized communities. Melanie has a broad career background in the public and not-for-for profit sectors and a particular passion for agricultural policy analysis and development. Her previous degrees included a Master of Arts in Human Geography from Carleton University in Ottawa, Canada, and a Bachelor of Science in Earth Surface Science from the University of Guelph in Guelph, Canada.

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1 Introduction

In the last decade farmland in the Canadian Prairie Provinces has gained a much-vaunted status amongst financial analysts and investors.[1] Lauded as a star commodity offering "attractive returns, excellent capital preservation, low risk and broad portfolio diversification" (Bonnefield 2013: n.p.), farmland in the prairies has received favourable assessments in international property investment indices and has been widely profiled in both the financial press and the domestic media.[2] One consequence of this is growing interest in a suite of new farmland investment funds (FIFs) offering investors a means of adding prairie farmland to their investment portfolios, and so profiting off of its value as a financial asset. In recent years, these funds have acquired tens of thousands of acres of prime farmland in the region, significantly altering traditional models of farmland ownership and family farming in the process.

While relatively unique in the domestic context, the emergence of FIFs on the prairies is linked to a much larger phenomenon transforming farmers' ownership of and access to farmland in many countries around the world.[3] Dubbed a 'global land grab' by many of its critics, this phenomenon has resulted in shifts in both the *de jure* and *de facto* control of large swaths of arable land, in many instances to the detriment of local farmers, rural communities, and environments (Peluso and Lund 2011: 669). Financial actors and 'financialization' processes have been recognized as playing a central role in the land grab since some of the earliest reports on the topic,[4] but to date these actors and processes have received limited attention from land grab scholars. Despite the wide and rapidly evolving literature examining both individual land acquisitions and the broader drivers behind these deals, the role of financialization in the land grab remains under theorized, and its operation in different settings remains largely undocumented.

In this paper, I aim to contribute to the growing literature on large scale land deals by coupling a robust theorization of financialization with an examination of FIFs as an important component of this process as it is unfolding in the Canadian prairies. I argue that recent developments in the prairie farming sector reflect the changing conditions for capital accumulation on a global scale, a process that affects all economic sectors but which has special implications for and particular characteristics within agriculture amongst other natural resource sectors. In a highly 'financialized' agricultural sector, profits are raised mainly through rent and the appreciation of farmland, and through interest, dividends, and capital gains on agricultural ventures, rather than directly through agricultural production. I argue that prairie FIFs – whose main business is to purchase farmland and lease it out to farmers rather than actively farming it themselves – aim to harness the profits available in these 'financial' channels, and that while their emergence hinges in part on assessments of prairie farmland's strong past and potential future performance as a financial asset, the funds' growth has similarly depended on a set of drivers conditioning the supply of prairie farmland to these vehicles, including a long period of declining farm incomes, steady and accelerating land

[1] The prairie provinces are Manitoba, Saskatchewan, and Alberta.
[2] For examples of prairie farmland's appearance in international indices, see: FC Business Intelligence (2010); InvestAg Savills (2011); Knight Frank (2011). For examples of its coverage in the media, see: Ladurantaye (2009); CBC (2010); Waldie and Leeder (2010); Elton (2011); Gillam (2011); Bjerga (2012); Coolican (2012); and Cross (2012).
[3] Many provinces in Canada have seen isolated instances of farmland investment in recent decades, and some such as Ontario have seen significant acquisitions of peri-urban farmland in anticipation of future development (i.e. 'land banking') (see NFU 2010). However, the prairies are unique in terms of the amount of investment attention they have attracted, and FIFs in terms of the scale of acquisitions they have made.
[4] For example, financial actors were given prominent coverage in the 2008 report by the NGO GRAIN (GRAIN 2008), which is widely credited with both coining the term 'global land grab' and bringing the issue to widespread public attention.

appreciation, a gradual shift towards farmers leasing (rather than owning) much of the land in their operations, and growing farm debt.

FIFs have important implications for the prairie region, altering traditional patterns of land ownership and the flow of wealth and risk towards the region's family farms. The funds highlight the progressive financialization of prairie farming systems and the deepening circulation of interest-bearing capital through regional farmland markets, processes that introduce important tensions and contradictions into family farming operations, regardless of whether they have a direct relationship with the funds. The funds draw attention to the expanding range of financiers that impinges upon prairie farming incomes by demanding various types of interest payments – a group that includes traditional banks and lenders, a landlord class comprised mainly of families that have exited (or been expelled from) agriculture in recent decades, input financing firms, private insurers, and now FIFs amongst other new farmland investment vehicles. Yet whether traditional models of family farming can be sustained under (and can sustain) such an extensive financial superstructure remains an open question. Indeed, farming on the prairies seems increasingly subsumed to finance – yielding an increasingly unstable situation where any one of declining commodity prices, reduced government supports to agriculture, rising interest rates, or the bursting of a possible bubble in farmland prices could yield serious consequences not only for investors, but also for the region's family farms and rural communities.

The remainder of the paper is structured as follows. In the next two sections, I briefly review the coverage afforded to financial actors and processes by land grab scholars to date, before presenting the more detailed theorization of financialization that underpins my analysis in the remainder of the paper. I then turn to presenting the findings of my early empirical research into FIFs on the prairies, providing a brief overview of the structure and organization of farming in the region, before examining the drivers underpinning the emergence of the funds, the role of provincial government legislation in mediating their form, and the key features of the prairie FIF model. I move next to a discussion situating FIFs within the broader financialization of the prairie farming sector and examining the implications of the funds and of this process more generally. In the final section of the paper, I reflect on the insights my study can provide to scholarship on the 'global land grab', highlighting potential similarities with work focusing on other regions as well as areas for further research.

2 Finance and the 'global land grab'

While financial actors and processes have long been recognized as playing a central role in the 'global land grab', scholarly work on this topic has been limited and to date has focused mainly around three themes. First, scholars have recognized the 2007/08 global financial meltdown as one of multiple crises underpinning recent investments in land and associated agricultural ventures (GRAIN 2008; Borras *et al.* 2011; Cotula 2012; White *et al.* 2012; Margulis *et al.* 2013). It is generally theorized that investment capital has flocked to these assets as 'safe havens' amidst turbulent global financial markets (Cotula 2012; McMichael 2012), a process which may nonetheless introduce new sorts of systemic and personal risks into agriculture and agrarian communities (Buxton *et al.* 2012; Margulis and Porter 2013: 80). Second, scholars have examined the role of what is often referred to as 'global finance' in underpinning recent land acquisitions. This includes some excellent empirical work on the role of the World Bank Group and the International Finance Corporation (Daniel 2010, 2012), as well as work on the governance of the land grab, where scholars have highlighted the growing influence of emerging economies in determining the global financial architecture (Margulis *et al.* 2013; Margulis and Porter 2013). Closely related is a third area of research, where scholars have identified a diverse range of private and quasi-private financial actors who participate in or mediate large scale land acquisitions – from wealthy individuals to banks to mutual funds to sovereign wealth funds – while also beginning to examine the 'mechanics' of specific investment vehicles (e.g. Buxton *et al.* 2012; Daniel 2012). Here and in the aforementioned two areas, scholarly work on the land grab overlaps with that on the financialization of food and other agricultural commodities, which has identified a broad-based influx of financial capital into firms and commodity derivatives all across the agricultural sector, with potentially significant effects on commodity prices amongst other factors (Burch and Lawrence 2009; Clapp and Helleiner 2010).

While land grab scholars have hence made a range of important preliminary incursions into examining the financial processes underpinning recent land deals, many unanswered questions remain. Despite the fact that some studies have reported that the majority of acquisitions are 'speculative' in the sense that they have not resulted in agricultural production,[5] there have been few attempts to connect the growing interest in farmland investment with broader changes within the global capitalist economy and limited consideration of the broader logic underpinning the recent actions of international institutions and national governments (although see McMichael 2012 and Cotula 2012 for some preliminary work in this area). Scholars' examination of the profit-making channels underlying these investments has similarly been limited, and empirical studies documenting the operation and effects of specific investment vehicles, and especially, their connections with economic restructuring processes as they play out in particular settings, remain few and far between. Finally, there has been limited work on how land grabbing fits within the broader process of financialization that agri-food scholars (amongst other social theorists) have contemplated, and of the ways in which different facets of financialization might collectively impinge on farming systems. In what follows, I attempt to throw some light on many of these areas, drawing first on recent theoretical work on the topic of financialization, and then on my own empirical research.

3 Understanding financialization and its dynamics in agriculture and other natural resource sectors

Theorists of financialization have often conceptualized it as a macro-economic phenomenon facilitating the evolution and expansion of capitalism as a socio-historic formation. Many of these contemporary studies follow the work of Arrighi (2010 [1994]) in defining financialization as a pattern or regime of accumulation where profits accrue mainly through financial channels rather than through commodity production. Arrighi suggests that such periods of financial activity are a recurrent tendency within capitalism, where they alternate with periods of expanded material production. This alternating pattern yields a series of 'systemic cycles of accumulation', with accumulation in each cycle depending on a particular 'regime of accumulation' – that is, on the leadership, coordination and regulatory activities of a given world ruler under a system of international hegemony. For Arrighi, moments of financial expansion constitute both the maturing of a given stage of development of the world capitalist economy, and the beginning of a new stage, accompanied by a shift to a new world hegemon. The current era of financialization therefore reflects both an extension of the reach and penetration of global capitalism, and the decline of US hegemony in favour of a new, as yet undetermined, world power.

Arrighi sees the shift from a period of material into financial expansion as underpinned by an overaccumulation of capital, which accentuates competition and so the falling rate of profit in production, thereby encouraging capitalists to retain a growing proportion of their income in liquid form. Here, Arrighi's work has strong complementarities to that of Harvey (2006 [1982]), who, drawing on insights from Marx, highlights the central role of the financial system in facilitating a

[5] For example, the World Bank's major report on large-scale land acquisitions suggested that 78 per cent of acquisitions in their study countries had not resulted in agricultural production (Deininger *et al.* 2011).

'spatio-temporal fix' to overaccumulation crises, that is, a resolution or at least a staving off of said crises through processes of spatial expansion and temporal deferral. In this conceptualization, finance – and the credit or interest-bearing money capital it comprises – plays a crucial and socially necessary role vis-à-vis the organization of productive activity across space. But Harvey is clear that finance is not always so progressive, in that overaccumulation also creates conditions ripe for speculative fevers, wherein the credit system itself becomes a site of crisis. Whether this process ultimately constrains surplus vale production and disrupts the course of accumulation is an open question; alternatively, it may instead lay the groundwork for future phases of accumulation by facilitating processes of technical and social experimentation. For Harvey, then, the ultimate outcome of a crisis in the financial sector cannot be predetermined, but rather depends on ongoing class struggle and the mutual adjustment of social classes and productive forces, each to the other.

This detailed treatment of finance is useful context for Harvey's more recent writings, where financialization is discussed more explicitly. In these writings, Harvey discusses the shift from a condition where finance functions as handmaiden to the production of surplus value, to one of "financialization as an end in itself" (Harvey 2009: n.p.). Harvey has given substantive attention to the accumulation dynamics underlying the latter condition, suggesting that financialization functions as a "cutting edge" of what he terms "accumulation by dispossession" – a process wherein productive assets are liberated for uptake by capital "at very low (and in some instances zero) cost" (2003: 149). Harvey describes a range of means by which accumulation by dispossession is achieved in the contemporary financial system, including by divesting investors of their property through credit and stock manipulations, skimming off value at multiple transaction points, visiting devaluation crises on particular assets or regions, and reducing whole sectors and populations to situations of debt incumbency (2005: 161-2). Through such mechanisms, financialization serves as a key site for the redistribution and upward concentration of wealth – a process that Harvey (2005: 159) suggests is the "substantive achievement of neoliberalization", quite despite its adherents' claims that it rather leads to wealth generation.

Yet if the neoliberal project has to a large extent been enabled by financialization, so too has it facilitated it, through deregulation processes that have both strengthened international financial markets and enhanced the flow of funds towards these markets since the early 1970s. Here, scholars highlight the decompartmentalization of national financial markets following the growth of the Eurodollar market, the rise of an international interbank market, and, more recently, the transnationalization of bond, equity, and derivative markets, processes that both globalized finance and granted increased freedom to financial operators (Helleiner 1994; Engelen *et al.* 2011). In many Anglo-American economies, the erosion of progressive taxation regimes through neoliberal tax cuts simultaneously created new pools of capital seeking investment in emerging markets and financial instruments (Levitt 2008: 10). The resulting reduction in state tax receipts has meant that public expenditures have increasingly been financed through the sale of securities to domestic and foreign investors (*ibid.*). Concurrently, the retrenchment of state welfare supports and the decline of real wages has constrained household disposable income, which has in turn been compensated by an increasing volume of consumer and mortgage credit and associated debt (Levitt 2008; Stockhammer 2008).

This rise in debt-financing at both the national and household level has directed a growing volume of interest payments to creditors and bankers, a phenomenon that deepened with the development of complex asset-backed securities and credit derivative instruments intended to help such creditors manage default risks (Langley 2008). More recently still, efforts to privatize and marketize ongoing forms of social security (e.g. pension plans) stand to further increase the reliance of households in the global North on financial markets, while also positioning social security as a new source of capital for these markets (Soederberg 2010; Engelen *et al.* 2011). Facilitating the concentration of wealth in the hands of a privileged minority, these processes highlight the particular character of the global financial system and the value of an approach that sees finance "not [as] a separate industry", but rather as "combin[ing] class and institutional aspects" (Duménil and Lévy 2011: 13).

As a macro-economic structural phenomenon, financialization affects all components of the economy, but it has particular implications for certain sectors, including agriculture and natural resource industries. These sectors received a massive influx of capital following the collapse of investments in Internet technology stocks in 2000, followed by those in subprime mortgages and derivatives (which sparked the global financial crisis) in 2007/08. In this period of financial turbulence, natural resources have been seen as offering lower volatility than many traditional investments, strong hedging against inflation and positions in other assets, and good returns, which many perceive result from positive supply-demand 'fundamentals' for commodities.

While this accelerating 'turn' in finance towards natural resource commodities has garnered substantial attention from international financial institutions, to date most analyses have focused on investment in such derivative products as commodity futures and index funds (see, for example: UNCTAD 2009, 2010, 2011; Irwin and Sanders 2010; IMF 2012). Meanwhile the parallel rise of finance at other sites in natural resource sectors – including in resource production, extraction or processing, and more fundamentally in underlying land and resource rights – has been largely overlooked. Yet this latter investment is both substantial and significant with respect to its effects on patterns of resource ownership and wealth accrual. As but one example, in their seminal paper on the financialization of US timberlands, Gunnoe and Gellert (2011: 269) demonstrate that investment vehicles "now own and manage 36 million acres of timberland", or roughly half of that which was held by industrial timber production firms throughout the 20th century. Put in this context, the possibility of a similar transfer of farmland and related agricultural resources (whether nationally or globally) would seem to be an area that is very much in need of attention, especially given the relatively more dispersed and decentralized patterns of ownership and control that characterize agricultural resources, and so the potential socioeconomic implications of such a shift.

Understanding the drivers of this transformation in agriculture and natural resource sectors requires attention to the accumulation and wealth creation dynamics that underpin recent financial investment in these sectors. As against 'speculation' on more obviously 'financial' products such as commodity derivatives, investment in resource production and rights is often held up as beneficial based on the assumption that it will support the expansion of 'productive' activity within these sectors, thereby helping to address a history of underinvestment in many resource industries. Yet this obfuscates the fact that, in many cases, the profits that finance capital anticipates deriving from these investments have less to do with 'productive' activities than they do with 'speculatory' processes and financial manipulations. As Krippner (2005, 2011) has documented, under financialization, even 'non-financial' firms increasingly rely on income from financial channels and activities – that is, on income generated through such channels as interest and dividend payments and through capital gains. The result is not only the 'financialization' of non-financial firms (*Ibid.*), but also, I argue, the emergence of new investment vehicles which seek to take advantage of the widening financial channels within non-financial sectors, including those associated with ostensibly 'productive' sites in agriculture and natural resource sectors.

Still, even as the influx of new financial capital into natural resource sectors and associated derivatives in recent years reflects an interest in harnessing the 'financial' channels for profit-making within these industries, this trend also takes on a particular character in these sectors given their land based nature. In short, land markets in these industries tend to 'attract' or 'collect' financial capital, much as have land markets in urban areas, which have served as a key site for investment and financial activities in recent decades (see, for example, Hudson 2010). Understanding this tendency requires understanding the evolving role and function of landed property under capitalism – that is, under situations where regimes of private property, generalized commodity exchange, and the monetization of landed property relations prevail. As Harvey (2006 [1982]) suggests, such conditions yield a set of processes wherein land increasingly becomes drawn into the framework of capital circulation, and land markets become sites where interest-bearing capital, in particular, increasingly circulates.

Harvey asserts that when capitalist conditions prevail acquisitions of land should be seen as similar to other interest-bearing investments, where the interest generated takes on a particular form, namely rent, and where "what is bought and sold is not the land, but title to the ground-rent yielded by it" (2006: 367). One consequence of this tendency, according to Harvey, is that as capitalism progresses, land comes to be treated more and more as a financial asset – that is, more and more according to the rent it yields – a process that introduces all manner of contradictions and tensions into both land markets and the those activities underpinning the production of value in the global capitalist economy (*Ibid.*). For Christophers (2010), this tendency towards treating land purely according to its role as a financial asset represents an instance of financialization and speaks to the expansion of a form of 'rentier capitalism' in the global economy.[6]

Yet even as Harvey's (2006 [1982]) and Christophers' formulations foreground rent as an increasingly important driver in land markets and a key form of interest as capitalist economies evolve, scholars also highlight a further channel for profit-making in contemporary land markets: the prospect of capital gains through land appreciation. As a powerful motivator for investors, this potential has enabled real estate to come to predominate over all other forms of savings and investment in many different countries, yielding a series of real estate bubbles such as that seen in the US prior to the 2007/8 financial crisis (Hudson 2010). In understanding the formation of such bubbles, it is necessary to recognize that while there is always a speculative element in land markets, this element has been enlarged in recent decades by strong access to credit and investors' heavy reliance on debt-leveraging during property acquisition, as well as taxation regimes which treat property advantageously relative to labour[7] (*ibid.*, but see also Harvey 2006 [1982]: 367-72). Indeed, at such a conjuncture, one might reasonably expect farmland to become a site of particularly intense speculation, since – as I will demonstrate later in this paper – agricultural land is typically subject to both high degrees of leveraging and lower tax rates relative to land used for residential, industrial, or commercial purposes. But while land (whether urban or rural) may be subject to serious devaluation when such bubbles burst – as was seen following the US subprime mortgage housing crisis – it rarely loses all of its value.[8] Moreover, the relative stability of real estate as compared with other assets soon encourages subsequent rounds of investment, with the prospect of new bubbles unless regulatory intervention via taxation and interest rates is achieved.

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[6] Christophers' (2010) paper will be of interest to many land grab scholars for its coverage of debates over the privatization of communal property as a locus for the attempted creation of economic value.

[7] Hudson (2010: 9) argues that "[r]eal estate bubbles are a symptom of debt creation, shaped and sponsored by governments cutting property taxes and thus leaving more revenue to be pledged to bankers as debt service." He suggests that in the US "[s]tates and localities have shifted their tax base off property onto labour via income and sales taxes", a process facilitated by the tax deductability of mortgage interest charges, low capital gains taxes, and increasingly generous depreciation allowances (*ibid.*: 11-12).

[8] As Guthman (2004: 67) notes, land values tend to be both ""sticky" and optimistic" – that is, they both "anticipate the future and lock in the past". Agricultural land values anticipate future income derived from the land – whether through rent (in the case of an outside investor) or production (in the case of a farmer). Nonetheless, agricultural land values may increase even when agricultural commodity prices are decreasing, due to productivity increases, government subsidies to agriculture, strong access to credit, and increasing demand for non-farm uses, amongst other factors.

As both a commodities-producing and land-based sector, agriculture sits at the centre of these complex financialization dynamics. As in similar sectors, investors' interest in lowering their portfolio risk and strengthening their returns through investment in agriculture has yielded a situation where "finance capital is not simply underwriting the corporate control of land and resources…by companies in the [agricultural] supply chain", but is rather being "directly and independently applied in a variety of ways" at points all along this chain (Burch and Lawrence 2009: 268). This application includes acquisitions of farmland (as well as other arable land, such as forested or 'conservation' land), but also investments in the production, processing, distribution, and retailing of agricultural commodities, in 'up-' and 'downstream' sectors, and in agricultural derivatives (e.g. index funds, futures, and 'higher order' derivatives). Yet despite their diversity, these investments are underpinned by a shared logic: in each instance, the profit that capital anticipates derives not directly from the production and sale of agricultural commodities, but rather from such channels as rent, interest and dividend payments, as well as land appreciation and other types of capital gains. Faced with a choice between putting their capital into circulation through the production of commodities and putting it into circulation as a form of interest-bearing money capital (see Harvey 2006 [1982]: 72), investors (or investment vehicles on their behalf) are choosing the latter, regardless of the particular site along the agricultural supply chain where that capital is invested. Indeed, the defining feature of a highly financialized agricultural sector is that profit derives mainly from these 'financial' channels rather than 'productive' activities – an insight which has profound implications for farming systems.

As a process, the financialization of agriculture has been enabled and mediated by a suite of de- and re-regulatory processes initiated by both national governments and international agencies – including the broader neoliberal reforms mentioned earlier in this paper as well as more particular efforts to liberalize agricultural derivatives markets (Clapp and Helleiner 2010), land and resource laws (Zoomers 2010), and trade and investment climates more generally (Daniel 2010). The result has been the entry of a diverse range of investors and investment vehicles into agriculture, including wealthy individuals, sovereign wealth funds, private equity funds, mutual funds, pension funds, life insurance companies, and banks, amongst others (Cotula 2012; Daniel 2012). With respect to investments in farmland, one of the main investment vehicles are farmland investment funds, which operate in a growing range of countries in North- and Latin America, Africa, Oceania, and Western and Eastern Europe (see Buxton *et al.* 2012). In the remainder of this paper, I examine the appearance of these funds – and their intersection with agricultural restructuring processes – in the Canadian Prairie Provinces.

4 The changing structure and organization of farming on the Canadian prairies

In this paper, I argue that the appearance of FIFs is an expression of the deepening financialization of the prairie farming sector, and so of ongoing restructuring trends affecting farming in the region. While I discuss the progression of these trends in more detail later in the piece, a brief overview is necessary here to properly situate the funds and their current operations. The Canadian agriculture and agri-food sector is an important contributor to the Canadian economy. The sector provides 8.1% of the Canada's Gross Domestic Product (GDP), making it the third largest contributor after finance and all other manufacturing industries combined; it also accounts for 12% of overall employment (AAFC 2013: 16-7). The sector is largely export-oriented; Canada's major trading partner is the United States, which absorbs almost 50% of Canada's agriculture and agri-food exports and provides more than 60% of Canada's imports (*Ibid.*: 23-4). For the country as a whole, primary agriculture provides 1.7% of the GDP and 1.6% of national employment, making it somewhat less significant than the food processing, retailing, and service industries, but this importance varies by region, as do the sector's main products (*Ibid*.: 16-7). In the prairies, which hold 81.4% of Canadian farmland (or 137 million acres), primary agriculture is somewhat more important than in other provinces, and the most significant agricultural products are grain and oilseed crops, as well as livestock including beef and hogs.

While the prairie region has long been dominated by a model of 'family farming' wherein the family owns most of the land and provides most of the labour in a given farm operation, the continuing dominance of this model belies important shifts in its character (see Magnan 2012 for a recent review). Over the last 40 years, agriculture on the prairies has undergone a rationalization process, resulting in a significant decline in farm numbers as many families have exited or been expelled from agriculture while others have enlarged their operations in the hopes of capturing increased efficiencies and economies of scale. These transformations are linked to a long term downward trend in farm incomes (when measured in real terms) between 1974 and 2006, a situation that many farm organizations characterize as a "farm (income) crisis" (NFU 2003, 2005a; CFA 2006) (Figure 1).

Farmers in the prairie provinces have been particularly impacted by the farm income crisis, resulting from a range of factors. While low international commodity prices for the region's main products were a major contributor, intermittent weather-related crises and a period of low state support for agriculture during the 1990s also impacted farm incomes (Skogstad 2008). Additionally, farmers' limited market power in the face of increasing corporate concentration in the up- and downstream sectors has often been suggested as placing a growing pinch on farmers' returns (Easter 2005; NFU 2005b; SSCAF 2008). One effect of the crisis is that those families that have continued in farming have relied increasingly on income from off-farm employment to subsidize and sustain their farm operations (Figure 1). Depressed farm incomes have also made farming less attractive as a career choice for younger Canadians, generating concern about the rising average age of prairie farmers, and questions about who will take over the region's farms in coming decades (Grant 2012).

At the same time, depressed farm incomes have similarly spurred farmers' efforts to recapture profits through intensification and expansion of their operations. Generally, farmers have employed a combination of three approaches. First, farmers have intensified their operations, relying heavily on technology and machinery to generate productivity increases. However, the increased costs that this has entailed has been a matter of concern amongst critics, who have queried whether, by appropriating a growing share of farmers' incomes, the agribusiness sector might actually be reinforcing the farm income crisis, rather than helping to resolve it (Easter 2005; NFU 2005b). Second, farmers have relied on leasing (rather than owning) an increasing proportion of the land in their operations (Table 1) – typically from neighbours or families that have left farming, or their descendants. As a result, many if not most prairie farming operations now rely on a blend of owned and leased farmland, bringing farmers into interdependent relationships with one or more landlords. Third, when farmers have purchased land or costly equipment, they have relied heavily on borrowing from major financial institutions. This means that over the past 40 years, prairie farmers have taken on a growing volume of farm debt. Since this last factor figures prominently in driving recent developments in the prairie farming sector, it is important to understand the different elements underpinning it.

Prairie farmers have accrued debt unevenly across the decades. Farm debt increased steadily from 1970 into the early 1980s before rising interest rates, a contraction of export markets, and falling commodity prices and land values combined to spark a major adjustment in the prairie agriculture sector, putting many farmers out of business (Preville 2003) (Figure 2). However, debt has again been rising steadily since 1993 – between that year and 2011, total farm debt for the three prairie provinces increased more than two and a half times over, from CAD 12.9 to 32.9 billion.[9] In recent years, about a third of this debt has been held by chartered banks, while another third rests with federal government agencies, principally Farm Credit Canada, a quasi-public lending agency. The remainder is split between private individuals and supply companies; provincial government agencies; credit unions; and insurance, trust and loan companies.

In part, prairie farmers' increasing debt has been fuelled by a prolonged period of lower interest rates, which has contributed, over most of the last twenty-five years, to a moderate but steady increase in land values. At the same time, the favourable taxation of farmland has also facilitated farmers' expansion. While property taxes vary across the prairie provinces depending on the rates set by municipal and/or provincial governments, farmland in Manitoba and Saskatchewan benefits from a lower proportion of its assessed value being incorporated into tax assessments relative to residential or commercial/industrial land (farmland: 26-55%; residential land: 45-70%; commercial/industrial land: 66-100%), while in Alberta, mill rates on farmland are generally lower than those for commercial/industrial land. Additionally, farmland owners in the prairie provinces also benefit from a CAD 750,000 capital gains tax credit upon sale of their land, as set out under the federal *Income Tax Act*. While such policies have benefited prairie farmers by facilitating access to credit and reducing tax loads, they have also hurt them through capitalization into land values, and since taxes not paid to governments are effectively captured by banks and other creditors through rising interest payments (see Hudson 2010).

Prairie farmers' burgeoning debt has generated significant concerns amongst farming organizations, who suggest that it distorts farmers' decision making and undermines their autonomy and control over their farms (NFU 2010). Similarly, independent analysts have warned that farmers' current debt-to-income ratios are dangerously high (Wilson 2012). While stronger commodity prices since 2007 have improved the income situation of grain and oilseed farmers, livestock farmers have struggled with higher feed costs and a rising Canadian dollar. Moreover, continued farm expansion amidst a particularly rapid appreciation of land values in the region mean that debt has similarly continued to increase steadily, meaning that farmers could suffer greatly if interest rates were to rise or commodity prices fall (Johnson 2012; Wilson 2012).

The prairie farmland market is therefore one where farmers looking to expand their operations have long made regular 'productive' investments and where some portion of farmland has also long been held as a 'financial' asset (and in many cases a piece of family history) by non-farmers. In this sense, while FIFs may perpetuate a certain separation between farmland ownership and farming, they are not the origin of this trend, which rather lies in earlier rounds of agricultural restructuring. Similarly, in addition to the income raised through their productive activities, government supports to agriculture, and increasingly from off-farm employment, prairie farmers have long relied on external sources of credit to sustain their operations, principally from conventional lenders. However, over the last decade, shifts in global agro-commodity and financial markets have brought prairie farmland to the attention of a growing range of investors, resulting in a wave of acquisitions and the introduction of both a new source of money capital and a new set of landlords into prairie farming communities. In the next section, I examine the drivers underpinning the emergence of this burgeoning farmland investment market, focusing in particular on FIFs, which, while operating alongside wealthy individuals and family-run funds, and other types of investment vehicles, are currently the most prominent model of farmland investment on the prairies.[10]

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[9] Author derived data, based on Statistics Canada CANSIM Table 002-0009.

[10] In addition to the FIFs examined in this paper, Sommerville and Magnan (forthcoming) describe acquisitions by HCI Ventures, a family-owned company acquiring farmland on the prairies, and MaxCrop Farm Canada, which coordinates farmland purchases on behalf of individual investors, mainly from the Chinese-Canadian

5 Drivers underpinning the emergence of prairie farmland investment funds

The intersecting dynamics of prairie farm incomes, borrowing, farm intensification and expansion, commodity prices, and farmland values are important context to the emergence of the burgeoning farmland investment market in the prairie region over the past decade. Interviews with FIF officials together with a review of fund documents and media reports suggest that these factors contribute to both the 'demand' for prairie farmland amongst the FIFs and their investors, as well as the 'supply' of land to these investment vehicles.[11] Understanding the emergence of FIFs requires attention to each of these sets of drivers, as well as to the role of provincial government legislation around farmland ownership in shaping the investment vehicles that have resulted.

'Demand-side' drivers

FIF officials and documents highlight prairie farmland as something of a star commodity for investment. In part, this assessment hinges upon evaluations of the past performance of farmland as a financial asset. Officials suggest that Canadian farmland has historically offered a superior 'risk-adjusted return' relative to other assets – that is, it has generated returns that, while comparable to those obtained from more traditional investments such as stocks and bonds, have shown much lower levels of volatility. A recent promotional document, for example, suggests that between 1956 and 2010, the mean price return on Canadian farmland (7.2%) was comparable to the return on the Toronto Stock Exchange (TSX) (7.4%), even as farmland returns exhibited only half the level of volatility (8.2% standard deviation for farmland relative to 16.3% for the TSX) (Bonnefield 2012). Such documents stress that farmland has performed especially well during periods of turbulence in Canadian and global financial markets – compared to a fall of 37% in the TSX Composite Index during the 2007 to 2008 sub-prime crisis, for example, Canadian farmland values rose by 10% (Bonnefield 2011). Highlighting farmland's low correlation with other assets on the basis of such figures, FIF officials suggest that it offers investors a 'genuine' form of portfolio diversification. Since it provides both a strong hedge against inflation and relative protection during deflationary periods, farmland is presented as an effective means of capital preservation.

FIF officials also suggest that prairie farmland has strong financial prospects going forward given recent shifts in global agri-commodity and financial markets. One important factor entering into these evaluations is the higher commodity prices of recent years, which investment officials associate with strong supply-demand fundamentals in the sector. Officials perceive new profit opportunities in agriculture resulting from growing consumption in emerging economies, the burgeoning biofuels industry, and the impacts of weather-related shocks on commodity supplies. They also expect positive pricing trends for typical prairie crops over the short to medium term – for example, demand for canola is projected to increase amidst growing interest in healthier eating, and prices for wheat and barley are expected to rise with their incorporation into animal feed to replace corn diverted to biofuels production. Officials suggest that these trends will only increase in significance given the constraints imposed by population growth, urbanization, and unsustainable farming practices on both the quantity and quality of available farmland globally. For investment

diaspora. We also discuss One Earth Farms, a recent corporate farming venture formed as a partnership between a Canadian resource investment firm and a number of prairie First Nations.

[11] This section draws extensively on information provided on FIF websites and in fund promotional materials, as well as on two previous papers: Sommerville (2012) and Sommerville and Magnan (forthcoming). The latter drew on interviews of FIF officials conducted in 2011 and 2012 by Prof. André Magnan, Department of Sociology and Social Work, University of Regina.

officials, this combination of factors suggests a continuing 'bull market' in agricultural commodities, with positive implications for the value of farmland as an underlying factor of production.

While many of the factors underlying the officials' positive assessments of prairie farmland might be surmised as extending to farmland in a variety of locations, officials also highlight certain particularities of the prairie region. These include the abundance and quality of prairie farmland, with officials emphasizing its stable soil conditions and reliable access to water resources. The proximity of the prairies to major North American cities, together with their strong processing and transportation infrastructure, help to ensure a strong market for the region's agricultural products. Canada's trade-friendly business climate, and its stable political and legal systems are seen as minimizing the political risk associated with investing in prairie farmland.

But if the attractive agricultural and institutional features of the region all help to contribute to a favourable profile for prairie farmland, perhaps a still more important factor is prairie farmland's price or valuation. International indices rank farmland in the Canadian prairies as less expensive than that in most high-income countries and some emerging economies, and many analysts consider it to be significantly undervalued relative to similarly productive land in neighboring regions of Canada and parts of the United States. This is important for investment managers who scan the globe looking for "the lowest price per bushel yield" (BNN Interview, Steven Johnson, Partner in AgCapita). In part, these low farmland prices result from legislation restricting farmland ownership in the prairie provinces (see below), with officials suggesting that price recovery following a partial loosening of the legislation in 2002, in combination with high agro-commodity prices, will drive a substantial appreciation of prairie farmland values. This prediction seems to have been borne out in recent years: data from Farm Credit Canada, a federal government agency, suggests that farmland values in the provinces have risen by 114% in Manitoba, 130% in Saskatchewan, and 126% in Alberta over the past decade.[12] By supporting strong early returns within FIFs and other prairie farmland investment vehicles, this appreciation has encouraged further investor interest in farmland in the region.

'Supply-side' drivers

If the past and prospective future performance of prairie farmland underpins the strong 'demand' for new investment opportunities, there is a similarly important set of factors that contribute to the 'supply' of farmland to investment vehicles. Investment officials suggest that the rising debt load of prairie farmers is one of the main factors underpinning the emergence and expansion of FIFs in recent years, indicating that some of their acquisitions are from farmers looking to sell land as a way of reducing their debt levels. In other cases, debt has an indirect effect, motivating farmers who are already so highly leveraged that they cannot secure additional bank funds, or who are uncomfortable taking on more debt, to seek an alternative to bank financing. In such situations, farmers exchange land ownership for operating capital, which they can then use to expand their (rented) land base, or to purchase inputs or machinery. Investment officials suggest that farmland investment vehicles therefore help to 'optimize' the efficiency of farming operations, for example, by allowing farmers to more closely correlate farm size to the machinery that they have available. Additionally, officials suggest that by allowing farmers to expand without taking on more debt, FIFs serve an important 'risk mitigation' function against the possibility of a rise in interest rates.

At the same time, investment officials suggest that their activities can also help facilitate the process of farm succession. Farmland investment vehicles act as a land buyer for farmers who want to exit

[12] Author derived data, based on Farm Credit Canada's on-line Farmland Values reports for Spring 2003 through Spring 2013.

agriculture, or family members that have retained land holdings that they themselves no longer farm. In many cases, such sales are necessary to access funds for retirement. By providing capital in exchange for purchased land, managers argue that the funds can be used to facilitate the intergenerational transfer of farms amongst family members, creating cash flow for the senior generations while leasing land to the children in a farming family. They assert that the funds thus perform an important social function, helping to address the aging farming population on the prairies, the reduced interest in farming careers amongst younger people, and the challenges faced by those who do wish to go into farming but are hampered by high land values amongst other production costs. Officials also argue that firms are helping to 'normalize' the land market and to 'discipline' landlord-farmer relationships (for example, by replacing 'family discounted' with 'market-oriented' leasing rates). Collectively with their claims about improving agricultural efficiency and mitigating interest rate risks, these assertions enable officials to position FIFs as a form of 'partnership' that is to the 'mutual benefit' of farmers and investors.

The mediating effect of provincial farmland ownership legislation

While 'demand' and 'supply-side' factors have each contributed to the emergence of FIFs on the prairies, the form of these investments has also been strongly shaped by government regulation. In Canada, jurisdiction over farmland lies with the provinces, meaning that there can be significant differences in the way that farmland is regulated from one province to the next. Unlike most other provinces in Canada, all three Prairie Provinces have legislation around who can own farmland. While the details differ for each province, the legislation effectively prohibits farmland ownership for persons who are not Canadian citizens or permanent residents, as well as corporations or other entities that include and/or are controlled by foreign interests (see Table 2). This prevents publicly traded entities such as public companies or real estate investment trusts from directly acquiring farmland. In Saskatchewan, the current legislation follows changes to that province's *Farm Security Act* in 2003, before which large-scale ownership of farmland was restricted to residents of the province. While the continuing restrictions on foreign ownership depress farmland values in all three of the Prairie Provinces to some degree, the lingering impacts of Saskatchewan's earlier and narrower restrictions means that farmland in that province remains considerably less expensive than that in Alberta and Manitoba.

The relatively lower farmland values in Saskatchewan are a major factor behind investment managers' particularly strong interest in farmland in that province as compared with its neighbors. Investment analysts and officials suggested that they anticipated a 'catch up' to regional prices given similarities in climate, crops, and political frameworks across the three provinces. However, growing investment attention has also increased pressure on provincial governments to further liberalize farmland legislation (i.e. to open farmland to foreign investment), and some managers and investors may be anticipating such a change as part of their investment strategy. While it is widely agreed that further loosening of the legislation would result in a marked and rapid appreciation of farmland values, such a move is likely to face considerable opposition from the public.[13] At the same time, the existence of the current legislation may also spur processes of financial innovation, as investors try to design vehicles that get around the legislative strictures. These dynamics, together with persistent concerns amongst prairie residents that farmland is being acquired by foreign interests, led the government of Saskatchewan to undertake two further regulatory actions in December 2012. First, the Manager of the province's Farm Land Security Board (FLSB) sent a letter to all members of the Law Society of Saskatchewan to remind them of the provincial legislation around farmland ownership in the province. Second, the province hired a special investigator who will work with the

[13] The 2002 review that led to the partial liberalization of Saskatchewan's farmland legislation attracted considerable attention in both public hearings and a written submissions process (LASSCA 2002).

FLSB to examine the flows of funds behind recent and future acquisitions (Briere 2012; Coolican 2012). These actions highlight the challenges that regulators across the region face in enforcing provincial farmland ownership legislation given growing interest in acquiring prairie farmland as an investment asset.

6 The prairie farmland investment fund model

In Canada, FIFs are structured as 'unit-' or 'mutual fund trusts', a form of collective investment vehicle in which investors are issued units in exchange for a contribution of capital. In FIFs, the contributed capital is pooled and used to acquire farmland as a form of real estate or property. Due to the aforementioned provincial farmland ownership legislation, FIFs on the prairies are open only to Canadian citizens or permanent residents. This makes FIFs akin to a form of private equity and differentiates them from publicly listed trusts such as Real Estate Investment Trusts (REITs), although in practice, the two vehicles function quite similarly. Like REITs and many corporations, FIFs are structured as limited partnerships, where investors' liability is limited to the capital contribution they make.

FIFs raise capital by periodically opening partnerships to investors based on a set minimum investment, with investors gaining units in the partnership in proportion to the capital they commit. The funds may also rely on financing from banks and other lenders as a secondary source of capital. The fund managers then use the pooled capital to purchase farmland, usually across a wide geographic region and diversified by soil type, climate, and crop and production type, farm management style, and property size, in order to mitigate risk. In the majority of cases, the acquired farmland is not used directly by the FIFs, but rather, is leased to tenant farmers for crop and livestock production. For the fund, the main profit opportunities lie in leasing revenues, which provide an annual source of cash income, and in the prospect of appreciating farmland values, which can be captured by refinancing or liquidation of the fund or its assets at some point in the future. Funds may also anticipate a capital gain associated with the funds 'portfolio assembling' and 'refining' functions, much as many firms obtain through rounds of corporate restructuring. In turn, investors profit through periodic cash distributions, and/or through appreciation of the underlying value of their partnership units. FIFs also offer important tax advantages to investors, based in part on their designation by the Canadian Revenue Agency as 'flow through entities', described further below.

The past decade has seen the emergence of three main farmland investment fund management firms on the Canadian prairies.[14] Two of these, Regina-based Assiniboia Capital Corp. and Calgary-based AgCapita Farmland Investment Partnership, were each established in 2005 and have focused exclusively on farmland in Saskatchewan. The third firm, Toronto-based Bonnefield Financial Inc., was started in 2009 and aims to develop a broader Canada-wide portfolio, which to date includes farmland in each of the three Prairie Provinces as well as Ontario. The minimum investments required by the firms are presently CAD 5,000 for AgCapita, CAD 100,000 for Assiniboia, and CAD 150,000 for Bonnefield. To date, Assiniboia has offered four separate partnerships which were merged in 2009; it now offers periodic private placements as well as ongoing opportunities for accredited investors to purchase units in the fund. Bonnefield has offered and closed two partnerships and AgCapita has offered and closed three partnerships, with a fourth opened in April 2013; as of January 2012, the former has also offered individually managed accounts for large investors such as pension funds, institutions, or family offices. In addition to subscriptions from private investors, two of the funds have also relied on mortgage financing: AgCapita's first

[14] The information provided for the three funds is available through company websites, publicly available promotional material, and reporting documents filed with the Canadian Securities Commission.

partnership held a mortgage of CAD 1.5 million at December 2011 with a life insurance company, and Assiniboia held mortgages of almost CAD 21 million at December 2012, approximately 70% of which were with Farm Credit Canada, with the remaining 30% held by a credit union. Collectively, the funds' partnerships have raised at least CAD 170 million for investment in Canadian farmland. To date, the FIFs have purchased approximately 174,000 acres of Canadian farmland, although each is still deploying capital raised through recent partnership offerings (Table 3).

For the most part, the FIFs lease their land to tenant farmers on a cash rental basis, although Assiniboia has also relied on crop sharing arrangements and on the production of crops via contract farmers on a small portion of its land. Leases are typically five years in duration, although some fund managers suggest that they aim to build longer-term relationships with farmers that will enable them to roll their leases over repeatedly. While the FIFs suggest that they do not dictate farm decisions, they do monitor their tenants to ensure that they are following 'sound agronomic practices', in order to protect the underlying value of their assets (see Sommerville and Magnan, forthcoming). While AgCapita and Bonnefield interface with farmers through dedicated field teams, Assiniboia has set up a sister farmland management company, Palliser Farmland Management Ltd., to manage its property portfolio. In turn, Palliser and Bonnefield also provide property management services to other landowners and farmers in the region. Moreover, Assiniboia has also established sister companies operating at other points in the agricultural supply chain, including Input Capital Ltd., which provides input financing for prairie farmers and Greenfield Carbon Offsetters Inc., a farm providing carbon-offsetting services.

Currently, Assiniboia and Bonnefield both offer semi-annual cash distributions to investors; for the former, these have ranged over time from CAD 0.31 to 0.48 per unit (based on an initial unit price of CAD 25), whereas the latter has returned 5% on investors' original capital contributions every six months since June 2012. Investors in these funds will also receive further distributions at refinancing of their partnership or sale of the partnership's assets, depending on the appreciation of farmland values. In contrast, AgCapita appears not to offer cash distributions, rather returning the investor's original capital contribution plus any appreciation at the end of a five-year hold period. In any case, early investments in the funds look as though they will be lucrative: as of March 2013, Bonnefield claimed that it have offered investors a 37% cumulative return (inclusive of cash distributions and net of fees and expenses) since its inception in 2010, and Assiniboia suggested that the net asset value of its partnership units had seen a 107% increase since 2007. These returns mainly reflect farmland appreciation over the investment period, as lease revenues generally yield a 5 to 7 per cent return on an annual basis, functioning alongside other minor sources of revenue to fund the cash distributions (FRC 2011).[15] Assiniboia has also generated revenue through the subdivision and sale of previously acquired farmland parcels, as part of ongoing efforts to 'optimize' their portfolio.

Investment analysts describe prairie FIFs as 'tax-efficient' investments which offer significant tax deferral opportunities to investors (FRC 2011). The fact that the FIFs are designated as 'flow through entities' by the Canadian Revenue Agency means that revenue earned within them is treated as though it is passed on directly to investors, meaning that it is taxed at individual, rather than corporate, tax rates. Only a small proportion of the semi-annual distributions that are issued to investors in Assiniboia and Bonnefield partnerships qualify as taxable income on an annual basis. The remaining portion is considered a return on capital, and is not taxed until investors liquidate their investment, when, alongside any appreciation in the value of partnership units, it is treated as a

[15] Assiniboia suggests that leasing revenues make up 95% of its annual revenues, and that the remaining 5% is made up through leases for oil and gas and mineral exploration; the sale of aggregates, water, and irrigation rights and carbon credits; and revenues from crop sharing and/or the sale of crops produced by custom farmers.

capital gain and taxed at a favourable rate.[16] Since AgCapita does not issue semi-annual distributions, investors only pay capital gains taxes on appreciation of the underlying asset. However, AgCapita is also unique in being the only fund amongst the three whose partnerships are eligible for enrollment in a Registered Retirement Savings Plan (RRSP), which offers further tax deferral opportunities, since income is taxed only when withdrawn from the plan. Importantly, the potential tax benefits associated with FIFs as flow through entities, generators of capital gains, and tax deferral mechanisms are over and above those that accrue to farmland owners due to the relatively lower property taxes applied farmland relative to other types of land (as discussed earlier in this paper), showing how tax benefits can 'stack up' within particular investment vehicles.

While partnership units in the FIFs can in each case be resold subject to certain conditions set by securities regulators and the FIF's partnership or subscription agreement, the funds are generally considered to be a relatively less liquid investment than equities in a publicly traded company (that is, the secondary market for partnership units is in each case relatively small). Assiniboia and Bonnefield suggest that they hold their acquired farmland indefinitely, and encourage investors to see their capital contribution as a relatively long-term investment, perhaps on the order of 5 to 10 years. AgCapita holds its farmland for the set period of five years, after which investment can be rolled over or liquidated. In terms of liquidation or exit strategies, AgCapita and Assiniboia have each identified a sale of the fund's assets to individual buyers, or of the fund as a whole to an institutional investor. A third possible option, a public listing of the fund on a stock exchange, would require changes to provincial farmland ownership legislation. Together with the increase in farmland values that liberalization would bring about, this suggests that the FIFs might be expected to exert pressure on provincial governments for further liberalization of the legislation going forward.

7 Farmland investment funds and the financialization of prairie farming systems

To date, the new farmland investment funds have acquired only a small portion of the total arable farmland in the Canadian prairie region. Because their emergence is a relatively recent development, their longer term consequences are difficult to predict. Nonetheless, the appearance of these new financial vehicles is significant given the speed of the farmland acquisitions that have followed, the funds' linkages with broader trends in global finance and agro-commodity systems, and the changes they may portend for prairie farming systems. Elsewhere, I have touched on the potential consequences of FIFs and the burgeoning farmland investment market more generally for agricultural productivity, ecological sustainability, farmer autonomy, and broader patterns of rural development in the prairie region (see Magnan and Sommerville 2012; Sommerville 2012; Sommerville and Magnan forthcoming). Yet perhaps more fundamental still are the funds' intersection with and implications for agricultural restructuring in the prairie region. As Magnan (2011) has pointed out, the emergence of FIFs both builds upon and potentially accelerates the continuing transformation of family farming as the dominant model of farm ownership and control on the prairies. As both consequence of and contributor to the ongoing financialization of prairie farming, FIFs seem poised to further concentrate the ownership and use of farmland and associated farming resources, to shift the patterns of wealth and risk accrual associated with owning and using farmland as a productive resource and financial asset, to enable the deepening circulation of

[16] Canadian federal and provincial governments collect taxes on 50% of the capital gains realized by an individual or corporation. Because of FIFs 'flow-through' status, capital gains realized through investment in these funds are taxed at the individual rate. In 2013, Canadian federal tax rates for individuals ranged from 15% to 29%, depending on income. Provincial tax rates in the prairies, which vary with the province, range from 10% to 17.4%. See: http://www.cra-arc.gc.ca/tx/ndvdls/fq/txrts-eng.html.

interest-bearing capital within regional farmland markets, and to introduce new financial actors, priorities, and subjectivities into prairie farming systems.

Highlighting the factors underpinning the 'supply' of farmland to FIFs properly positions the funds as part of a longer term trajectory of financialization on the prairies. Here, depressed farm incomes over much of the last 40 years reflect a situation of diminished returns from agricultural production, which has led to farmers' increasing reliance on credit and the leasing of land in operating and expanding their farms. The result is that farmers have lost a growing proportion of their income to interest and rent payments, leaving less profit to reinvest in their farms or to establish 'off-farm' savings, even as rising farm debt has come to constrain (or at least make more risky) further borrowing. This combination creates a tightening pinch on farmers, making it ever more difficult for them to service their debt, recapture profits in their operations, and/or fund their retirement and the succession of their farms to the next generation, such that some must eventually sell land to free up the capital necessary to do these things. As such, while some prairie farmers undoubtedly sell land as part of an active strategy of 'diversifying' their investments out of land or because capital is perceived to 'work harder' on the operational side of farming (see Douglas 2008), for many others sales are a matter of necessity. While higher commodity prices in recent years have offered a welcome boost to crop farmers' incomes (but much less so the incomes of producers in other sectors), they have also fed into the cycle by contributing to a particularly rapid round of land appreciation.

FIFs themselves represent a new form of credit or finance in the prairie farming landscape. The funds see farmers and region's traditional landowning class exchange land for a more liquid form of capital, drawn from wealthy investors and, in some cases, from traditional lenders. The funds' earnings are not derived directly from the production and sale of agricultural commodities, but rather from the rental revenues obtained from tenant farmers and, at a given funds' refinancing or exit from its investment, the potential for a capital gain derived from farmland appreciation and the firms 'portfolio assembling' and 'refining' activities. In other words, the profits that the funds seek to harness are those associated with 'financial' channels similar to those scholars have identified in both urban land markets and the 'non-financial' sectors of the economy. By appropriating said channels, it would seem at first glance that FIFs have successfully separated farmland's 'financial' and 'productive' functions – that is, they have separated farmland from farming. But whether such separation can be maintained is very much a live question (and one that I will return to momentarily).

Prairie FIFs have important implications for the prairie farming sector. To some extent, these stem from the funds' contribution to farmers' further division from the ownership of farmland as a means of production, in favour of a landlord-tenant relationship. This trend does not originate in FIFs, but rather in earlier rounds of agricultural restructuring wherein previous generations of family farmers exited or were expelled from prairie agriculture, but chose to retain their landholdings. Nonetheless, by further deepening farmers' overall reliance on leasing (rather than owning) land, FIFs reduce farmers' security of land tenure, commit them to paying rent on a larger proportion of the region's arable land base, and amplify the possibility of conflicts between farmers and landlords over the amount of rent that will be collected as well as the duration and terms of rental contracts (see Harvey 2006 [1982]). A deepening reliance on leasing land also means that it is increasingly landlords, rather than prairie farmers, who benefit from land appreciation. While prairie farmland values are not immune to periodic slumps (as last occurred in the 1980s), they have offered both a more stable source of returns than has commodity production over the past four decades, and they have been a boon for landowners in recent years. By reducing farmers' access to land as an asset that can be borrowed against during years of slim profits or production failures, FIFs (amongst other rental relationships) increase producers' vulnerability to market and production risks.

This is useful context for situating FIFs' claims that farmers will benefit from their presence in the prairie farmland market insofar as capital 'liberated' through land sales can be reinvested in farming operations in search of further expansion, efficiencies, and profits. In fact, this benefit would seem to be far from guaranteed – in many cases, the capital freed up seems destined to go towards paying down debts or funding consumption related with retirement, rather than towards financing expanded (or intensified) production. Similarly, while the FIFs suggest that they serve to 'mitigate' the risk of an interest rate rise for their tenants, such mitigation rather seems to be offset by new risks related to decreased leveraging ability and potential rent increases. As land grab scholars have noted, such new forms of risk can act as a key constraint on the benefits that financial investment in farmland provides to agricultural producers and rural communities (Buxton *et al.* 2012; Margulis and Porter 2013)

Furthermore, although the strategy of farming a larger, leased land base rather than a smaller, owned one is gaining traction amongst some economists, who suggest that there is no longer a necessary link between farmland ownership and farming and that the movement to a leasing heavy, large farm model is the beginning of a welcome paradigm shift in prairie agriculture (McClinton 2006; Painter 2009; Hursh 2013), the success of such a strategy on the Canadian prairies is far from proven. Despite certain analysts' suggestions that higher commodity prices over the last five years herald the onset of a 'new era' or a 'rewriting of the future' for Canadian agriculture which might support new farm models (Sparling and Uzea 2012), the last 12 months has seen the failure of several very large, high-profile prairie crop farms whose business strategies involved leasing a large proportion of the land in their operations. Given this trajectory – as well as lingering questions about the extent to which recent commodity prices might themselves reflect increased financial activity in the agriculture sector (rather than improved supply-demand fundamentals) – betting on the sustainability of the leasing heavy, large farm model seems like an uncertain proposition.

But even if some of the impacts of FIFs might similarly arise in other landlord-tenant relationships, others are more particular to the funds and the new influx of capital into prairie farming that they reflect. FIFs concentrate massive tracts of farmland in the hands of a single investment fund and its unit holders, leading to concerns amongst farmers that the funds will acquire 'monopoly' positions that will restrict farmers' access to land in certain areas. FIFs also introduce new, more spatially and socially distant landlords into prairie farming systems, and with them a deepening financial logic. As Gunnoe and Gellert (2011) have observed in their work on US timberlands, under financialization, management becomes geared towards increasing the market value of the acquired land portfolio and decisions are made on the basis of what financial markets will pay for any particular land 'treatment'. In the prairies, this may result in the selective reinforcement of certain productivity-related farming practices through leasing contracts, in an eclipsing of the broader array of goals that have historically motivated prairie farmers and landlords (e.g. employment, quality of life, the maintenance of family relationships and connectivity, etc.), and in a heightened tendency for farmland to be turned over to more profitable uses (e.g. urban development in the peri-urban fringe or minerals and oil development in more remote areas).

Still another effect of FIFs may result from the funds having better access to capital (and potentially a lower cost of capital) relative to farmers, meaning that they can bid more quickly or can outbid farmers on choice land. It is widely suggested that the influx of external investment capital into farmland through FIFs and other investment vehicles is driving up prairie farmland prices. Farmers may benefit from this rapid appreciation on land parcels that they own, but it simultaneously constrains their ability to expand their operations. High land prices also create special challenges for young farmers or new entrants to agriculture, drawing into question the FIFs' claims that they aid the process of farm succession. Indeed, FIFs and other recent investments in prairie farmland might well be better situated amidst growing concern about a farmland bubble, with some analysts predicting an impending 'correction' of prairie farmland values, possibly in the near future (see, for example: Berman 2011; Pilger 2011, 2012; Schiller 2011; Pollok 2012; Doering 2013). Such a correction would be disastrous for prairie farmers, who remain heavily indebted and highly leveraged, but the risks could also extend to Canadian taxpayers through Farm Credit Canada, whose lending practices some analysts have questioned (see Bergevin and Poshmann 2013). As several commentators have recently noted, the situation in Canadian farmland then seems to mimic that which existed in US suburban land markets prior to the sub-prime mortgage crisis (Simms 2010; Bergevin and Poshmann 2013).

In all of these respects, the emergence of FIFs and similar models of farmland investment on the Canadian prairies seems to offer clear evidence of two interlinked tendencies identified by Harvey (2006 [1982]) – and taken up more recently by Christophers (2010) – as characteristic of land markets under the advancement of capitalism. First, these vehicles evidence the increasing circulation of credit and so interest-bearing capital through prairie farmland markets. Second, they demonstrate the growing tendency to treat prairie farmland purely according to its role as a financial asset. FIFs suggest a deepening of these tendencies amidst a broader restructuring process favouring financial channels of accumulation in agriculture as elsewhere in the economy. But as the two authors point out, and as has been hinted at above, these are not neutral processes vis-à-vis the productive use of farmland resources – rather, they introduce new tensions and contradictions into land markets and so, in the prairies, into farming systems. Indeed, as FIFs and similar models of outside investment in prairie farmland become gradually more common, such tensions and contradictions increasingly affect even those farmers with no direct relationship to the funds, where they are internalized as a kind of conflict between farmers' differing interests or subjectivities as agricultural producers and landowners (see Christophers 2010: 105). This is clearly illustrated in recent suggestions that prairie farmers need to think more as though they were "investors *in* the land" rather than "producers *on* the land" (Oltmans 2007, cited in Painter 2009), as well as in new attempts to incorporate rising farmland values into measures of 'farm wealth' and arguments that government supports to farmers should be clawed back accordingly (Martin 2010; Sparling and Uzea 2012).

In short, what such discussions emphasize is the degree to which Canadian prairie farmland emerges as an important site – or, in French *et al.*'s (2011) words a material 'feedstock' – for financialization processes, subject to many of the same trends as have been observed by scholars of urban land markets in recent years. Indeed, insofar as the investment capital flooding into farmland markets has to some extent been displaced from urban centres following the sub-prime crisis, FIFs and similar farmland investment vehicles in the prairies and elsewhere might usefully be seen as an instance of Harvey's (2006 [1982]) spatio-temporal fix, involving the expansion of investment in landed property from cities into the global countryside. At the same time, it is important to realize that the increased participation of investment capital in farmland ownership is only one part of a larger financialization process affecting prairie agriculture and so farmers. The last decade has also seen investment in a number of large scale, corporate farming ventures, leading to concerns amongst prairie farmers that they may soon have to compete with such ventures on input and crop prices, even as they simultaneously compete with FIFs on land prices (see Sommerville and Magnan, forthcoming).

Moreover, what the prairie case reveals is how, even as financialization affects sites all along the agricultural supply chain, its impacts tend to 'pile up' in certain locations. In the Canadian prairies, farmers are increasingly positioned at the centre of an expanding range of financiers – including chartered banks and lenders, a traditional landlord class comprised of families formerly involved in agriculture, newer input financing firms, private insurance providers, and now FIFs amongst other new investors – whose shared logic of profiting through financial channels leaves each of them clamouring for a portion of farmers' incomes. Yet whether traditional models of family farming can be sustained under (or can sustain) such an extensive 'financial suprastructure' remains an open question, especially if a return to lower commodity prices, a decrease in farm income supports, or an increase in interest rates indeed comes to pass.

While there is as of yet no unified resistance movement against FIFs, farm organizations and individual farmers alike have expressed significant concern about the funds activities and the domestic media is giving increasing coverage to the topic. While on-line discussion forums suggest that some prairie farmers anticipate that investors will exit farmland once higher profits can reliably be obtained elsewhere or when commodity and land prices recede, others are concerned that the funds will underlie a more permanent transformation of family farming in the region. Because of this concern, some farmers report that their neighbors are increasingly choosing to sell land word of mouth to avoid it falling into investors' hands, while others are urging their peers to boycott FIFs by refusing to work the funds' land as tenants. Meanwhile, not-for-profit organizations who have been quick to condone the participation of Canadian companies and investment vehicles in 'land grabbing' overseas sometimes overlook the phenomenon's presence in Canada and the opportunities for solidarity that this presents. Whether these early initiatives will coalesce into more organized resistance in the near future remains to be seen. In the meantime, FIFs continue to raise capital and acquire prairie farmland, suggesting that the region's burgeoning investment market is still to reach its peak.

8 Conclusion: Insights into the 'global land grab'

The emergence and expansion of FIFs on the Canadian prairies is not an isolated incident. While similar funds operate at other locations in North- and Latin America, Sub-Saharan Africa, Eastern Europe and Oceania, the absence of detailed empirical studies has hampered our understanding of these vehicles and their place within the larger sets of processes that comprise both the 'global land grab' and the deepening financialization of agricultural systems. In this paper, I have suggested that the appearance of prairie FIFs is connected with a set of macro-structural changes that together drive capital towards finance, and from there into prairie farmland (amongst other sites in global agricultural and natural resource sectors) on the basis of its performance as a financial asset. I have also suggested that this trend is part and parcel of the increasing tendency under capitalism for interest-bearing capital to circulate through rural (as well as urban) land markets, a process that increasingly affects all prairie farmers, regardless of their relationship with FIFs and similar vehicles.

In offering this reading, I have insisted that prairie farming landscapes and systems appear not merely as a backdrop to these restructuring developments, but have rather been intimately entangled with and transformed by them, as evidenced by longer term trajectories of declining farm incomes, appreciating land values, shifting patterns of land tenure, and rising farm debt. In this reading, then, FIFs do not mark the origin or initiation of the financialization of prairie farming systems, but rather provide evidence of its deepening and intensification. FIFs attempt to harness or appropriate channels of profit-making associated with the collection of rent, the distribution of dividend-like cash payments, the appreciation of land, and the achievement of capital gains – channels that themselves reflect the changing conditions for capital accumulation in agriculture and other sectors in the global capitalist economy. That is, FIFs indicate the ascendance of a pattern of accumulation in which profits accrue primarily through financial channels whose linkage to the productive activities that lie at the base of prairie farming (i.e. the raising of crops and livestock) seems increasingly tenuous.

By situating prairie FIFs amidst the longer term restructuring of the region's farming sector, this study both engages and contributes to the evolving academic literature on the 'global land grab' and the financialization of agriculture and other natural resource sectors. Perhaps most fundamentally, the study affirms the centrality of financialization processes to the recent acquisition of large tracts of prairie farmland by FIFs amongst other new investment vehicles. This is important insofar as, while financialization has long been postulated as one of the primary drivers of the 'global land grab', there have been few empirical studies examining its operation in particular contexts. Furthermore, this study extends recent work by international agencies on the financialization of agriculture and natural resource 'commodities', highlighting the extent to which this phenomenon extends beyond the acquisition of relatively more abstract and obviously financial products such as agricultural derivatives, to encompass more diverse and decentralized sites, including farmland and related rights and resources. In so doing, the study highlights both the material roots and implications of financialization processes (*cf.* French *et al.* 2011), as well as the dialectical relationship between financial markets and material spaces and processes (*cf.* Gunnoe and Gellert 2011). In turn, this points to an important role for future research by land grab scholars, who could usefully draw on the growing body of literature examining the dynamics of financialization in diverse geographic settings in examining large scale acquisitions of farmland in other locations. In so doing, we as scholars can contribute to a more nuanced reading of financialization as a spatially variable and relationally complex process (*cf.* Doucette and Seo 2011: 1), with uneven but profound material outcomes for global agricultural systems and the communities that sustain them.

The second contribution of this study is to complement analyses of financialization which have emphasized how neoliberal reforms enabling the globalization of financial markets, the retrenchment of welfare states, the privatization of social security, and the rise of debt-financing on both the national and household level have worked to direct the flow of capital towards finance by revealing how agricultural systems have themselves become implicated in augmenting this flow. In particular, this study has highlighted the role of the extension of farm credit (and accrual of farm debt), as well as farmers' increased reliance on leasing (rather than owning) a growing proportion of their farmland, in facilitating the collection of an increasing volume of interest payments off of the backs of prairie farmers, and eventually, in helping to precipitate the emergence of FIFs. There is a need for further research to determine whether similar processes have underpinned instances of 'land grabbing' in other areas of the world. The role of credit cycles in underpinning recent land deals has been almost completely neglected in the land grab literature, despite growing concerns about the indebtedness of family or smallholder farmers (or their equivalent in other natural resource sectors) in many different geographic settings.[17] The ways in which rural land itself comes to be enrolled in financialization and offered through rental relationships as a source of interest-bearing capital has similarly received very little attention, although Murmis and Murmis' (2011) recent work in Argentina is promising on this front.

With respect to the socio-spatial dynamics of recent land transactions, this study affirms the relevance of the 'land grab' to Canada and potentially other countries in the global North, which contrary to the dominant narrative in the land grab literature, serve not only as a *source* of the finance capital that has been invested in global agricultural systems in recent years, but also as a *site* for its investment. Additionally, this study joins other recent research that recognizes the importance of domestic actors and institutions as well as host-state policies in underpinning the demand for farmland and conditioning the form of the acquisitions that result (see, for example: Hall

[17] One thinks, for example, of the horrific, debt-induced suicides that have plagued farming communities in India amongst other geographic settings. Yet as an indicator of financialization, the problem is not necessarily unique to agriculture or even to smaller scale production – the interviews with timber corporation officials cited in Gunnoe and Gellert's (2011) study of the financialization of US timberlands, for example, identify debt as one reason for the sell-off of these lands to financial investors (although the authors chose not to explore the relative importance of this amongst other factors).

2011; O'Brien 2011; Marin *et al.* 2011; Fairbairn 2013; Wolford *et al.* 2013). On the prairies, provincial land laws have permitted the uptake of farmland as an investment asset by 'national elites', while protecting it from the fuller financialization dynamics that would pertain if farmland could be acquired by foreign capital or listed on a public exchange. Nonetheless, the benefits that domestic investors have enjoyed from land appreciation following the partial loosening of Saskatchewan's regulations speaks to the potential for a kind of 'accumulation by liberalization', which, while perhaps less stark than Harvey's (2003, 2005) 'accumulation by dispossession', is nonetheless underpinned by something of a similar dynamic. Relatedly, the study also highlights the importance of interest rate regulation and taxation regimes in influencing the capitalization and appreciation of farmland and so the accumulation opportunities available to investors. While such regulations have long had complex and in many cases ambiguous implications for prairie farmers, there is a need for further work on the ways that they may combine with the new wave of investment capital entering farmland markets to yield speculative bubbles in land prices, as well as to identify the prospects for regulation that would discourage speculation without constraining the productive activities of farmers.

Finally, if this study's contribution lies largely in highlighting additional areas for future research by land grab scholars, it also raises important questions about how we as scholars conceptualize the 'grabbing' process. Perhaps the most prominent amongst these questions regards when 'grabbing' starts. Notably, while recent theorizations have tended to position contemporary land acquisitions as "the *beginning* of a process of gaining or grabbing access" (Peluso and Lund 2012: 669, emphasis added), this research suggests that such acquisitions might rather better be conceptualized as something in the *middle* of a long chain of events in which it is difficult to mark a clear beginning or an end. Where recent land transactions are connected with the broader sweep of financialization processes in farming systems or agrarian societies and economies, it is important to attend to the drivers facilitating the 'supply' of land to these deals to avoid reifying finance or portraying it as a steamroller that advances into rural communities independent of their historical circumstances. Congruent with Borras *et al.*'s (2012) recent analysis linking (sometimes gradual) shifts in the control of land and other associated resources to a shift in the meaning or use of those resources, this study has traced the increasing tendency towards conceptualizing and treating prairie farmland as a financial (rather than productive) asset. I have shown that this trend – while perhaps expressed most clearly in the advent of FIFs and similar investment vehicles in prairie farmland – is intimately interlinked with the increasing subjection of prairie farmland to relations of credit and rent (and relatedly, the broader shift in the capitalist economy to financial channels of profit making) over the past 40 years. While it remains unclear whether the prairie farmland investment market will continue to expand in the medium term or will stagnate or collapse with the bursting of a speculative bubble, the urgency of moving to a system where finance sustains family farming on the prairies, rather than vice versa, seems increasingly clear.

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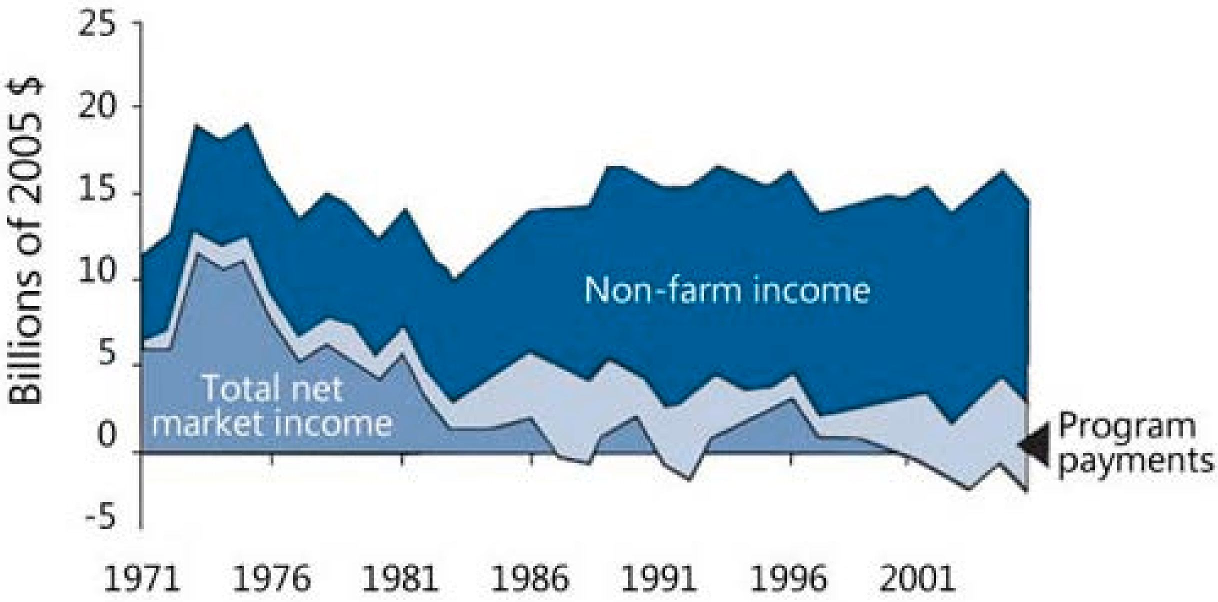
Figure 1 - Farm income from market, government and non-farm sources, Canada 1971-2005



Source: AAFC 2012

Table 1 - Percentage of total farm area that is rented or leased, Canada and Prairie Provinces, 1976 to 2011

	Percentage total farm area rented or leased from others[1]							
	1976	1981	1986	1991	1996	2001	2006	2011
Canada	30	31	36	37	37	37	38	40
Manitoba	29	33	37	37	36	38	38	39
Saskatchewan	31	32	38	39	39	39	39	41
Alberta	36	35	42	41	40	41	42	44

[1]Includes ‘area leased from governments’, ‘area rented or leased from others’, and ‘area crop-shared from others’.

Source: Statistics Canada 2011 Farm and Farm Operator Data, Selected Historical Data from the Census of Agriculture

Figure 2 – Total Farm Debt Outstanding, Prairie Provinces, 1971-2013

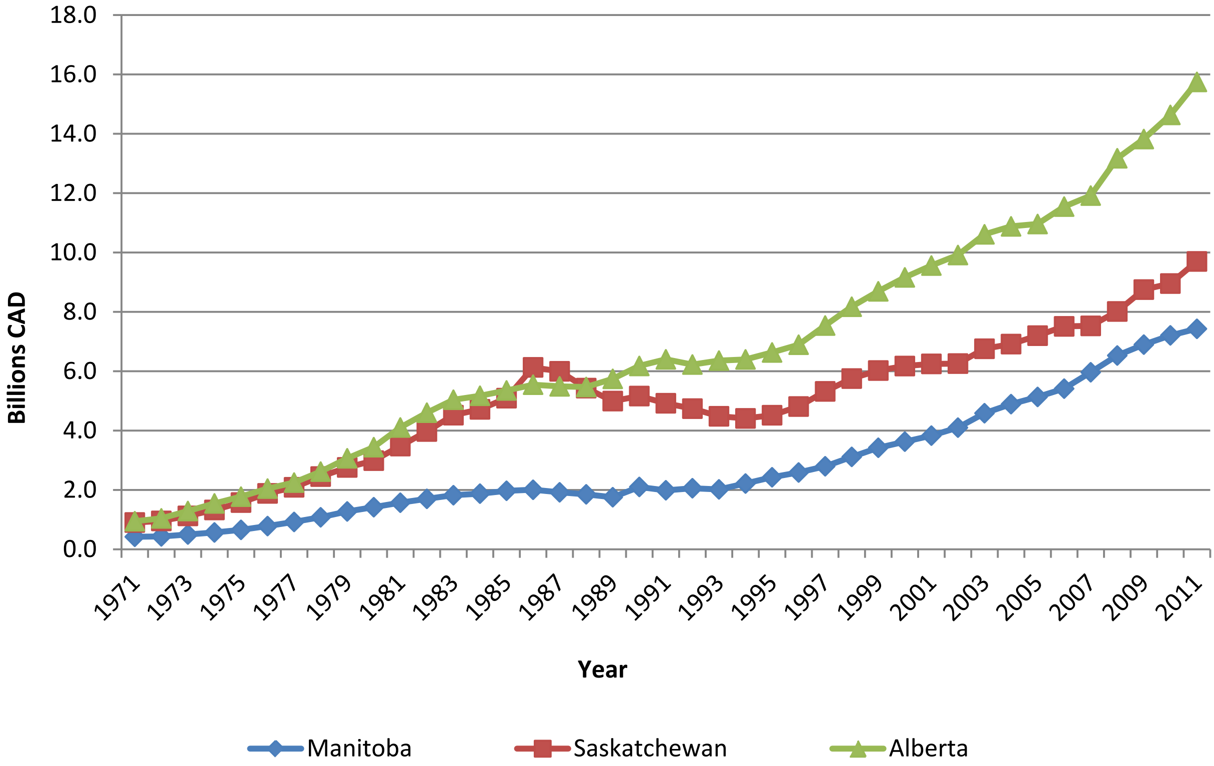


Table 2 - Farmland Ownership and Leasing Restrictions in the Canadian Prairie Provinces

Province	Legislation	Restrictions on Ownership and Leasing
Manitoba	*Farm Lands Ownership Act*	Persons who are not Canadian citizens or permanent residents, as well as entities that are not family farm corporations, municipalities, local governments or government agencies, or qualified immigrants, as defined under the legislation, are limited to ownership of or leasing not more than 40 acres.
Saskatchewan	*Saskatchewan Farm Security Act*	Persons who are not a Canadian citizen or resident as well as non-Canadian owned entities, as determined under the legislation, are limited to ownership or leasing of not more than 10 acres.
Alberta	*Agricultural and Recreational Land Ownership Act; Foreign Ownership of Land Regulations*	Persons who are not a Canadian citizen or permanent resident or that are foreign governments, corporations incorporated elsewhere than in Canada, or foreign-controlled corporations, as determined under the legislation, are limited to ownership of two parcels containing, in the aggregate, not more than 20 acres. Leasing by such parties is permitted for a period of up to 20 years.

Sources: *Farm Lands Ownership Act*; *Saskatchewan Farm Security Act*; *Agricultural and Recreational Land Ownership Act Foreign Ownership of Land Regulation*

Table 3 – Farmland Holdings of Prairie Farmland Investment Funds at March 2013

Fund Manager	Farmland Holdings
AgCapita Farmland Investment Partnership	34,000 acres
Assiniboia Capital Corp.	115,000 acres
Bonnefield Financial Inc.	15,000 acres
Total	174,000 cares

Note: Approximately 33% of Bonnefield's holdings are in Ontario.

LDPI Working Paper Series

A convergence of factors has been driving a revaluation of land by powerful economic and political actors. This is occurring across the world, but especially in the global South. As a result, we see unfolding worldwide a dramatic rise in the extent of cross-border, transnational corporation-driven and, in some cases, foreign government-driven, large-scale land deals. The phrase 'global land grab' has become a catch-all phrase to describe this explosion of (trans)national commercial land transactions revolving around the production and sale of food and biofuels, conservation and mining activities.

The Land Deal Politics Initiative launched in 2010 as an 'engaged research' initiative, taking the side of the rural poor, but based on solid evidence and detailed, field-based research. The LDPI promotes in-depth and systematic enquiry to inform deeper, meaningful and productive debates about the global trends and local manifestations. The LDPI aims for a broad framework encompassing the political economy, political ecology and political sociology of land deals centred on food, biofuels, minerals and conservation. Working within the broad analytical lenses of these three fields, the LDPI uses as a general framework the four key questions in agrarian political economy: (i) who owns what? (ii) who does what? (iii) who gets what? and (iv) what do they do with the surplus wealth created? Two additional key questions highlight political dynamics between groups and social classes: 'what do they do to each other?', and 'how do changes in politics get shaped by dynamic ecologies, and vice versa?' The LDPI network explores a range of big picture questions through detailed in-depth case studies in several sites globally, focusing on the politics of land deals.

Financializing Prairie farmland: Farmland investment funds and the restructuring of family farming systems in central Canada

Scholarship on the 'global land grab' has placed financial actors and financialization processes at the centre of recent farmland acquisitions and investments in large-scale agricultural ventures. This paper contributes to this body of work by examining the emergence of Farmland Investment Funds (FIFs) in the Canadian Prairie Provinces amidst the ongoing financialization of family farming systems in the region. Postulating that a highly financialized agricultural sector is one where profits are raised mainly through rent and the appreciation of farmland, as well as through interest, dividends, and capital gains on agricultural ventures, I show how FIFs have sought to harness these channels. While FIFs result in part from increased demand for prairie farmland on the basis of its performance as a financial asset, the funds' growth has similarly depended on a set of factors working to supply land to the vehicles, including a long period of declining farm incomes, steady and accelerating land appreciation, prairie farmers' gradual shift towards leasing (rather than owning) farmland, and climbing farm debt. I review the key features of FIFs and their implications for agricultural restructuring on the Prairies, showing how the funds further concentrate farmland ownership, shift patterns of wealth and risk accrual from owning and using farmland, deepen the circulation of interest bearing capital within regional farmland markets, and introduce new financial actors, priorities, and subjectivities into prairie farming systems. My findings generate insights into large-scale land transactions in other global settings, and contribute to current understandings of the 'land grab' and the financialization of agriculture and other natural resource sectors.

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