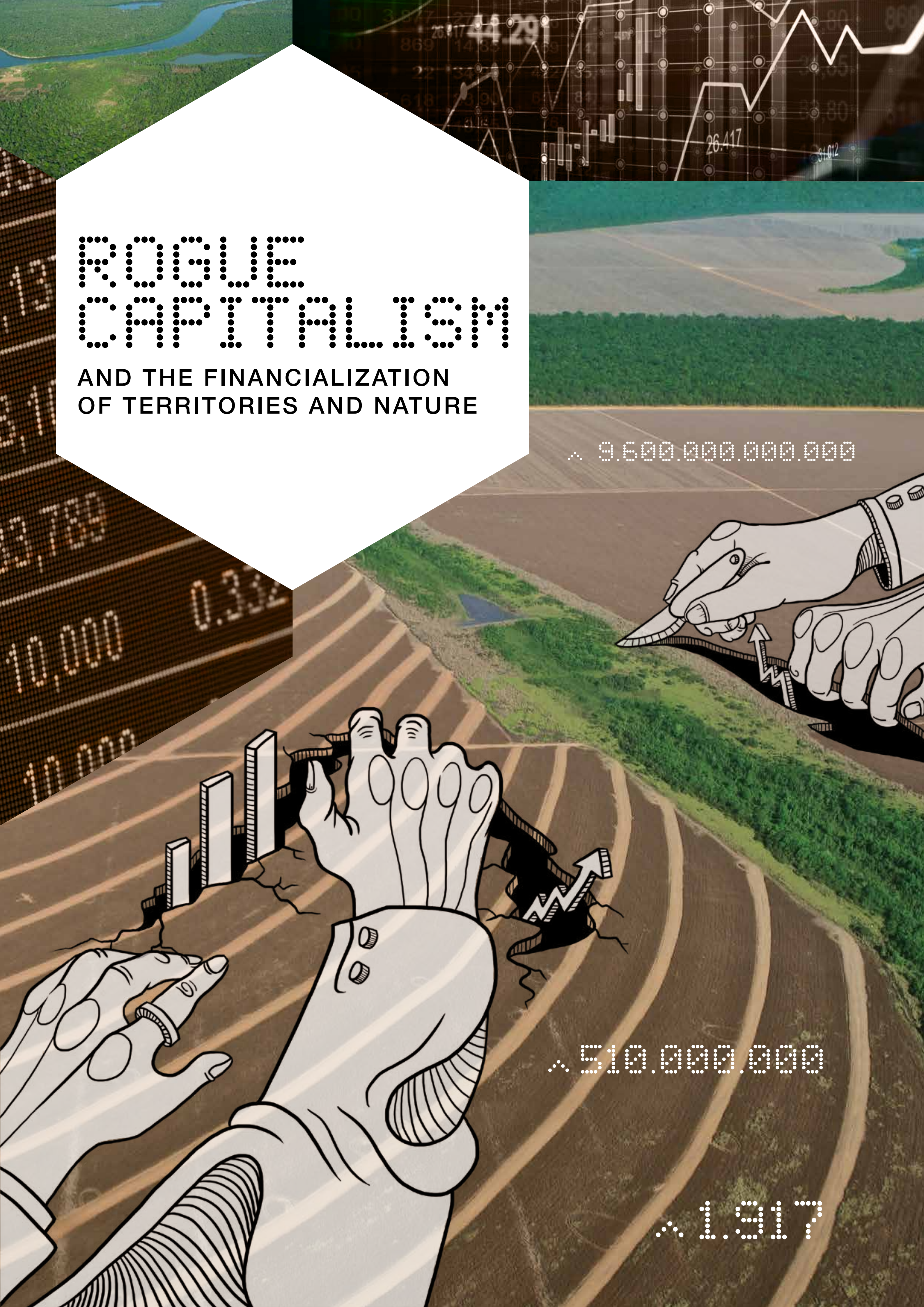
ROGUE CAPITALISM

AND THE FINANCIALIZATION OF TERRITORIES AND NATURE



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This document is the result of a collective reflection and discussion by the members of the Land and Territory Working Group of the International Planning Committee for Food Sovereignty (IPC), as well as befriended organizations. The IPC is an autonomous and self-organized global platform of small-scale food producers', indigenous peoples' and rural workers' organizations to advance food sovereignty at the global and regional level.

The following organizations have contributed to the discussions that informed this paper:
La Via Campesina, Housing International Coalition-Housing and Land Rights Network (HIC-HLRN), Réseau des Organisations Paysannes et des Producteurs Agricoles de l'Afrique de l'Ouest (ROPPA), Australian Food Sovereignty Alliance, Friend of the Earth International, ETC Group, Society for International Development (SID), Kesatuan Nelayan Tradisional Indonesia (KNTI), Northwest Atlantic Marine Alliance, Observatori DESC, Rede Social de Justiça e Direitos Humanos, Centre for Financial Accountability.

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ABOUT THIS PAPER

This discussion paper intends to provide a basis for people's movements, grassroots activists and other civil society organizations (CSOs) to build/strengthen their knowledge about the process called "financialization," and to develop strategies to resist, reverse and prevent it. It has been developed by members of the IPC Land and Territory Working Group, which has defined the financialization of land and nature as a common and critical challenge that its member organizations face.

This paper is based on the experiences and analyses of member organizations of the IPC Land and Territory Working Group, and intends to stimulate collective reflection and discussion among all interested organizations about how to oppose the increasing power, influence and control of global finance over our territories. Rather than providing a theoretical reflection or an in-depth analysis of all aspects of financialization, the paper aims to help grassroots organizations to understand its key components/aspects and its implications for people and communities around the world. The paper sheds light on different ways in which finance capital manifests itself in people's territories, and the actors, places, institutions and policies, that drive these processes forward. The different chapters and the document itself conclude with a set of questions to guide further reflection and discussion.

We believe that it is essential for our struggles for food and people's sovereignty to understand these new dynamics and mechanisms at play. Communities and people around the world are directly affected by financialization. The violent impacts are visible, but we need to understand the underlying drivers in order to be effective in our struggles. Therefore, we hope that this paper can serve as a starting point for an action-oriented reflection that allows us to further develop our political agenda, and to refine our strategies and ways of organizing in order to stop and roll back the privatization and commodification of nature and life.

The process of developing this document was completed before the COVID-19 pandemic spread across the world in early 2020. This pandemic has exposed the devastating consequences of contemporary capitalism. Resource grabs and ecosystem destruction have created the conditions for the emergence of new pathogens. At the same time, the financialization of health systems and other public services has reduced the capacity of societies to respond to the spread of the novel Coronavirus, creating a profound health crisis. All over the world, people and communities who have been dispossessed and marginalized over the last decades have been particularly affected by the pandemic.

COVID-19 has also deepened the crisis of capitalism. Lockdowns that have been imposed by a large number of governments, as well as the abrupt halting of many economic activities, have temporarily suspended capitalism. Financial markets plunged at the beginning of the pandemic, prompting government interventions to stabilize them. The world is entering a global recession, which will have severe impacts on rural and urban people and communities around the world. In response, governments have put in place rescue packages, raising fears that big business and global finance will again be rescued and bailed out with tax money, as happened during the 2008/09 world financial crisis.

While there is a real risk that the crisis will further consolidate the power of big business and global finance, the way in which the pandemic has exposed the flaws of the current system may also be an opportunity to achieve real change. In this sense, this paper is also a contribution to a debate on the most strategic entry points for shaping the post-COVID-19 world in a way that places people, communities and their rights at the center.

LIST OF ACRONYMS

AATIF	African Agricultural Trade and Investment Fund
AIIB	Asian Infrastructure and Investment Bank
BRI	Belt and Road Initiative / One Belt One Road Initiative
CEDAW	Committee on the Elimination of Discrimination Against Women
CESCR	Committee on Economic, Social and Cultural Rights
CHEC	Chinese Harbour Engineering Company
CIF	Commodity index fund
CIFC	Colombo International Financial City
CSO	Civil society organization
CSR	Corporate social responsibility
DFI	Development finance institution
EBA	Enabling the Business of Agriculture
ESG	Environmental, social and governance
FAO	Food and Agriculture Organization of the United Nations
GCAR	Global Campaign for Agrarian Reform
GDP	Gross domestic product
GEF	Global Environment Facility
GMS	Greater Mekong Subregion Economic Cooperation Program
HCPF	Holistic Conservation Program for Forests in Madagascar
ICT	Information and communciation technology
IFC	International Finance Corporation

IFI	International finance institution
IPC	International Planning Committee for Food Sovereignty
MFI	Microfinance institution
MPA	Marine Protected Area
NCREIF	National Council of Real Estate Investment Fiduciaries
NGO	Non-governmental organization
ODA	Official development assistance
OFC	Offshore financial center
PES	Payment for Environmental Services
PPP	Public-private partnership
PRI	Principles for Responsible Investment
REDD	Reducing Emissions through Deforestation and Degradation
REIT	Real estate investment trust
SDG	Sustainable Development Goals
SEZ	Special economic zone
SLC	Schneider Logemann Company
TLFF	Tropical Landscapes Finance Facility
TNC	Transnational corporation
UN	United Nations
UNEP	United Nations Environmental Programme
USD	US Dollar
WEF	World Economic Forum
WRG	Water Resources Group
WTO	World Trade Organization
WWF	World Wide Fund for Nature

>> 1

WHAT IS FINANCIALIZATION? IT IS ROGUE CAPITALISM!

Rural and urban communities around the globe are facing a dramatic increase in dispossession and destruction of their lands, rivers, pastures, forests, oceans, and houses; in other words, we face the loss of access to and effective control over our territories, the very foundation of our communities and social fabric.

What is the reason for this dramatic increase?
It is finance capitalism.

IN THIS CHAPTER, WE WILL:

- Propose a new term to describe the power of global finance: Rogue Capitalism.

1.1 WHY DO WE SAY ROGUE CAPITALISM?

According to Wikipedia, finance capitalism "is the subordination of processes of production to the accumulation of money profits in a financial system. […] Since the late 20th century, in a process sometimes called financialization, it has become the predominant force in the global economy, whether in neoliberal or other form."[1] Other definitions describe financialization as the "increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operation of the economy and its governing institutions, both at national and international level."[2]

Financialization fundamentally changes the way in which financial value is created, and where profits are generated. Financial markets increasingly dominate over the "real," i.e. productive economy (for example, the industrial, agricultural and services sectors), and profits are generated in the "virtual" sphere of financial operations. As such, financialization is a distinct way of organizing capitalistic extraction of wealth. The power of global finance is also evident in the ways in which economic issues are understood and discussed.[3] This means, for instance, that food and land are increasingly conceived as financial assets, rather than common goods and human rights.

Although the term "financialization" is useful to describe developments in contemporary capitalism, it is very abstract, remote and complex. The impacts of financialization are, however, very material and violent on our lives. Indeed, even though profits are increasingly made through transactions on financial markets, this requires the control over natural and other material resources.

One key feature of financialization is that it unfolds through largely hidden processes, and in some cases, under secrecy. Creating opaque webs of investment, "shadow banking systems" and offshore tax havens in order to escape taxation, public scrutiny and regulation, are deliberate strategies of global finance to obfuscate operations and to prevent any form of accountability for the crimes and structural injustice for which this system is responsible. Even though proponents of financialization tell us that free (financial) markets go along with free societies, the reality shows that this process unfolds alongside increasing repression and authoritarianism. Previous forms/manifestations of capitalism have used some of these or similar strategies, and have led to destruction and abuses in our territories. However, we consider that the current dynamics have exacerbated these features in a new way. Financialization is thus a new and distinct way of organizing the capitalistic extraction of wealth.

Because of the illegitimacy of global finance's grab of our territories and lives, because of the destructive impacts that it has in our communities, and because the involved actors actively seek to hide their operations, we propose to call financialization **ROGUE CAPITALISM.**

TO KEEP IN MIND

WHAT IS FINANCIALIZATION?

Financialization can broadly be understood as the growing power and influence of global finance. It aims primarily at creating financial profits through the extraction of wealth and the transferring of substantive income flows from the real/productive sectors of the economy to the financial sector.

THE MAIN BENEFICIARIES OF FINANCIALIZATION ARE THE ELITE 1% OF THE GLOBAL RICH.

FINANCIALIZATION IMPLIES INCREASING DOMINANCE OF:[4]

Financial Motives

Rather than following the market logic of offer and demand, financial actors seek quick returns, i.e. aim to ‘make more money out of money.’ This logic of extraction of wealth is intrinsically expansionistic, speculative and destructive.

Financial Institutions

Financial institutions and actors like investment funds, hedge funds, pension schemes, development banks, insurance companies etc. play a growing role in the economy, and fuel dispossession of people and communities through their operations.

Financial Discourses

‘Shareholder value’, the development of prices, return on investment, economies of scale, ‘risk’ and other financial parameters dominate policy discussions, including those related to food, land, housing, public services, environmental protection etc.

Financial Elites

The growth of global finance in terms of its size and power is inseparably connected to the structural increase in income and wealth inequalities. An ever smaller group of the global population controls an increasingly larger share of incomes and wealth.

Financial Places

Financial hubs such as Wall Street and the City of London exercise control over the economy and people’s lives. Finance companies manage their operations through tax havens and offshore centers in order to circumvent regulation and taxation.

Financial Markets

Financial markets such as stock exchanges decide about the economy, governments’ policies and people’s lives. New financial instruments such as derivatives, securities and futures contracts allow finance companies to speculate with all kinds of resources.

TO KEEP IN MIND

FROM BANKING TO FINANCIAL MARKETS

Many people first think of banks when it comes to finance, but the role of banks is both different and more extensive than many imagine. The common understanding of commercial banks is that they act as financial intermediaries: taking in savings, issuing deposits, and then channel these savings into loans. Banks are important actors of rogue capitalism (see chapter 4.1), but it is important to underline that financialization has changed the logic of classical banking. Indeed, one characteristic of financialization is that financial intermediation has shifted from banks to financial markets. The way in which banks deal with mortgages illustrates the fundamental shift in how finance is conducted.

Until the 1980s, commercial banks would originate mortgage loans and keep them in their balance sheets for the duration of the loan period. The loans were granted to close financing gaps and were repaid with the aim of full and permanent repayment. Today, banks originate mortgages, and then sell them off to securitization trusts, which turn these mortgages into "securities" and sell them to financial investors. The primary goal is no longer to repay the loans, but to transform the debt into a financial instrument (a "security") that can be traded on financial markets. Commercial banks are now mere "underwriters" of the mortgage (which is quickly sold and securitized), while households that took the mortgage are now de facto "issuers of securities" on (global) financial markets.[5]

>> 2

WHERE DOES ROGUE CAPITALISM COME FROM?

The increasing dominance of global finance over our lives does not come out of nowhere, but is the result of policy making over the last decades.

IN THIS CHAPTER, WE WILL:

- Explain how the deregulation of financial markets, before and after the global financial crisis of 2007/2008, has paved the way for giving global financial capital the power it has today.
- Describe the way in which financial actors and financial markets operate today.

2.1 ONCE UPON A TIME, THERE WERE REGULATIONS…

The deregulation of finance and the reduction of controls over international movements of capital are closely linked to the end of the so-called Bretton Woods monetary system in the 1970s.[6] This system had been put in place after the Wall Street Crash in 1929, which was followed by the banking crisis and the Great Depression.

Among other things, this system prevented banks from making speculative investments with state or private money (i.e. people's savings); they were only allowed to do this with their own money.

It created a period of relative financial stability, which lasted up to the 1970s. At that time, the USA started to take a number of measures that dismantled this system. In 1971, the USA ended the gold standard – the international convertibility of the U.S. dollar to gold (i.e. a material and limited resource) –, a move that was followed by several European countries. A number of new laws then also taken, which repealed the separation of commercial and investment banks, and opened the doors for new ways of financial speculation. The end of fixed convertibility of the US dollar to gold also led to the emergence of new financial centers and the re-shaping of the entire financial architecture.

The deregulation of financial markets was a response to a crisis of accumulation of capital, i.e. difficulties of business actors to generate ever increasing surplus/profits from their investments. In the capitalist system, profits are created through the exploitation of nature and humans (of the working class), but increasing mechanization in the industrialized countries led to a two-fold challenge: first, with machines replacing the human workforce, less surplus could be generated through the exploitation of workers; and second, companies needed to mobilize more money to be able to acquire the machines that allowed them to remain competitive. In order to respond to this crisis, it was necessary to allow for the creation of more finance capital, and of new possibilities for those who owned this money to "invest" it.

One way of creating new investment capital has been the privatization of pensions in the USA and Europe. This created a new and large pool of investment capital that needs to be invested somewhere .

TO KEEP IN MIND

THE PRIVATIZATION OF PENSIONS

CREATING NEW INVESTMEN CAPITAL

The privatization of pension systems, was spearheaded by Margaret Thatcher in the UK, Ronald Reagan in the USA and Augusto Pinochet in Chile.

It created a new and steady growing pool of investment capital that is today worth 41 trillion USD. The now commonly accepted narrative is that public pensions are no longer affordable to states and therefore need to be supplemented or replaced by private savings.

The result has been an underfunded public sector and overfunded capital markets feeding unproductive financial speculation.[7] In the mid-1990s, the World Bank also started pushing pension privatization in developing countries.[8]

What are the Means Through Which Global Finance Reaps Profits from People’s Territories?

Financial markets have undergone a number of modifications that allow global capital to penetrate into all aspects of the economy and people´s lives. Bellow we describe some of the new means that have allowed financial actors to generate ever more profits.

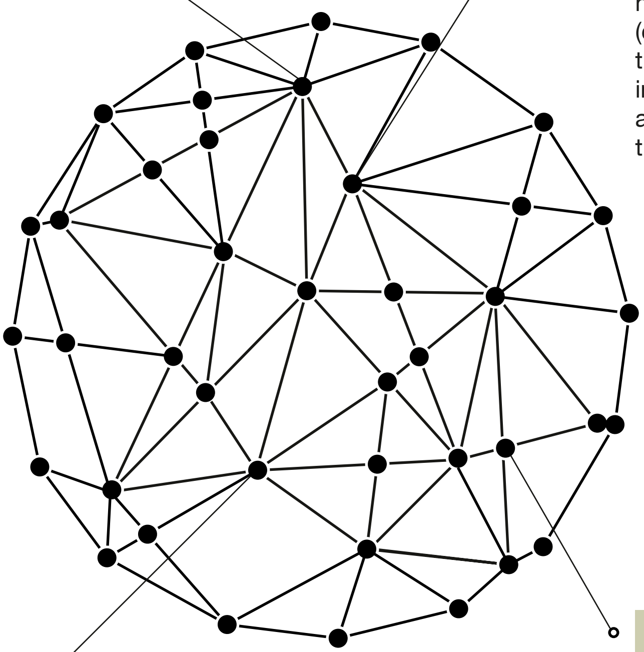
New Actors

Deregulation and the new possibilities for generating profits have led to the emergence of a number of financial actors (investment firms and banks, hedge funds, asset managers, brokerage companies, insurance companies, pension funds, venture capital funds, etc.), as well as the entry of new actors into financial activities (including business operations that had previously not been involved in financial markets) and into sectors that had previously not been attractive to them. Importantly, these actors often act through offshore financial centers in order to evade regulation and taxation.

(See chapters 3 and 4)

New Asset Classes

In order to provide additional targets for financial capital, it is necessary to create new asset classes. Land, water, oceans, forests, cities, biodiversity, natural cycles and other (common) goods have therefore been transformed into “investible” resources, and “investment opportunities” for capitalists.



New Instruments

Because many of the new assets are not tradeable as normal products (e.g. raw materials), it was necessary to invent new financial instruments that enable and facilitate speculation with them. Instruments such as futures contracts, index[9] funds, derivatives etc. have been developed in order to generate more money out of money.

New Markets

Once the new asset classes have been transformed into tradeable tools, it is necessary to create markets on which capitalists can trade and speculate with them in order to reap profits.[10] Financialization has come along with new market places, such as secondary markets, futures markets, derivative markets etc. It is a key feature of rogue capitalism that many of these markets are largely un regulated and that transactions are often non-transparent.

2.2 FINANCIALIZATION FOR THE NEW MILLENNIA

The financial crisis of 2007-2008, which caused a broad global economic crisis, was the result of financialization, and has contributed to further deepening it. The crisis was triggered by speculation in the housing and real estate markets, in particular in the USA and Europe. With rising real estate prices, banks gave mortgage loans to non-creditworthy (sub-prime) customers and then sold these as securities on financial markets, passing on the risk to a number of actors that participated in this speculation.

When the bubble burst and real estate prices fell, several banks and other financial players faced bankruptcy. However, contrary to what one could think, this did not lead states to addressing the underlying issues, but rather increased the power of finance capital. First, several states bailed out banks and other financial players – as well as their shareholders – in order to end the contagion on financial markets. Second, the decrease of real estate prices (and the prices of other "assets", such as agricultural commodities) in the aftermath of the crash, led financial actors to look for new areas of investment and speculation, such as farmland (see chapter 3).

As a result, the economic ideology that created the crash remains intact and unchallenged. Global finance staged a major comeback: profits, dividends, salaries and bonuses in the financial world have rebounded to where they were before. Stock markets have reached new record highs and risk-taking in financial markets has increased again. At the same time, the re-regulation of finance has become stuck in endless political negotiations. In the process, global finance has become more concentrated and even more integral to capitalist production and accumulation. As we will show in the next chapter, this has come along with increasing exploitation and dispossession of communities and people.

Further reading:

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• Toussaint, Eric. 2015. Bankocracy.

• Sherman, Matthew. 2009. A Short History of Financial Deregulation in the United States. Center for Economic and Policy Research (CEPR). Available at: http://cepr.net/documents/publications/dereg-timeline-2009-07.pdf.

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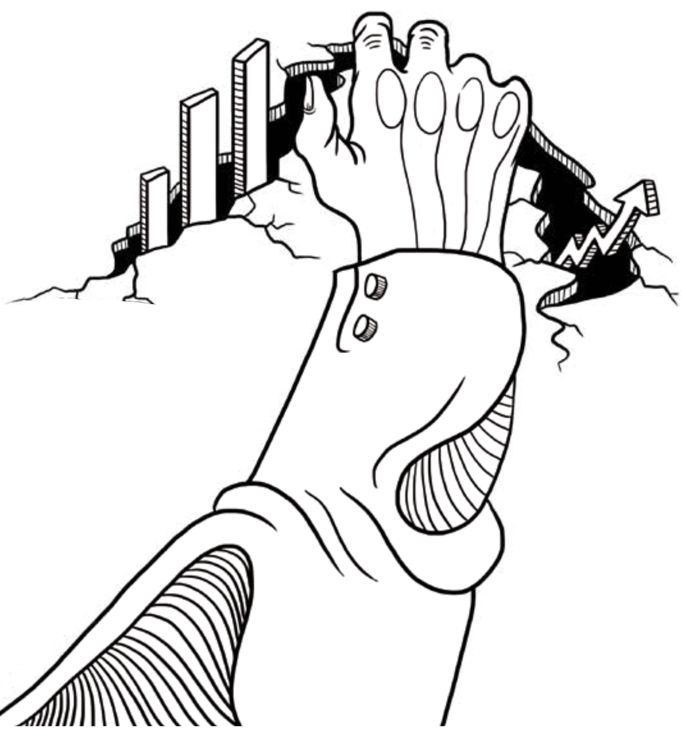
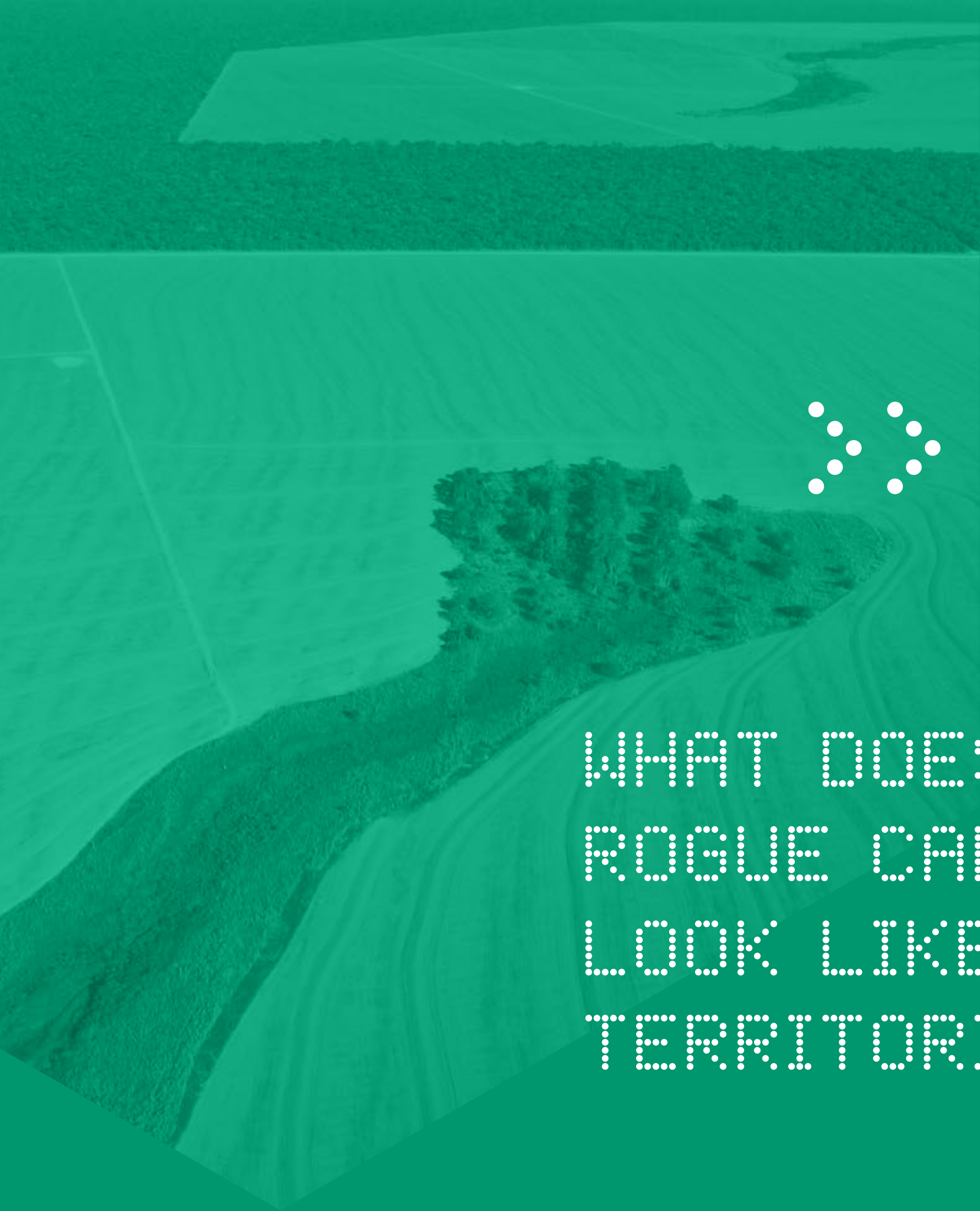
KEY MESSAGES

- Financialization has its roots in neoliberal political decisions about the deregulation of the monetary systems, banks and their operations, financial markets and trade.
- Instead of bringing states to address the underlying issues and re-regulate finance, the financial crisis of 2007-2008 has led to further increasing the power of global finance.
- Financial actors have penetrated into all sectors of the economy, and financial market logic has been introduced into areas and domains where it was previously absent.

QUESTIONS FOR DISCUSSION

- Which financial actors and institutions do you know in your country or region? Which international financial actors do you know?
- How powerful do you think are banks and the financial sector in your country? Can you think of examples of how they influence people's lives and the economy?





>> 3

WHAT DOES ROGUE CAPITALISM LOOK LIKE IN OUR TERRITORIES?

Rogue capitalism manifests in various forms in people's and communities' territories.

IN THIS CHAPTER, WE WILL:

- Present different forms of how global finance is penetrating into our territories.
- Show how this entails the further privatization and commoditization of our commons and natural goods.

3.1 LAND AND AGRIBUSINESS

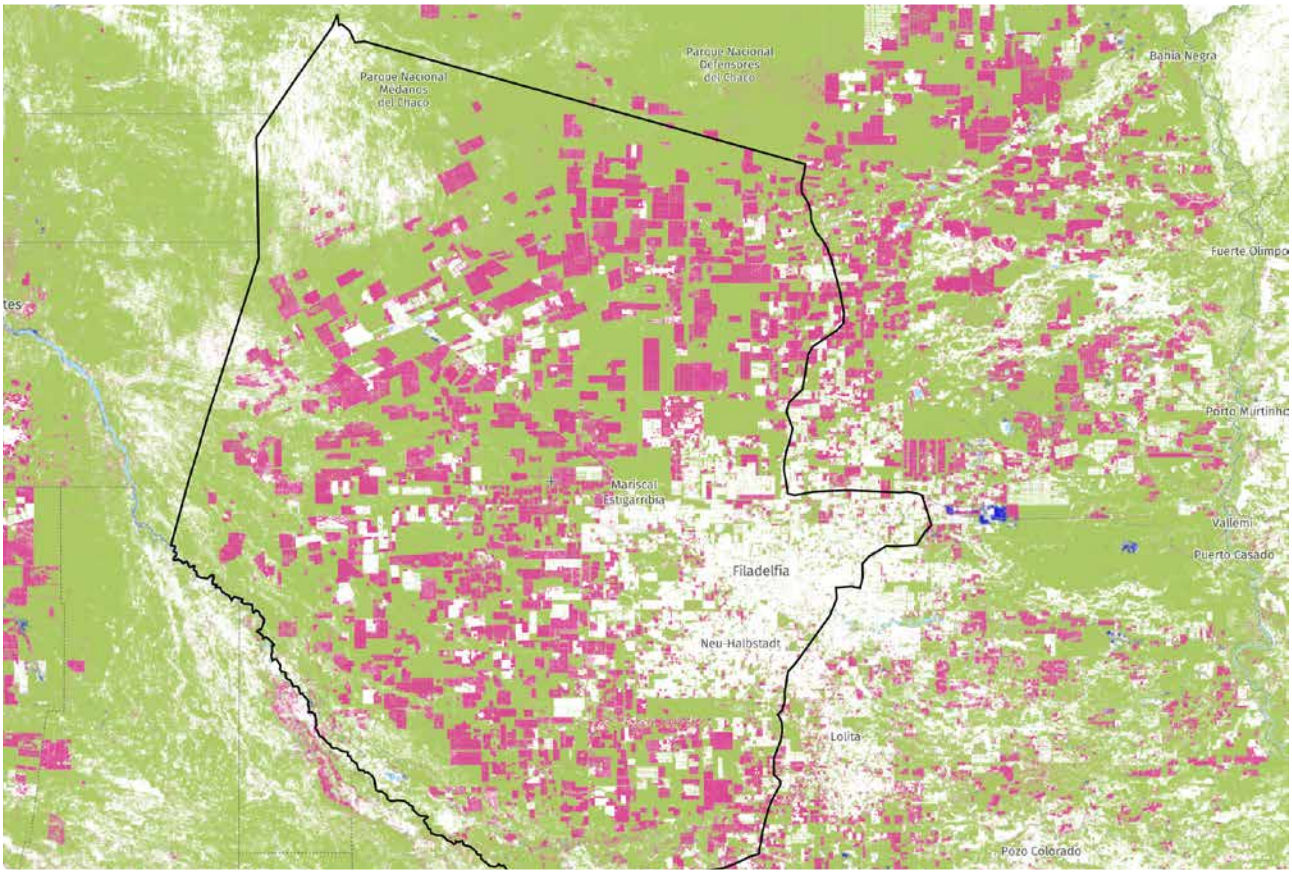
The involvement of large sums of money in agriculture is not new. Indeed, big landowners and corporations have been the main actors driving and benefitting from the expansion of agribusiness and monoculture plantations. The constant need for expensive machinery and inputs (fertilizers, agrochemicals, commercial seeds and GMOs, etc.), as well as the rush for ever increasing production of agricultural raw materials required agribusiness companies to take out loans and credits from banks and other financial investors. Consequently, the influence and power of financial actors over industrial agricultural production has been increasing over the last decades. However, more recently, the intensity, scale, speed and depth of the involvement of finance capitalism in agribusiness has changed substantially and alarmingly. Global finance is increasingly considering land as an “asset class” and a business in its own right.

The following examples show how this has further intensified the dispossession of rural people and communities from their territories.

3.1.1

Half of Paraguay has been completely transformed in only ten years (see map 1 on the next page) Many companies that have entered the so-called *Gran Chaco* in Paraguay (the Western part of the country) in recent years to expand industrial agriculture are financial actors, or financed by them.

For example:
the Luxembourg-based company PAYCO S.A. holds 144.000 hectares of land in Paraguay. The shareholders of PAYCO are EuroAmerican Finance S.A. (85 percent) and the DEG, a financial branch of Germany’s development cooperation (15 percent).



Map 1 Deforestation and expansion of large-scale industrial agriculture in Paraguay's Gran Chaco, 2006-2016[11]

TO KEEP IN MIND

INTERNATIONAL CAPITAL DRIVES DEFORESTATION IN THE AMAZON

In July and August 2019, the ongoing destruction of the Amazon rainforest developed into raging and unprecedented fires that destroyed vast parts of this crucial ecosystem. The expansion of agribusiness is one of the main drivers of the deforestation in the Amazon and elsewhere. The 2019 fires are a direct consequence of deforestation.[12] There is evidence that several fires were laid in a planned and coordinated way by land grabbers and big land owners at the margins of the highway BR 163, on August 10, 2019.[13] This highway has been built mainly to allow agribusiness firms to transport soybeans and grain to the shipping terminal at Miritituba, located deep in the Amazon in the Brazilian state of Pará, from which it is then shipped to larger ports and around the world. Developing the roadway itself has caused deforestation, but, more importantly, it plays an important role in transforming the Amazon from jungle to monoculture plantations. It is no coincidence that deforestation in the region around BR 163 has increased every year since 2004, even when deforestation in Amazonia as a whole fell. Deforestation began to truly spike again after the soft coup that brought a right-wing government to power in 2016.[14]

The shipping terminal in Miritituba is run by Hidrovias do Brasil, a company that is owned in large part by Blackstone, one of the world's biggest financial firms. Blackstone directly owns almost 10 % of the shares of Hidrovias do Brasil. In addition, a Blackstone company called Pátria Investimentos owns 55.8 % of Hidrovias do Brasil.[15] Also other finance firms make money off agribusiness and other sectors that drive deforestation.[16]

Even though international media coverage has focused on the Amazon fires, other critical ecosystems in Brazil (such as the Cerrado,[17] see chapter 3.1.2) and elsewhere are also facing increased deforestation, including through fires. This drives global warming, and destroys livelihoods and biodiversity.

3.1.2

TRADITIONAL COMMUNITIES IN NORTH-EASTERN BRAZIL FACE EXPANSION OF AGRICULTURAL COMMODITIES PRODUCTION AND LAND SPECULATION

Traditional communities in the Brazilian state of Piauí are being expelled from their lands, forests and rivers to make way for the expansion of soy monocultures. Deforestation, contamination of soils and water by agrochemicals, destruction of livelihoods, community disruption as well as food and nutrition insecurity, make life impossible. Additionally, violence against communities by armed groups connected to the agribusiness companies is on the rise. In many cases, local people are forced to migrate to shantytowns (favelas) of Brazilian cities.

The ongoing land grab and ecological destruction is made possible because of great amounts of money coming from pension funds from the USA, Canada and Europe. Indeed, local and national agribusiness companies have entered into joint ventures with transnational financial actors. While these actors have been financing the production of agricultural commodities by agribusiness for several years, more recently their main target has become the land in itself. Consequently, new land companies have emerged, whose business is land speculation. The biggest US-American pension fund, TIAA, for instance, has launched two agricultural land funds since 2012, called TIAA-CREF Global Agriculture LLC I and II (TCGA I+II), totaling US $ 5 billion. Through these funds, TIAA has acquired and manages almost 200,000 hectares of land in Brazil, half of which are situated in Piauí and its neighboring states. The majority of investors in the TCGA funds are institutional investors, in particular pension funds from the USA, Canada, Korea, Sweden, Germany, the UK, Luxembourg and the Netherlands. Many of the farms owned by TCGA in Brazil were purchased by a company called Radar Imobiliária Agrícola, which was created through a joint venture between TIAA and Brazil's biggest sugar company, Cosan. These developments have further increased the violence faced by rural communities.

Further reading: FIAN International, Rede Social de Justiça e Direitos Humanos and Comissão Pastoral da Terra (CPT). 2018. The Human and Environmental Cost of Land Business. The Case of MATOPIBA, Brazil. Available at: http://bit.ly/MATOPIBALandGrab.

TO KEEP IN MIND

LAND AS A NEW "ASSET CLASS"

SPECULATING WITH LAND

The 2008 global financial and economic crises intensified the role of finance capital in farmland markets around the world. Speculation in land has contributed to ensuring the circulation of financial capital in a context of international economic instability. This trend is further boosted by investment funds searching for new assets to speculate with. Farmland in Brazil and many other countries has therefore become the targets for speculative capital, especially after the collapse of the housing markets in the United States and Europe.

In Brazil, the financial and economic crises have generated a change in the profile of agribusiness. There has been a series of mergers and joint ventures between Brazilian agribusiness companies with foreign agricultural corporations, as well as with financial groups and oil companies. As large corporations and financial actors took greater control over land and agricultural commodities in Brazil, the increasing price of their shares in stock markets facilitated their access to new sources of credit, which allowed them to expand further.

When the price of agricultural commodities, such as sugar, began to fall in 2008, several Brazilian sugarcane companies went bankrupt. However, the reduction in prices of agricultural commodities did not affect the price of agricultural land in Brazil. On the contrary, land prices in Brazil continued to rise and to attract new international "investments." The social and environmental impacts of this process are huge and continue today.

Adapted from: Fábio T. Pitta and Maria Luisa Mendonça. 2019. "Outsourcing Land Deals and the Financialization of Brazil's Farmlands." In: New Challenges and Strategies in the Defense of Land and Territory. LRAN Briefing Paper Series No. 4. P. 11-16. Available at: http://bit.ly/ChallengesStrategies-LandTerritories.

3.1.3

PEASANT COMMUNITIES IN ZAMBIA AND FINANCIAL INVESTORS' "DEVELOPMENT" PROJECTS

Zambian peasant communities are struggling to defend their lands against the financial investor Agrivision Africa. This company is based in the tax haven Mauritius and is owned by the World Bank's International Finance Corporation (IFC), the Norwegian Development Finance Institution (Norfund), and a South Africa-based investment company called Zeder. Agrivision Africaacquired at least seven farms in that country, via its subsidiary Agrivision Zambia, totaling some 19,000 hectares of land. A massive influx of money to make farms more productive through mechanization, irrigation and digitalization, among others, also resulted in further expansion. In Mkushi Province, the proclaimed "heart of Zambian agribusiness", Agrivision expanded the fields to the border areas that have, for many years, been cultivated for food production by the local community, Ngambwa. Now, this community has lost most of their agricultural land and has been threatened several times with eviction by the private security forces of the company.

Further reading: FIAN Germany/Hands off the Land Alliance 2014. Fast track agribusiness expansion, land grabs and the role of European public and private financing in Zambia. Published by the Hands off the Land Alliance. Available at: http://bit.ly/AgribusinessLandGrabZambia.

TO KEEP IN MIND

DEVELOPMENT FINANCING AND THE GLOBAL LAND GRAB

International and particularly North American and European finance capital, public and private, is playing a significant role in the recent agribusiness expansion in many parts of the world. In Zambia, European financial investors support the establishment and/or the expansion of large agribusiness conglomerates either directly (as shareholders of companies like Agrivision), or indirectly (through "financing structures" that pour money into the agribusiness sector). Many pursue a strategy of vertical integration (i.e. the control over the entire value chain from production to consumption), including direct engagement in farming. The direct control over farmland is a critical part of this. The dominant motivation for financial actors is return on investment – for the "investors," not for the farm. Financial actors seek more and more direct control over the farming activities, e.g. via controlling shares. This is sometimes called "actively managed investments in farmland", meaning that finance capital investing in farmland directly decides about and controls farming activities.

The case of Zambia is a good example showing that development financing from Europe plays a significant role in the accelerated agribusiness expansion in Zambia. Ostensibly presenting their activities as supporting food production, development money reinforces the rush for land and the dispossession of rural people. One of the investors in Agrivision Africa is the African Agricultural Trade and Investment Fund (AATIF). The AATIF is based in Luxembourg and describes itself as an "innovative public-private financing structure." It was established by the German Ministry for Economic Cooperation and Development (BMZ and its financial assistance branch, KfW Development Bank) in cooperation with Deutsche Bank AG. By March 2019, the fund disbursed US$ 160 million, which generated interest income of US$ 40 million – in Luxembourg, not in Africa.

Adapted from: FIAN Germany / Hands off the Land Alliance, 2014. Fast track agribusiness expansion, land grabs and the role of European public and private financing in Zambia. Published by the Hands off the Land Alliance. Available at: http://bit.ly/AgribusinessLandGrabZambia.

3.1.4

LAND CONCENTRATION IN GERMANY

The investment company KTG Agrar was one of the largest landowners in Germany. It acquired most of its lands after the reunification of Germany in 1990, benefitting from the German government's policies to privatize and sell land in Eastern Germany that had been owned by the state. In 2016, KTG Agrar went bankrupt, unveiling a web of almost 100 subsidiary companies. Shortly after bankruptcy, local farmers demanded a redistribution of the company's land to young and small-scale farmers and organized a land occupation and mobilizations. They demanded that the authorities apply existing safeguards in the German land law, according to which local authorities may deny, or restrict land transactions. Nevertheless, KTG Agrar managed to quickly sell most of its land to two investors, namely the world's largest insurance company, Munich Re, and a private foundation, called Gustav-Zech-Stiftung, which is based in the tax haven Liechtenstein. They circumvented the existing regulations by buying the subsidiary companies that owned the land, instead of the land itself. This maneuver foreclosed the possibility of local public bodies to regulate these land transactions.

Further reading: Paula Gioia. 2017. Resisting land grabs in Germany. Available at: www.ileia.org/2017/04/18/resisting-land-grabbing-germany.

3.1.5

AGRIBUSINESS MEGA-MERGERS

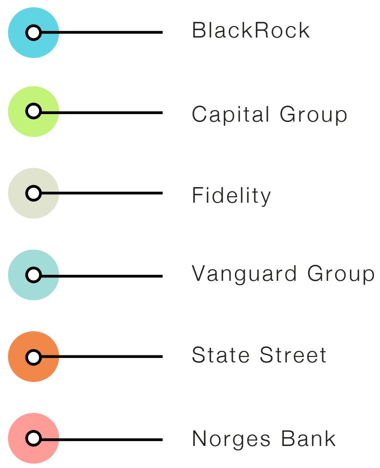
In 2017 and 2018, in a span of only 12 months, six agrochemical/seed corporations completed the three largest mega-mergers in the history of farm inputs. The result has been further concentration on the global market for agricultural inputs (commercial seeds, herbicides and pesticides), almost 70 % of which is now controlled by only four companies: Corteva, ChemChina-Syngenta, Bayer-Monsanto, and BASF.[18] This has further increased the market power of these corporations, and exacerbates pressures on peasants, locking them into a system where they are mere buyers of inputs, losing their autonomy as well as the ability to further develop their agroecological farming systems.

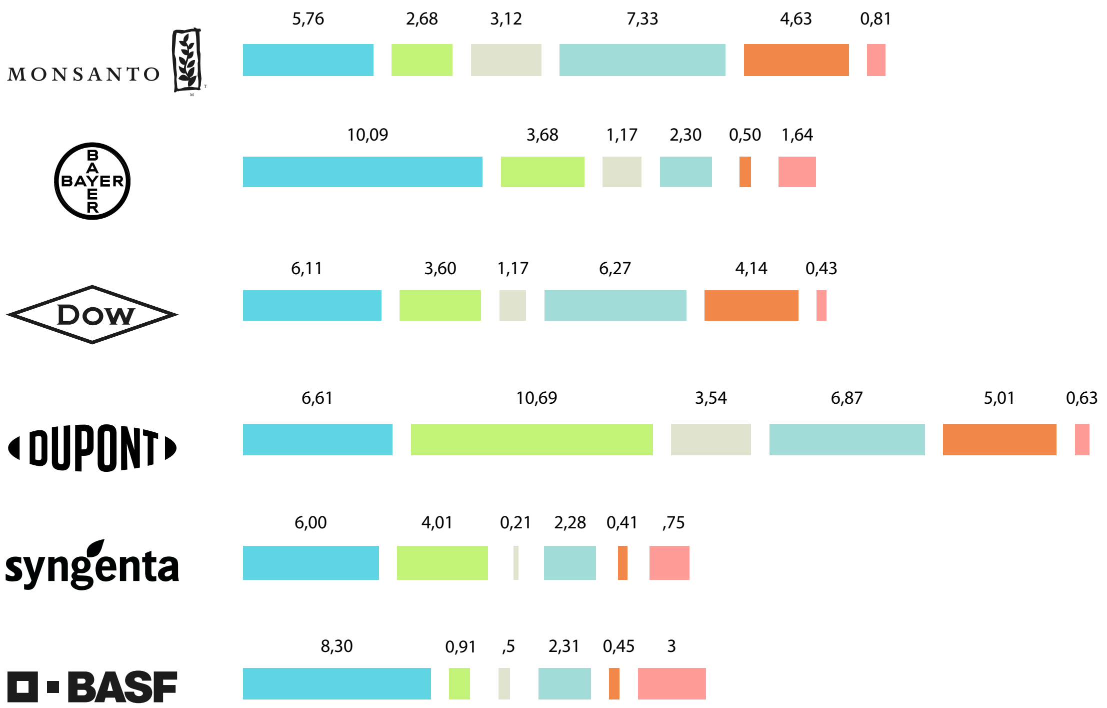
These mega-mergers have taken place in a context in which the main sources of profits are no longer sales of seeds or agrochemicals, but dematerialized genetic information in combination with patents. In the context of seeds, the so-called “dematerialization” of genetic resources implies the sequencing of the genome of living organisms, the massive gathering of peasant knowledge about the characteristics of these organisms, and then the digitizing and storing of this information in huge electronic databases. Only large TNCs have the capacities to deal with these data bases and the digitized representation of genetic sequences contained in them. Patents on so-called “native traits” allow them to criminalize farmers and force them to pay licensing fees whenever seeds used by them contain patented sequences.

Percentage of shares

*In **2017** and **2018**, six agrochemical/seed corporations completed the three largest mega-mergers in the history of farm inputs. Today almost 70% of which is now controlled by only four companies.*

Owned by finance-companies in the top six agrochemical firms by major finance companies before the mega-mergers.[19]





While the latest mega-mergers have often been described as a normal process of integration (i.e. the new companies combine the agrochemical and commercial seed business, which are closely linked), the fact that the concerned companies are largely owned by financial actors (see Box X), has been an important factor. The shares held by finance firms enable them to influence the companies' decisions, and there is reason to believe that they have influenced these companies' restructuring through mergers. The pre-merger big six companies had not performed well after the end of the commodity boom caused by the world financial crisis of 2007-2008, and they were under pressure to generate more profits. Mergers are a common response to boost returns for shareholders, and financial firms have profited from the mergers.

Further reading: Jennifer Clapp. 2017. Bigger is Not Always Better: Drivers and Implications of the Recent Agribusiness Megamergers. Available at: http://bit.ly/BiggerNotAlwaysBetter.

3.2 OCEANS

In the case of fisheries, small-scale fishing communities and fish workers, we see the influx of global capital into our territories through the label of "Blue Economy" or "Blue Growth". These buzz words bring together a number of policies and initiatives that aim at attracting private investments into ocean resources. The rationale is focused on three issues, which are indeed of major importance:

1) The need to address climate change and its impacts;
2) Provide healthy (sea) food to populations; and
3) Produce more renewable energies.

However, the measures that are being promoted under these labels redistribute access to and control over ocean space to wealthy business and financial actors. According to the "Blue Economy" discourse, climate change and its impacts need to be combatted through capital investments directed towards protected marine areas and "sustainable tourism". At the same time, expanding capital-intensive large-scale aquaculture is supposed to provide proteins and healthy seafood to consumers. Finally, capital injections into wind energy parks and deep sea mining are supposed to increase production of renewable energy and provide new sources for mineral extraction. What is left out of the equation are the impacts on local fishing communities, as well as the broader social and ecological consequences of these activities. The combination of the three areas mentioned makes up a potent reframing of ocean politics and oceans, which is vastly different from our understanding of land and sea as a territory where communities – in particular fishing and fish worker communities – live.

At its core, "Blue Economy" or "Blue Growth" are about creating new opportunities for capital accumulation and investment for all kinds of actors, including financial investors.

The following are some examples of how they manifest in practice.

3.2.1

INTENSIVE AQUACULTURE IN TURKEY

Over the last three decades, a major transformation of seafood production has taken place, from capture fisheries to aquaculture. Aquaculture has become one of the fastest growing food production industries so that, in 2016, almost half of fish supply for human consumption was provided by aquaculture. Although this shift has often been promoted and justified with an ecological and sustainability narrative as a means to address overfishing (which has been exacerbated since the expansion of industrial fishing since the 1950s), one of the main causes of the rise of aquaculture has been the search for new investment opportunities and capitalist expansion on the seas.

In Turkey, the growth of aquaculture started in the 1990s and the volume of intensive aquaculture has more than quadrupled between 2000 and 2016 (33 % of the total seafood production volume). At the same time, capture fisheries have experienced a downward trend. Today, Turkey is the biggest producer of farmed sea bass and sea bream among all European Mediterranean countries, and exports 75 % of this production to the EU. The increase of production has come with a spatial expansion of aquaculture (farms are established further away from the coastline and in greater depth, more and bigger farms use bigger cages) as well as an intensification of production. Over the last years, a process of integration has taken place, resulting in the control over the entire value chain by a few key players. This process has been facilitated by subsidies, changes in legislation and institutional frameworks.

The rise of aquaculture has increased the pressures on small-scale fishing communities and threatens small-scale fisher livelihoods in several ways. Aquaculture leads to the enclosure of marine spaces, which are allocated to private property. Fish farming also has negative effects on marine ecosystems, changing the physical and chemical characteristics of seawater, and causing pollution. It has further led to an increase of capture fishing for smaller fish species needed to produce fish feed. The jobs created are few and of bad quality and labor rights issues have been reported on several farms. In an attempt to raise more fish to market size more quickly, aquaculture companies are now increasing the capital-intensive use of automated production processes (for feeding, gathering and packaging) and of biotechnology.

Further reading: Irmak Ertör and Miquel Ortega-Cerdà. 2018. The expansion of intensive marine aquaculture in Turkey: The next-to-last commodity frontier? In: Journal of Agrarian Change 2018:1-24. Available at: https://onlinelibrary.wiley.com/doi/abs/10.1111/joac.12283.

3.2.2

CONSERVATION OF MARINE RESOURCES AS A NEW INVESTMENT OPPORTUNITY

The blue growth agenda has been seamlessly woven into the Sustainable Development Goals (SDGs), with a specific focus on SDG 14: "Conserve and sustainably use the ocean, seas and marine resources for sustainable development." This goal, coupled with one of the Aichi Biodiversity Targets (i.e. the targets set by States to implement the Convention on Biological Diversity), which calls for the protection of more than 10% of territorial waters by 2020, has encouraged governments to further develop the vision of marrying investment opportunities for companies and investors with ocean conservation. Marine Protected Areas (MPAs), especially large ones that exceed 100,000 square kilometers, have emerged as one key solution to this challenge and have been gaining traction since 2006. Large environmental NGOs and philanthropic organizations have also gotten on board: National Geographic's Pristine Seas project, Pew Charitable Trusts' Pew Bertarelli Ocean Legacy Project, and Conservation International's Seascapes Program have been central to establishing 22 large MPAs (LMPAs) globally, in collaboration with national governments. At the same time, private banks like Credit Suisse have joined forces with WWF to make conservation an attractive investment opportunity. They see money making opportunities coming from investments in infrastructure and sustainable management of ecosystem services. What they propose to investors is, among others, to invest in lodges and trails to foster ecotourism, in solar arrays for power generation, or in the monetization of ecosystem services (for e.g., watershed protection) and goods derived from sustainable forestry, agriculture or aquaculture operations.

Further reading: Transnational Institute (TNI). 2018. The Blue Fix: Unmasking the politics behind the promise of blue growth. Issue Brief. Available at: http://bit.ly/BlueGrowth-Blue Fix.

3.2.3

SEABED MINING IN KIRIBATI

The interest in seabed mining, especially targeting rare earth elements, has gathered steam in recent years. Kiribati is one country that has included deep sea mining in its Blue Economy vision. The country's former President, Anote Tong is internationally renowned for putting the consequences of sea level rise for Pacific Island States on the international agenda. In 2014, Tong said to the UN General Assembly: "the ocean plays a pivotal role in the sustainable development of my country. Our vision for achieving sustainable development hinges on the blue economy, on the conservation and sustainable management of our marine and ocean resources." His vision of the blue economy has also involved concessions for deep sea mining. However, the environmental impacts of seabed mining are still poorly understood, but the risks are high. In addition, the project was pushed through without public consultation. Consequently, some observers speak of "seabed grabbing". Small-scale fishing does not feature as part of Kiribati's blue economy agenda. The impacts of mining activities will most probably affect particularly small-scale fishing communities.

Further reading: Transnational Institute (TNI). 2018. The Blue Fix: Unmasking the politics behind the promise of blue growth. Issue Brief. Available at: http://bit.ly/BlueGrowth-Blue Fix.

THE DRIVERS OF SEABED MINING

TO KEEP IN MIND

According to the OECD, the increased interest in seabed mining has been driven economically by "rising demand and price increases" stemming in particular from 'green energy technologies' (e.g. wind turbines and photovoltaic batteries that rely on these minerals). It is also driven by political motivations, i.e. the interest of the EU and others to de-link from current source countries of these minerals such as China and the Democratic Republic of the Congo (DRC). Seabed mining is presented as the solution to both of these issues. As expressed by the Chief Executive of the mining company Nautilus Mining, "[t]he seafloor contains some of the largest known accumulations of metals essential for the green economy, in concentrations generally much higher than on land, so it is inevitable that we will eventually recover essential resources from the seafloor." In early 2018, the Secretary-General of the International Seabed Authority (ISA) stated that "we are now at the stage where we can see that deep sea minerals can provide a stable and secure supply of critical minerals [...] having the potential to provide a low cost, environmentally sound, supply of the minerals needed to drive the smart economy, they could also contribute to the Blue Economy of several developing States."

Adapted from: Transnational Institute (TNI). 2018. The Blue Fix: Unmasking the politics behind the promise of blue growth. Issue Brief.

3.2.4

A WALL STREET FIRM BUYS FISHING QUOTA IN THE USA

In December 2018, the New York-based private equity firm, Bregal Partners, announced that it would purchase a ground-fish supply company that manages five of the largest fishing vessels operating in the state of Maine, in the USA. But Bregal Partners did not only buy a business or boats, they also bought fishing quota, which give the company the private property "rights" to catch big amounts of fish. Fishing quota, or catch shares, have been introduced to address overfishing. However, as a market-based mechanism that allows quotas to be sold and traded as private property, catch share policies have led to a concentration in fisheries. This means that ever fewer actors – mostly companies – own more and more fishing quotas.

At the same time, it is controversial whether these policies have actually stopped overfishing. For the past two decades, small-scale fishers have organized to fight these catch share policies and advocated for safeguards to protect community-based fisheries. They warned that catch shares would transfer access from independent fishers to outside investors, resulting in great negative social, economic and environmental consequences. Indeed, today small-scale fishers are often forced to buy or lease fishing rights from the (finance) companies owning them. Small-scale fishers' organiza-

Further reading: Center for Investigative Reporting. 2013. Who Owns The Fish? (video). Available at: http://bit.ly/WhoOwnsTheFish.

tions are proposing alternatives that reclaim the Ocean Commons as one of the last publicly held sources of food. Policy makers, however, have largely ignored fishing community voices, which resulted in further concentration. As a result, today, large corporations and finance companies increasingly own the rights to fish.

3.3 LARGE INFRASTRUCTURE PROJECTS AND TRANSNATIONAL ECONOMIC CORRIDORS

Another form of how global financial capital is entering our territories is through large infrastructure projects in transportation (road, railways, air and waterways), energy, dams, irrigation systems, urban expansion, telecommunications, tourism, extractive industry and agriculture. All these sectors/industries require large infrastructure projects oriented to serve international trade. These projects attract heavy public and private capital investments and are reconfiguring entire regions, in some cases across borders. This capital-oriented re-structuring of our territories is disrupting our socio-ecological relationships and leading to massive displacements and dispossession, and systemic violations of our rights.

3.3.1

HYDROPOWER DAMS IN LAOS

Investment in hydropower dams in Laos has increased in recent years, due to the country's ambition to become the electricity broker of Southeast Asia. This has led to a proliferation of hydropower projects around the country with plans for approximately 100 dams to be operational by 2020. Dams have always been considered risky projects for investors and lenders, as they are capital intensive, have long development periods and carry high risks. While the risks inherent in dam building were once a key obstacle to attracting capital, this is no longer the case in Laos. Dams are now more popular among investors and lenders and viewed as 'high risk, high reward' projects that have a high probability of making money and an acceptable risk profile. Through the liberalization of the energy markets, financial instruments have been developed and barriers that once prevented capital movement have been removed.

The commercial viability of dam projects has made them an important asset class for financial institutions. The financial instruments used are often characterized by their complexity and have included blended finance – which includes a combination of public and private finance – combining grants with repayable financing, low-interest loans, group financing vehicles, derivatives, insurance, as well as many types of investment funds. Guarantees and risk mitigation mechanisms, such as political risk guarantees, are also being provided to the private sector from either the Lao government or multilateral development banks, in order to attract investors, while shielding the private sector from risks. Financing and contractual arrangements, like Public-Private Partnerships (PPPs), have also stimulated private sector involvement in hydropower, as longer-term risks which occur after the dam's concession period are offloaded onto the public sector after the period ends. Together, reforms to the hydropower sector and financial instruments have stimulated private sector involvement in hydropower, while ensuring commercial returns and sharing risks among sectors. As a result, investment yields have maximized for hydropower investments. The average annual rate of return on hydropower investments is estimated 7 to 20 percent for investors, while for lenders it is around 2 to 3 percent over the cost of capital over a much shorter period of time. In Laos, the USD 3.8 billion Xayaburi Dam, which is currently under construction, demonstrates the profitability in terms of its return on capital. The Thai construction company CH. Karnchang has invested 30 percent of the dam's equity and expects to generate revenues of more than 4.5 billion baht (roughly USD 140 million) per year on average.

What is considered much less are hydropower dams' significant socio-economic and environmental consequences. They fundamentally change the relationship between people, water and land. Dams hold back sediments that are vital to downstream agriculture, irreversibly change a river's hydrology and ecosystem, block fish migrations, and threaten biodiversity. Communities are displaced from their lands and lose access to the natural resources that are critical to their livelihoods and food security. In Laos, the legal and institutional framework is not equipped to adequately address these risks and protect affected people.

Further reading: Focus on the Global South. 2019. Offloading Risks & Avoiding Liabilities. How Financial Institutions Consider Hydropower Risks in Laos. Available at: http://bit.ly/HydropowerLaos.

3.3.2

MALI, BURKINA FASO AND CÔTE D'IVOIRE LAUNCH THE FIRST WEST AFRICAN TRANS-NATIONAL SPECIAL ECONOMIC ZONE

In May 2018, the Prime Ministers of Mali, Burkina Faso and Côte d'Ivoire formalized the project to create a Special Economic Zone (SEZ) in the triangle of the cities of Sikasso (Mali), Bobo-Dioulasso (Burkina Faso) and Korhogo (Côte d'Ivoire). The project is being presented by the three governments as an accelerator of economic integration, anticipating the implementation of common socio-economic development projects (infrastructure, industrial areas, etc.).

The initiative illustrates the priority given by West African governments to create investment opportunities and attract foreign and domestic capital. This is done through a set of tax and legal advantages for companies operating and investing in the area. Given the lack of protection of communities' tenure rights – especially collective, customary tenure systems – it is likely that the initiative will lead to dispossession of local people.

3.3.3

ECONOMIC CORRIDORS IN THE MEKONG REGION

Since 1998, the development of economic corridors has been central to the Greater Mekong Subregion Economic Cooperation Program's (GMS) strategic framework. Economic corridors are zones or pockets of high infrastructure development intended to attract private investment in multiple sectors, for which host governments put in place policies and regulations that would enable energy production and distribution, agricultural processing, manufacturing, tourism, private service provision, the creation of special economic zones (SEZs) and industrial parks, etc. At present, there are three "flagship" corridors: The East–West Economic Corridor (EWEC) from Danang in Vietnam to Mawlamyine in Myanmar; North–South Economic Corridor (NSEC) from Kunming in

China to Bangkok in Thailand; and the Southern Economic Corridor (SEC) between Southern Vietnam and Bangkok. Investments in physical infrastructure, trade and transport facilitation, border and corridor towns development, investment promotion and enterprise development, have been largely focused on these three zones. These economic corridors are likely to be extended or re-aligned to ensure the adequate inclusion of Myanmar, Laos and the main cross-border trade routes between China-Myanmar, Myanmar-Thailand and China-Laos. Cross regional roadways ("transport corridors") are likely to be transformed into full-fledged economic corridors through the development of SEZs, cross border economic zones and industrial production areas, and are projected to absorb migrant labor from Laos, Cambodia and Myanmar, and connect local enterprises to regional-global value chains.

Regardless of the sector, or discourses about poverty reduction and building resilience to climate change, the central elements of the GMS vision are commodification, privatization and markets controlled by large corporations. Economic corridors are accompanied by Biodiversity Conservation Corridors, as in Laos, Cambodia and Vietnam, which cover two million hectares of forest and non-forest lands and serve as the "green" component of a supposedly sustainable development approach. The agricultural strategy includes promoting agribusiness investment, building global competitiveness in food safety, modernizing agricultural trade, e-commerce, weather-based insurance systems, biomass technologies and eco-labelling for market access, among others. The emphasis is on integrating the region's subsistence farmers into regional/global value-chains led by agribusiness corporations and re-directing agricultural production from self-sufficiency towards feeding regional and global markets. The GMS Tourism Sector Strategy (TSS) aims to develop and promote the Mekong region as a single tourism destination. Promotion of tourism is linked to support for economic corridors and infrastructure projects such as airport upgrades, road upgrades in tourist attraction areas, riverbank development, water supply, electricity, markets, landscape beautification, etc.

Further reading: Focus on the Global South. 2016. An Overview of Large-Scale Investments in the Mekong Region. Available at: http://bit.ly/LargeScaleInvestmentsMekong.

3.3.4

CHINA'S BELT AND ROAD INITIATIVE (BRI) DESTROYS THE LIVELIHOODS OF FISHING COMMUNITIES IN SRI LANKA

The Belt and Road Initiative (BRI , also referred to as One Belt, One Road) is the world's biggest infrastructure project and BRI illustrates China's ambition to improve its trade through the building of roads, railways, pipelines, transmission networks, ports, energy projects, special economic zones and infrastructure corridors. First proposed by Chinese president Xi Jinping in 2013, the estimated investment is projected at more than $ 1 trillion over the course of the initiative. There is no official list of projects, but it is estimated that more than $ 400 billion had been disbursed for BRI projects by 2018.[20] The funds for the BRI come from different sources, such as Chinese policy banks (e.g. the China Development Bank, China Exim Bank), large commercial banks (such as Industrial and Commercial Bank of China (ICBC), China Construction Bank, Bank of China, Agriculture Bank of China), state-owned Chinese enterprises, a $ 40 billion private equity fund called Silk Road Fund, the Asian Infrastructure and Investment Bank (AIIB), and a Hong Kong and Dubai-based private equity fund called China Ocean Strategic Industry Investment Fund. The Chinese government has announced that it will explore investment and co-finance models that include private sector funds, multilateral institutions and commercial banks, in order to mobilize the necessary resources.

The Colombo International Financial City (CIFC) – formerly known as the Port City Project – is a flagship city development project between China and Sri Lanka under the BRI, which was officially launched in 2014. As the largest single foreign investment in Sri Lankan history, the CIFC is expected to become not only a major maritime hub in South Asia but also a financial center with shopping and office complexes, hotels etc. The project is developed by the Chinese Harbour Engineering Company (CHEC) Port City Colombo (PVT) LTD., a subsidiary of the Chinese state-owned China Communication Construction Company (CCCC) that was specifically set up for this purpose.

The CIFC will directly affect approximately 30,000 persons, especially small-scale fishing communities. These communities are

Further reading: Safi,Michael. 2018. Sri Lanka's "new Dubai": will Chinese-built city suck the life out of Colombo? The Guardian, August 2, 2018. Available at: https://www.theguardian.com/cities/2018/aug/02/sri-lanka-new-dubai-chinese-city-colombo.

particularly affected by sand mining, which destroys the marine ecosystem and livelihoods. The depletion and decreased availability of fish has led to malnutrition and small-scale fishers have been forced to take up other occupations. A hunger strike in 2016 led to some agreements between the fisher communities and CHEC to minimize the impacts on coastal communities. However, these were not respected. The project also impinges on the sovereignty of the Sri Lankan state due to the massive money invested by China as part of its geopolitical strategy.

3.4 HOUSING AND CITIES

Speculation, housing disasters and related social struggles have always been part of capitalistic urbanization. Financial capital is one of the drivers, results and battlefields of this process. Today, a rapidly increasing majority of the world population lives in urbanized areas. Life in cities, including the manifold relations to rural areas, has increasingly been subjected to the interests of financial capital. The flows of capital between the world's major cities has never been so free and strong, the amount of capital invested in cities has never been so high, and the extraction of wealth from urban areas and populations has never been so intense and extended as today.

Housing is one of the most important targets of financialization. The global residential real estate market is estimated at around $ 162 trillion,[21] thus attracting all kinds of financial actors looking for profits. It is no coincidence that speculation in the housing and real estate markets (among others with so-called subprime mortgages) was one of the main causes that triggered the world financial crisis of 2007/2008.

Housing, similar to food, is a basic human need, and a fundamental right. If it is scarce, people are willing to give whatever they can to get a place to live. Landlords and capitalists can exploit this basic demand and extract rents or interests that are well above the costs for the construction and maintenance. This income and the security of the rented or mortgaged property build the basis for larger financial operations.

Over-accumulation, deregulation policies and the free flow of capital created the conditions that have enabled financial capital to transform the value of locally fixed houses and homes into globally traded financial assets. Financialized real estate companies and platforms, which often own tens of thousands of housing units issue shares and bonds, frequently sell parts of their portfolios, and securitize mortgages through new financial instruments. Cities and the homes of millions of people have become a playground of these corporate landlords' speculative operations, which have become detached from the real local housing conditions.

The financialized housing business drives rents and real estate prices to levels that are unaffordable for a growing part of the population. Real estate bubbles, which have been created in many cities around the world, have become a major threat for economic stability.

3.4.1

VULTURE FUNDS IN CATALONIA

Over the last few years, the Spanish state has witnessed a major transformation of its real estate markets. The financial crisis of 2007/2008 has been closely linked to a mortgage crisis, resulting in hundreds of thousands of foreclosures and people losing their homes, as well as a real estate bubble in which banks – in collusion with governments – swallowed up a big part of the houses and apartments that people could no longer afford. The new scenario is the rising cost of and speculation with rental housing. The transition from one "product," i.e. mortgages, to another, i.e. rental housing, has a political explanation.

Commodified housing as a result of the deregulation of the Spanish real estate market became highly lucrative to banks who created different instruments that allowed them to speculate. When the real estate bubble burst, resulting in the crisis of 2008, these banks were rescued with € 60 billion euros of public money. At the same time, the ground was already being prepared for the new business: speculation in rented housing. To this end, the rental law was reformed, reducing the duration of contracts from five years to three, and speeding up eviction procedures in case of non-payment of rents. In addition, a law was introduced that exempts real estate investment trusts (REITs)[22] from paying taxes even if they obtain large profits. The same law also created the "Golden Visa," which gives all foreign entities, which make a real estate investment of more than € 0.5 million, all benefits of Spanish businesses – without taking into account the type of "investments" that has been done. Until today, 24,095 visas of this type have been obtained.

In less than three years, all these regulatory changes have led to shorter contracts and the increase of income from rents, leading to the financialization of the rental market in many urban centers. Prices for housing in the Spanish state have increased by 30% in recent years, while real wages have stagnated and even decreased. This time, the main actors and beneficiaries of the housing business have not been banks – although they do participate through the creation of real estate subsidiaries and their own REITs – but international investment firms. Popularly referred to as "vulture funds," these companies usually acquire garbage mortgages and toxic assets to turn them into luxury or tourist homes within a few years. They have expanded a business model, in which they identify residential buildings belonging to one owner, buy them, expel their inhabitants, renovate them, and then resell them or convert them into luxury rental homes.

In this way, the US-based investment firm Blackstone has become the biggest landlord in the Spanish state. Its profits are made on the backs of thousands of families and people whose right to housing has been violated, as recognized by the UN Special Rapporteur on the Right to Adequate Housing.[23]

Further reading: Observatori DESC. 2019. Naciones Unidas acusa a Blackstone de contribuir a la crisis mundial de la vivienda. Available at: https://observatoridesc.org/ca/naciones-unidas-acusa-blackstone-contribuir-crisis-mundial-vivienda

3.4.2

THE FINANCIALIZATION OF MASS HOUSING IN GERMANY

Since the early 20th century, many industrialized countries like Germany put in place regulations to hedge the risks and construct new needed housing for the work force. With the rise of neoliberalism, many of these regulations have been abolished, paving the way for a large scale financialization of housing since the 80ies. In Germany, a main step was the abolishment of the regulation on non-for-profit housing in 1990. After some further neoliberal political reforms, mass sales of rental housing to Real Estate Private Equity (REPE) funds reached its maximum between 2004 and 2007. Until 2008 more than one million former "social" rental housing units had been sold to private equity funds. The funds refinanced their buy-outs through the securitization using mortgage-backed securities, which directly indebted the aged housing stocks.

The global financial crisis that started in 2007 interrupted the process of transactions. It also forced fund managers to reduce the costs for maintenance. Some of the largest housing platforms under REPE control started an "industrialization" of the housing business, based on information technology (IT), standardized service works and the centralization of facilities (see box 18). When the German economy (partially) recovered from the crisis in 2011, the funds stopped their temporary investments and realized returns mostly by public offerings at German stock exchanges.

Since then, the "cheap money" available to companies and funds as a result of post-crisis monetary policies (see chapter 4.3.1) has allowed financialized landlords like Vonovia and Deutsche Wohnen to invest in renovation and the densification of the housing stocks, which increases market values and rents. Large-scale "insourcing" of external services and labor increases the control over the entire value chain and, thus, scales up the conditions and benefits of industrialized housing management. The "financialized housing industry" seeks to fundamentally increase the profitability of the invested capital, but also the efficiency of the management of their huge housing stocks – some real estate companies own … units, i.e. apartments and houses. The values of these companies' shares traded at the stock exchange have raised enormously, as have the rents. As a result, many German cities today face a crisis as rents are no longer affordable to an increasing part of the population.

3.4.3

'SMART CITIES' IN INDIA

In many countries around the world, governments and other actors are promoting the creation of so-called 'smart cities'. This concept refers to urban development policies that are supposed to make cities more sustainable, and improve infrastructure and services. Digital technologies are central to making cities 'smart'. States, international financial institutions (IFIs) and corporations are pushing for such urban transformation, which requires huge investments that are to be mobilized by state and private actors. Public-private partnerships (PPPs) are put forward as the best model for implementing such large-scale development projects. Along with the high costs come new opportunities for profits for companies and all kind of "investors". Cities such as Barcelona, Amsterdam, New York, San Francisco, London, and Singapore have been developed into 'smart' cities in recent years.

In India, Prime Minister Narendra Modi launched the Smart Cities Mission in 2015. The first phase of this urban development project foresees to redevelop 100 Indian cities in order to make them 'smart' by 2020. According to the Urban Development Ministry, the cost is approximately $ 105 billion. Approximately $ 13 billion will come from the central and state governments, the rest needs to be mobilized from IFIs, bilateral development cooperation agencies, and private companies and finance firms. The World Bank, the International Finance Corporation (IFC), the Asian Development Bank (SDB), the Asian Infrastructure and Investment Bank (AIIB) have all shown interest in financing the Indian Smart Cities Mission. The same applies to bilateral agencies from France, Germany, the USA, the UK, Japan, and Singapore. In addition, several TNCs are involved in the promotion of smart cities around the world and in India. These include companies such as IBM, Microsoft, Oracle, CISCO, General Electric, Siemens, Huawei, Erikson, Hitachi, Toshiba, among others. These companies are part of industry forums like the Smart City Council or the Smart City

Expo World Congress, which promote the ‘smart cities’ concept as a way of opening up new business opportunities.

Despite the PR campaigns built around the narrative of improving the lives of citizens, these do not necessarily benefit from the huge amounts of money that are poured into ‘smart cities’. Residents seldom have a say in their development and generally find themselves at the receiving end of top-down directives that threaten participatory democracy and a range of human rights, including rights to land, adequate housing, participation, as well as the ‘right to the city.’ The main purpose is to increase corporate sector involvement in city governance, and financialize land and essential services. It increases gentrification and market-based evictions as rents and housing costs rise, leading to expulsion of lower-income residents who consequently cannot afford to live in the ‘smart’ areas. The massive use of digital technologies leads to growing surveillance and loss of privacy. Increased monitoring of city residents through CCTV cameras, smart phones, sensor lights, online surveillance, and state-established command and control centers, not only violates people’s rights to privacy, information, and consent, but entails the risk to increase discrimination through profiling and targeting of communities based on race, ethnicity, religion, and caste.

Further reading: Housing and Land Rights Network. 2018. India’s Smart Cities Mission: Smart for Whom? Cities for Whom? Available at: https://www.hlrn.org.in/documents/Smart_Cities_Report_2018.pdf

Centre for Financial Accountability. 2019. Smart Cities Mission in India. Footprints of International Financial Institutions. Available at: www.cenfa.org/wp-content/uploads/2019/07/Smart-Cities-booklet-Final.pdf

Furthermore, the ‘smart cities’ model builds on the flawed global policy assumption that “urbanization is inevitable.” As such, it fails to address the structural causes of rising urbanization, including distress migration, global and national agrarian and food crises, and the lack of public investment in rural development.

3.4.4

URBANIZATION, SPECULATION, AND LAND GRABS IN MALI

Over the past ten years, Mali has been the target of global land grabbing. Several cases of large-scale agricultural projects in rural areas have been documented by farmers’ organizations and CSOs, and community resistance has put an end to some of them. But land grabbing also affects urban and peri-urban areas, particularly in the country’s capital, Bamako. Like many other African cities, Bamako has grown exponentially and its population has increased fivefold in just 30 years to reach more than 2.5 million people in 2020.[24] That, and expectations for further growth, have attracted all kinds of urban developers and speculators.

Encouraged and financed by international financial institutions, such as the World Bank,[25] the Malian government has put in place policies to attract private investment (domestic and foreign). Among other measures, it has created a national Investment Promotion Agency (Agence pour la promotion des investissements, API), as a "one-stop shop" for private investors. In addition, Mali has experienced a proliferation of real estate agencies (SEMA, ACI, SIFMA, etc.), which have generally been created by elites and wealthy traders seeking profits from urbanization projects. This has led to the commodification of land and dispossession of communities. According to Malian CSOs, around 30,000 hectares of land in the peri-urban areas of Bamako have been grabbed. The lands targeted by business people and speculators are governed and managed by communities' rules of collective, customary land management. Even though customary land rights are recognized, in principle, by the Malian land law (Code Domanial et Foncier), communities are not effectively protected against the current wave of speculation and "investment" projects.

3.5 WATER

In the context of water, dispossession and violations of communities' rights occur in different forms, starting with the extraction and/or deviation of water for industrial, mining or agricultural activities; pollution caused by these or other activities; infrastructure projects, including hydropower, leading to the deviation of rivers; the privatization of water infrastructure and services; etc. Water is a public good and a universal human right. However, for the past twenty years, water TNCs and the World Bank have made systematic and coordinated efforts to treat water primarily as an economic good, both in the water supply and sanitation sector as well as in water management in the agricultural sector. This push for privatization has been made in the name of improving the economic efficiency of water use, and arguing that the private sector would make necessary investments in water infrastructure. In reality, however, the consequences for communities and people have been higher prices, poor services, and the denial of access to water for basic agricultural production and other local needs, among others. In addition, private sector-led initiatives like the 2030 Water Resources Group (which has been created by the World Economic Forum and whose members include Nestlé and a host of other food and beverages TNCs) have been emphasizing the comparative advantage of diverting water for economically more productive activities – i.e. away from subsistence activities, including small-scale farming. The 2030 WRG actively promotes policy changes that are advantageous for new urban centers, industry and for ensuring uninterrupted supply chain operations.

Public-private partnerships (PPPs) in the context of water services peaked in the mid-2000s, after which less PPPs were concluded, contracts with private water companies became shorter, and some (local) governments put in place regulations to address the problems that had arisen with privatization.[26] In some cases, and as a result of public protests and legal complaints, municipalities terminated contracts with private companies and remunicipalized water services (see chapter 5.1). At the same time, the water crisis – both pollution and scarcity – was worsening, and its impacts were further exacerbated by the climate crisis. Not only were the large water companies seen as having a huge role in these calamities, they were also impacted themselves by shrinking profit margins. As a response to this crisis, water has been increasingly financialized. Various proposals and initiatives have been launched to attract private capital, e.g. by the G20, the World Bank, the OECD, several multilateral development banks, and some national governments. Today, financial investors increasingly control water companies: for instance, 4.99 % of the shares of Veolia, the world's largest supplier of water services, are owned by BlackRock.[27] The financialization of water companies is changing the way they operate, as they increasingly focus on paying out dividends, rather than investing in infrastructure maintenance, and operate through increasingly complex company structures to reduce tax payments (see chapter 4). In addition, new financial instruments, such as "water futures" are being developed to make water a marketable asset in global financial markets (see Water Futures).

3.5.1

WATER AND COAL MINING IN COLOMBIA

El Cerrejón is one of the world's biggest open pit coalmines. Situated in the region La Guajira in the northeast of Colombia, the mine has an extension of 69,000 hectares and produces more than 30 million tons of coal per year. Various forms of human rights violations and abuses related to the mine have been documented, including the displacement of local communities, especially indigenous and afro-Colombian communities. One major problem faced by affected people is water extraction and pollution. According to its environmental license, the Cerrejón Mine is allowed to withdraw 25 liters of water per second from the Ranchería River, and to use 17.000 cubic meters of water every day, despite the water deficit of the region. In addition, the contamination of water as a consequence of the mine has resulted in decreasing fishing and agricultural activities, and difficulties to keep livestock, resulting in loss of livelihoods, distress migration and malnutrition. The extractive activity has also generated numerous rainfall runoff to the mine pits. In addition to the contamination of surface waters, there is also the pollution of groundwater as well as alterations in hydrological cycles.

The situation in La Guajira illustrates the serious effects of mining on water, which has been systematically considered solely as a resource for extractive activities, not respecting any its environmental and social importance, and invisibilizing its relationship with communities' and peoples' ancestral values and cosmovisions. The Cerrejón mine is owned by the transnational coal companies Glencore, BHP and AngloAmerican. These, in turn, have some of the biggest finance firms among their shareholders. BlackRock, the world's biggest finance firm (see Box X), for instance, holds around 5% of the shares in all three companies.[28]

Further reading: Amigos de la Tierra América Latina y el Caribe. 2016. Estado del agua en América Latina y el Caribe. Available at: https://www.atalc.org/wp-content/uploads/2017/03/Informe-del-agua-LQ.pdf

3.5.2

FROM PRIVATIZATION TO FINANCIALIZATION OF THE WATER SYSTEM IN ENGLAND

As in other countries, the privatization of England's water supply and sanitation system started in the 1980s. In the 1990s foreign companies, in particular European and US infrastructure companies, bought a significant amount of shares of English water companies, resulting in a concentration of the water companies' ownership. After prospects for the new owners began to deteriorate because of some regulatory measures introduced by the left-wing government, they sold their shares, mainly to financial investors. As a result, since the 2000s, most of England's nine water companies have been controlled mainly by financial firms. Only three of the companies that had been originally privatized via the stock exchange, are still listed on the London Stock Exchange. The others are owned by special purpose entities that have been created by financial investors. Three of them are registered in an offshore financial center (see chapter 4.2).

The financialization of English water companies have fundamentally changed their business models and ways of operating. Instead of investing a part of the profits gained into the long-term maintenance of infrastructure – a principle called "retain and invest" and considered as particularly important for infrastructure management –, profits are almost entirely distributed as dividends to shareholders. As a result, more than 96% of the £ 18.9 billion (approx. $ 24 billion) profits generated by the nine companies were distributed to shareholders between 2007 and 2016. Since profits are paid out as dividends, further borrowing from private finance is the only option for financing infrastructure investments. As a consequence, finance costs (i.e. repayment of loans and interest rates) are increasing. Complex company structures have been set up in order to be able to increase borrowing and to gain tax benefits. All English water suppliers pay very little corporate income tax, despite their high profits.

The profits of financial investors are paid for by the people who pay high prices in return of poor service and despite of deteriorating infrastructure. According to estimates by the English Water Services Regulation Authority (OFWAT), the financialized water companies' high capital costs – particularly the dividend payments to shareholders and the interest payments for borrowed capital – make up around 27% of the price paid by end consumers.

Further reading: Getzner, M. et al. 2018. Comparison of European Water Supply and Sanitation Systems. Available at: http://bit.ly/WaterSupplySystems

TO KEEP IN MIND

WATER FUTURES

Waste water treatment is an important part of water services. Treating polluted water before disposal or reusing it is expensive and many states and/or local governments have difficulties to maintain water infrastructure. In addition to privatizing such services and outsourcing them to private companies, new proposals suggest to create market-based mechanisms. Water future markets are supposed to offer a platform where those generating waste water would be linked to those who treat is as well as intermediaries that sell treated water to those who need it, such as industries, agribusiness corporations or governments. Waste water and treated water (from waste water) are thus commoditized, in order to develop new financial products that can be traded on financial markets.[29]

3.6 PUTTING A PRICE TAG ON NATURE: THE GREEN ECONOMY

Another way through which people's and communities' territories are integrated into global capital markets is by redefining nature as a collection of standardized, comparable and quantifiable ecosystem services (provisioning food and water, providing biodiversity, regulating climate, supporting nutrient cycles and oxygen production, recreational benefits, etc.). The idea behind this is to put an economic/monetary value to nature, based on the assumption that the main reason why forests, grasslands and other natural areas are destroyed is that their economic value is invisible. Promoters of this approach pretend that assigning economic/monetary value to nature would prevent environmental destruction, because it makes visible the economic cost of deforestation, pollution etc. This transformation of natural goods and ecosystem functions into investment capital is at the core of the so-called "Green Economy", which promises that economic growth, production and consumption can be pursued within the ecological limits of the planet. The Green Economy is closely linked to the industry-driven "bioeconomy," which aims at replacing fossil raw materials with biological resources such as agrofuels and biomass produced through tree plantations.

This approach has led to the creation of new markets and new assets, i.e. new "investment opportunities" for companies and brokers, supported by the creation of enabling regulation by governments. Two main markets have been created in this way: 1) offsets markets, and 2) ecosystem markets. "Offsets markets" allow companies to destroy or pollute nature in a certain place as long as they pay to compensate for this damage somewhere else by protecting, or restoring an ecosystem service of corresponding value. Carbon markets and offsetting are the most well-known example, but more recently markets for biodiversity offsets have emerged. Payment for Environmental Services (PES, also known as payments for ecosystem services) programs/schemes support nature conservation goals. A typical example are payments to landowners to maintain forests or grasslands in important watersheds. The most prominent scheme is REDD+ (Reducing Emissions through Deforestation and Degradation).

Through the Green Economy, contemporary capitalism has thus seized the opportunity to make profit out of responses to climate change, biodiversity loss and ecosystem degradation. Unsurprisingly, trading of "offsets," "credits," or ecosystem services has quickly become a target for speculation by finance corporations.

3.6.1

CARBON OFFSETS FROM MADAGASCAR

Air France finances the Holistic Conservation Program for Forests in Madagascar" (HCPF), a project aimed at fighting deforestation in Madagascar. The company claims that this is a contribution to combat climate change. In theory, this project should contribute toward preserving biodiversity, stockpiling carbon and ensuring "sustainable human development". However, villagers living nearby the project areas are discovering that the project is restricting their access to land. The HCPF is conducted by the conservation organizations GoodPlanet and WWF Madagascar as an "environmental solidarity program." In 2010, Air France issued an unequivocal statement that the project was not a "carbon offset" program. Two and a half years later, however, the company admitted that the HCPF would indeed generate carbon credits. It insisted, however, that any profits generated with these carbon credits would go to local communities. A report and a video produced by Friends of the Earth France proved that this was not true. According to research conducted by CSOs, the HCPF takes forest areas away from the local population, risking displacing people who see their means of subsistence jeopardized. People whose subsistence is dependent on access to these forests, and whose way of life has contributed next to nothing to the climate crisis, are forced to change their way of life to allow a small minority of frequent flyers to continue to pollute the planet.

Further reading: Jutta Kill. 2014. Economic Valuation of nature. The Price to Pay for conservation? A Critical Exploration. Published by Rosa-Luxemburg-Stiftung. Available at: http://bit.ly/EconomicValuationOfNature

3.6.2

"INNOVATIVE FINANCING" FOR SUSTAINABLE RUBBER PLANTATIONS IN INDONESIA

Indonesia has the third largest area of tropical rainforest on the planet and has been one of the main targets of REDD+ projects, with 35 activities in 2014. More recently, new "innovative financing models" have been developed with the declared objective of combining the protection of the environment with business opportunities.

In February 2018, the UN Environmental Programme (UNEP) announced that a new financial facility had made its first transaction of $ 95 million as support to an 88,000 hectare rubber plantation in Indonesia. The plantation concession is owned by a company called PT Royal Lestari Utama (RLU), a joint venture between the France-based TNC, Michelin, and the Indonesian company Barito Pacific Group. According to UNEP, the money will support "climate smart, wildlife friendly, socially inclusive production of natural rubber in Jambi, Sumatra and East Kalimantan provinces."[30] The "investment" is supposed to stop deforestation and create 16,000 fair-wage jobs in areas that form a buffer zone protecting one of the last places in Indonesia where elephants, tigers and orangutans co-exist.

The case sheds a light on the ways in which an array of different – private and public – actors have found ways to create new investment opportunities under the banner of environmental protection and the achievement of the Sustainable Development Goals (SDGs). The $ 95 million bond was issued by the Tropical Landscapes Finance Facility (TLFF), which was founded by UNEP, the World Agroforestry Centre (ICRAF), the Hong Kong-based investment manager ADM Capital and the transnational bank BNP Paribas. The World Wide Fund for Nature (WWF) is a partner of the facility advising on forest conservation and supervises the respect of environmental and social standards. The TLFF issues loans that are then securitized and sold on to financial investors. In order to make these attractive to investors, the US development agency USAID has issued a guarantee for the financing through TLFF. Thanks to USAID's backing, a part of the bonds can be sold to investors with a triple-A rating by the rating agency Moody's.[31] Following the initial loan to RLU, another

$ 23.75 million were invested in March 2019 by &Green Fund, a blended finance fund to which the Government of Norway, Unilever, the British-Dutch consumer goods company, and the Global Environment Facility (GEF) contribute.[32]

3.6.3

FOREST RESTORATION BECOMES A BUSINESS IN BRAZIL

In 2012, Brazil revised its Forest Code. Under this law, landowners have to keep a certain percentage of the forests present on their land intact. Under the old Code, if landowners had cut more forest than was allowed by law without restoring the forest, they risked a fine. Above all, the law stipulated that they would lose access to rural credit lines. Even though law enforcement was weak, landowners faced the risk that borrowing money would become more expensive. As a result, deforestation rates fell significantly when the law was enforced and large landowners felt the cost of illegal ecological destruction. Landowners and agribusiness companies there lobbied for the 2012 Forest Code to introduce a "forest restoration credit" (CRA). This provides the landowner with an alternative: instead of restoring the illegally cleared forest, he/she can buy a CRA. The credit represents the promise that someone somewhere else has protected more forest of the same type than required by the Forest Code. According to this system, this claim of protection of forest areas above the legal requirement somewhere else compensates for the excess deforestation committed by the buyer of the CRA. In other words, the credit system is a way of buying the right to destroy ecosystems.

These CRAs are now traded, among others, on the Bolsa Verde do Rio de Janeiro, the environmental exchange. In areas where land prices are high and destructive practices are lucrative, these forest restoration credits allow landowners to continue destroying more forest than the law allows. A landowner is only required to buy sufficient "forest restoration credits" in order for her/his ecological destruction to become perfectly legal. CRAs can also be bought from regions where the threat of deforestation is much lower, or non-existent.

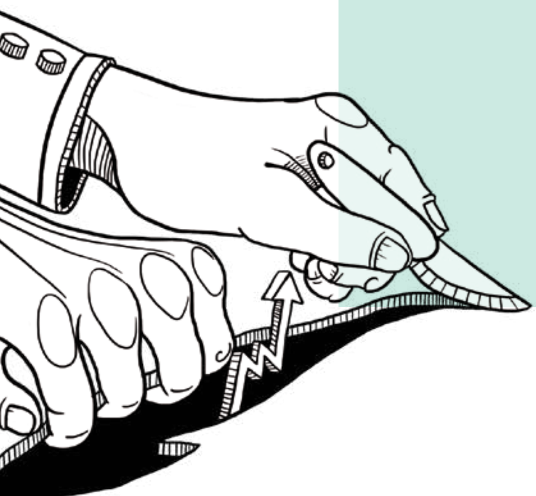
Further reading: Friends of the Earth International. 2015. Financialization of Nature. Creating a New Definition of Nature. Available at: http://bit.ly/FinancializationOfNature.

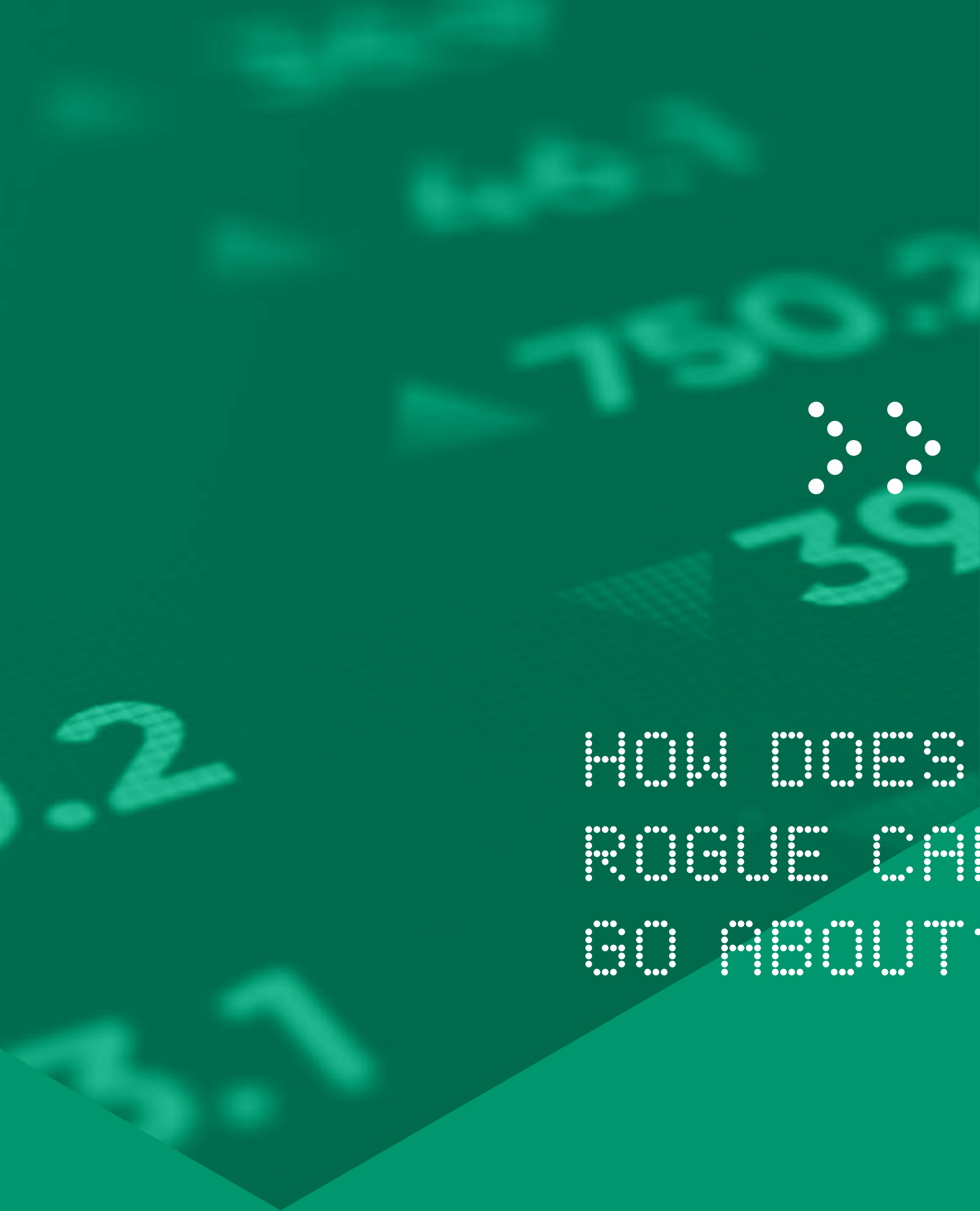
KEY MESSAGES

- Global finance is penetrating in many ways into our territories. Financial actors have created many different direct (e.g. land business, mining, economic corridors etc.) and indirect (e.g. conservation, carbon markets, etc.) forms of wealth extraction through which they gain control over natural wealth and commons.
- Global finance capital tries to impose its logic of accumulation on the way people – peasants, fishing communities, indigenous peoples, rural and urban populations – interact with nature. This implies fundamental changes in the relation between people and their territories.
- The concentration of natural wealth and resources in the hands of a few companies and "investors" are becoming problematic issues of global scale.
- The different forms of accumulation and wealth extraction by global financial capital go hand in hand with increased use of violence to enable the dispossession of natural resources and repress resistance against it.

QUESTIONS FOR DISCUSSION

- Which "development projects," "environmental projects" or "climate change mitigation projects" are currently underway in your country or region?
- Which actors and policies are promoting them?
- Which financial actors are involved, either visibly or hidden?
- What are the impacts of these projects on people and communities?
- In what other ways does rogue capitalism affect you, and/or other communities in your country/region?





>> 4

HOW DOES ROGUE CAPITALISM GO ABOUT?

The examples in the previous chapter have shown the many ways in which global finance is trying to take control over our territories.

IN THIS CHAPTER, WE WILL:

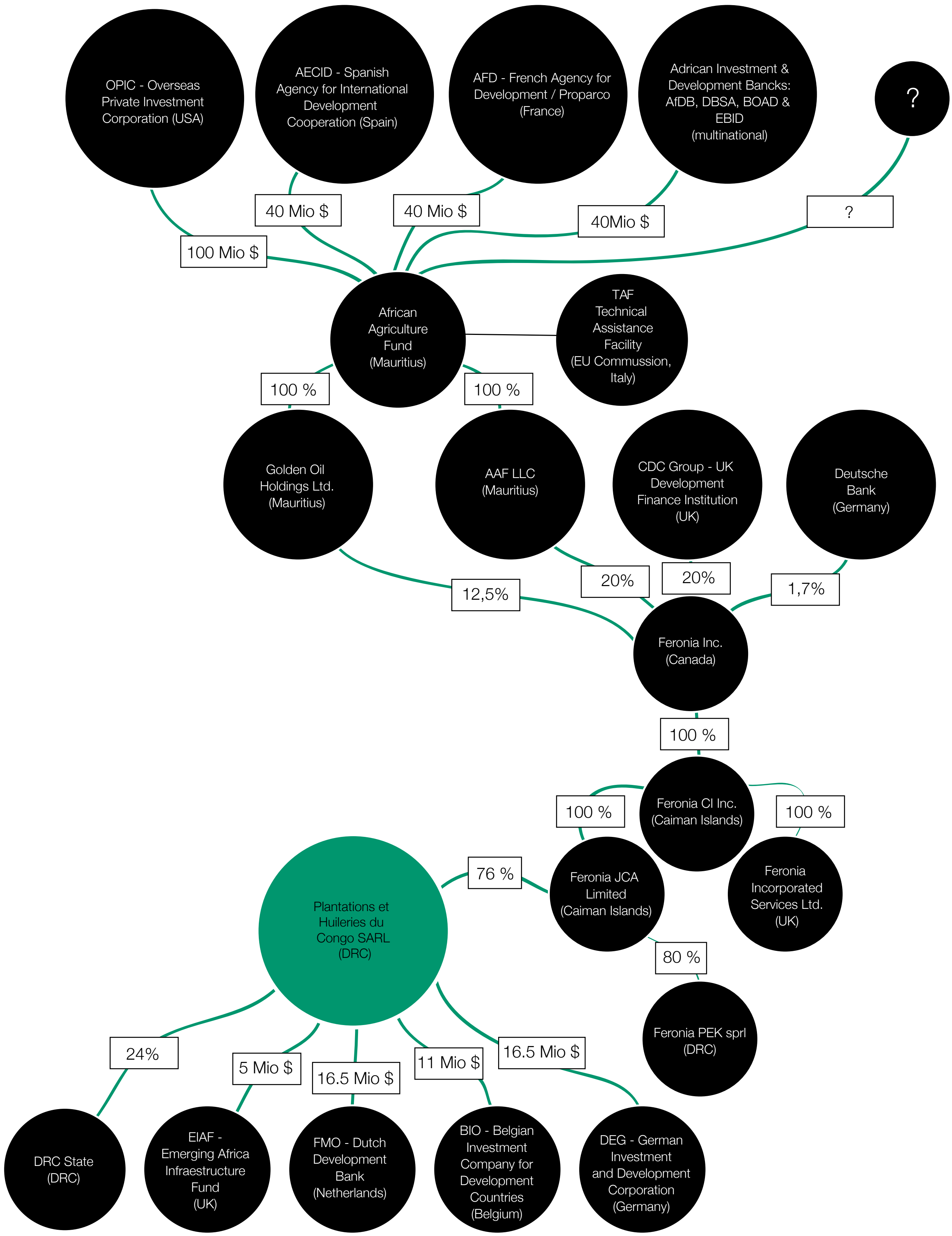
- Explain who the main actors of rogue capitalism are.
- Show how rogue capitalism operates.
- Examine what enables global finance to penetrate into all aspects of our economies and lives.

4.1 ACTORS

As we have seen, one manifestation of rogue capitalism is the fact that financial actors are increasingly considering land, water and natural wealth as attractive investment options. In some cases, these actors are visible, but in many cases global financial investors or funds are invisible to communities and people on the ground. This is because global financial investors often act remotely, relying on a complex web of international, national and local middle-men, companies and investors to seize control of our territories (e.g. thieves, scammers, police, military, para-military, conservationist NGOs, NGOs working in support of corporate interests, law firms, accounting companies, corrupt researchers and academia, corrupt authorities, etc.). They typically buy shares of companies that have been constructed, for instance, to pool land. Through such shareholding arrangements (sometimes also referred to as "share deals"), they are not considered as the legal owners of the land, but rather as "investors", even though their influence as shareholders gives them de facto control of the land owning company, and consequently the land itself. Such arrangements also allow them to get around laws that limit foreign ownership of land. Further, they are able to shirk responsibility for land grabbing and "outsource" the land grabbing process to local middle-men. Complex investment structures – or investment webs – that involve several actors, subsidiary companies etc. are used by financial actors to deliberately distance themselves from any type of accountability for the impacts of their operations.

Communities and organizations wanting to know who is funding and benefiting from development or "investment" projects in their area have to embark on a complicated process of research. In addition, attributing responsibility for human rights violations and abuses to each of the actors involved becomes a substantive challenge for them as well as for the existing judiciary systems.

Investment web of an agribusiness project
Democratic Republic of Congo [33]



4.1.1

PENSION FUNDS

Global assets of pension schemes amount to 47 trillion USD with two thirds invested from the USA.[34] But in continental Europe as well, private pension systems have been pushed and are growing (see Box 3). Search for diversification of portfolios and rents in low interest rate environments have made the move for pension schemes into land investments more and more compelling. The huge amounts of money these schemes manage make them the heaviest players in of global finance, and any movement on their part generates huge waves. In several cases, pension funds have set up, or have invested in funds that acquire farmland and other "assets." Even though pension funds often claim that their investments are long-term and that they do not, consequently, participate in speculative activities, they still fuel land grabbing and directly profit from raising prices of land, housing etc.

Further reading: GRAIN. 2018. The Global Farmland Grab by Pension Funds Needs to Stop. Available at: http://bit.ly/LandGrabPensionFunds

4.1.2

(TRANSNATIONAL) CORPORATIONS

One manifestation of the financialization of the economy is the fact that companies that have traditionally focused on production are increasingly involved in financial activities. Agribusiness companies, i.e. companies directly involved in production, processing and trading of agricultural products/commodities, have, for instance, increasingly become global financial actors themselves. Many of them nowadays have their own finance branches, which invest into all kinds of financial products. One example is the Brazilian agribusiness company Schneider Logemann Company (SLC), whose branch SLC Agrícola is one of the biggest Brazilian soy producers, while the Branch SLC Land Co. has become a big player in the land business. SLC controls almost half a million hectares of land in Brazil. In 2015, SLC for the first time generated more income through its farmland purchases and sales than with its historical core business with soy.[35]

At the same time, most corporations are strongly dominated by shareholder structures. Consequently, financial actors have a big influence on their operations. The transnational agribusiness company Olam International, which manages 3 million hectares of land globally, is, for instance, largely owned by the financial investor Temasek Holdings. This company is based in Singapore and describes "Commodity Financial Services" as one of its five business segments.[36] As described in chapter 3, also the big agricultural input, real estate and water companies have big finance firms among their shareholders.

4.1.3

BANKS

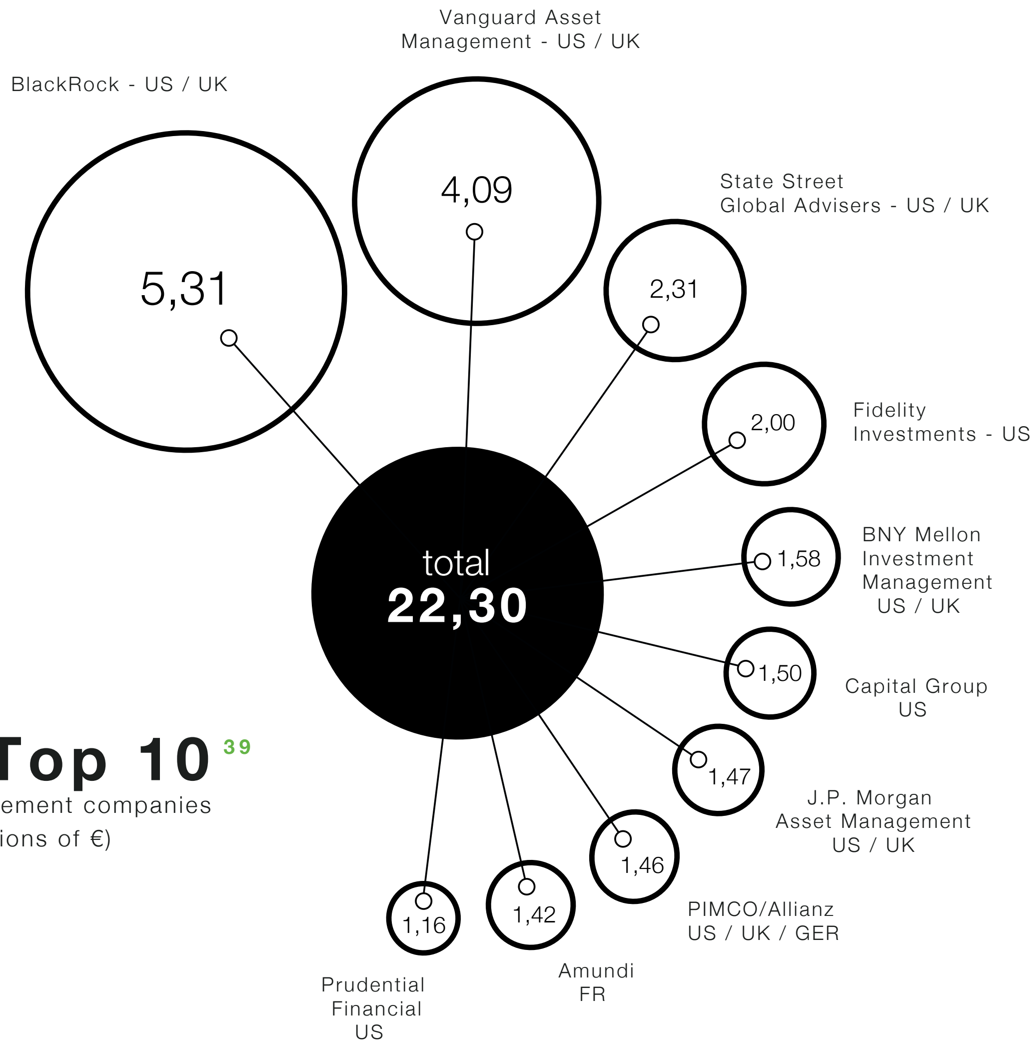
There are two main types of banks: investment banks and commercial banks. Often the same multinational financial corporation will have both an investment banking and a commercial banking wing. Commercial banks are important financial actors. Indeed, several of the world's biggest financial players are banks. Firstly, they are important lenders that provide capital to companies enabling them to carry out their business operations, e.g. through loans and credits. Since the money they provide will be paid back together with interests and fees, banks directly profit from these operations. Secondly, banks also manage assets and act as investors themselves, buying shares in companies, etc. Thirdly, banks act as important intermediaries that allow the financial system to operate (see box 2).

Investment banks conduct initial public offerings (IPO) when a company first goes public and sell shares on the stock market. They also buy, sell and speculate on bonds, stocks, and other financial instruments. Some also run Asset Management Funds.

4.1.4

ASSET MANAGEMENT COMPANIES

Asset management companies take investor capital (from wealthy individuals, companies or institutional investors such as pension funds) and put it into different investments including stocks, bonds, real estate, private equity, and more. The top 10 private investment companies are all located in the USA and Europe, in particular the UK. Together they hold € 22.3 trillion. In only four years, the capital under management grew by 60 percent.[37] Asset management firms are also important shareholders in many of the world's biggest companies (see Table 1). They usually act as "active investors": because they are typically rewarded based on their investment performance, they have strong incentives to push the firms in which they invest for better returns.[38]



The Top 10[39]
Asset management companies
(in trillions of €)

TO KEEP IN MIND

BLACKROCK

THE WORLD'S BIGGEST FINANCE COMPANY

BlackRock is an US-American global investment management corporation based in New York City. Founded in 1988, BlackRock is today the world's largest asset manager with more than US $ 6 trillion in assets under management. BlackRock operates globally with 70 offices in 30 countries and clients in 100 countries. The company increased its power considerably during the financial crisis of 2008, when the US government commissioned BlackRock to evaluate the health of several large banks and insurances and to manage their bail out. Since then, the company has evaluated the risks of finance firms and acted as an auditor on behalf of countries like Ireland and Greece.[40]

BlackRock is also a major shareholder in agribusiness, real estate, energy, mining and other companies around the world, and its managers sit on the boards of several big conservation organizations. Due to its power as well as the sheer size and scope of its financial assets and activities, BlackRock has been called the world's largest shadow bank.[41]

4.1.5

ULTRA-WEALTHY INDIVIDUALS AND THEIR FAMILY OFFICES

In 2018, 265,490 individuals held a wealth of 32.3 trillion USD.[42] These super-rich typically have their own private offices to manage their capital. Such family offices have proliferated quickly over the last years. Their activities are probably among the most hidden ones in the finance sector. Family offices have invested, for example, in the African Agricultural Trade and Investment Fund (AATIF) in order to reap profits from AATIF's activities that are labeled as contributing to "poverty reduction" (see chapter 3, Box X). Once investors are convinced of the possible returns, the mechanisms put in place to channel capital are diverse and warrant much deeper scrutiny. Examples include blue bonds or WWF's Financial Instruments for the Recovery of Marine Ecosystems (FIRME).

4.1.6

INTERNATIONAL FINANCE INSTITUTIONS (IFIS) AND DEVELOPMENT FINANCE INSTITUTIONS (DFIS)

Compared to the actors mentioned so far, the financial volume of development banks (e.g. the German DEG, the Dutch FMO, the World Bank, regional development banks) and development funds (e.g. AATIF, Norfund, the World Bank's IFC Asset Management Company) is relatively small. Nevertheless, these actors have become increasingly intertwined with and part of global finance. For example, while the share of money taken from the capital market by the German Official Development Assistance (ODA) was 2 percent in 2006 (€ 160 million), it skyrocketed to 25 percent in 2015 (€ 4 billion).[43] In addition these actors are substantive shareholders in many public-private-partnerships (PPP). Because of their usually longer term commitments (because of which they are sometimes called "anchor investors"), they are relevant for risk hedging, positive reputation, and bringing in their expertise and contacts into countries in the Global South. All of these are features that other financial actors cannot easily provide, but are looking for.

IFIs and DFIs experienced a massive surge over the past few years.

Development banks have been constantly growing and their investment volumes that aim at making profits are projected to surpass ODA around 2020.[44] The portfolio of European DFIs quadrupled from € 10.9 billion in 2005 to € 41.2 billion in 2018.[45] The surge of DFIs and their involvement in agribusiness and land grabs is a good illustration of how the logic of finance has penetrated into different sectors, in this case development cooperation. There are several examples that show that DFIs' increasingly act like any other financial investor, despite their public mandate to contribute to states' or multilateral development cooperation policies. It is further important to note that DFIs increasingly invest in financial institutions, as part of an approach that sees the private financial sector as a development actor and bolsters it with public resources. Some European DFIs invest around half of their total portfolios in financial intermediaries (e.g. banks and microfinance institutions). Under the banner of "financial inclusion" development cooperation agencies have also become key actors in facilitating access to finance industries by poor and rural populations. One of its key pillars, the micro-credit industry, requires private and transferable land for related mortgages (see box 11). Micro-insurances, including agricultural/crop insurances for small farmers, are another sector increasingly supported by development cooperation actors.

As shown by several examples in this paper, IFIs have been important drivers of privatization policies, which pave the way for corporations and financial players. The World Bank, for instance, has long been promoting the formalization of land rights through individual land titles, which have, in many cases, led to loss of farmland by rural people. The World Bank and regional development banks are also important financers of big infrastructure projects, and promote privatization of public services as well as public-private partnerships. IFIs often condition their loans to governments to investor-friendly policy measures instead of protecting the rights of people and communities. With an initiative called "Enabling the Business of Agriculture (EBA)", the World Bank has created a set of indicators to assess and rank countries according to their investor-friendliness.[46]

More recently, IFIs and DFIs have created their own asset management companies. These so-called development funds, i.e. investment and equity funds that shall ostensibly bring about poverty reduction and development. The World Bank created its own company that manages such funds. Formed in 2009, the IFC Asset Management Company today manages US $ 10 billion through 13 funds.[47]

TO KEEP IN MIND

“FINANCIAL INCLUSION” AND MICROCREDITS

LEAD TO DISPOSSESSION IN CAMBODIA

Microcredits have become a central element of the development discourse and the toolkits of development agencies since the 1990s. Proponents argue that they empower the poor by providing them access to capital, allowing them to become small entrepreneurs. In reality, microfinance is financial capitalism’s approach to tackling poverty, or rather: to transforming it into a source of profits. Instead of ending poverty, microfinance creates a new, more financialized form of it, which extracts substantial resources from the poor and creates new forms of dispossession. This has been exacerbated since the non-profit microfinance sector commercialized and became today’s global financial inclusion industry.[48]

Cambodia is the poorest country in Southeast Asia and has become the world’s fourth-largest microfinance market. In 2017, Cambodia’s seven largest microfinance institutions (MFIs) alone made more than $ 130 million in profit. These profits are made on the backs of rural people who are lured into taking up microcredits. In order to access loans, at least one million people have been forced to pledge their land and houses as collateral for loans from microfinance institutions. Their debt to MFIs results in human rights abuses, such as coercive land sales, child labor, forced migration, and food insecurity and malnutrition. In order to repay their loans, poor rural people sell their land, both productive farmland and homes. Coerced land sales often occur after people are pressured by MFIs or local authorities and threats of legal action. Such threats are taken seriously by people due to the fact that MFIs physically take possession of their land title. In their desperation, many rural Cambodians borrow additional money to repay their loans, which leaves them trapped in a cycle of debt.[49]

"Financial inclusion" thus draws some of the poorest people into global financial markets, extracting millions of dollars from rural and urban communities. The financial inclusion industry's business model relies on people's desperation, lax regulations and the widespread complicity of local authorities. It has also created its own self-regulation schemes, like the SMART Campaign.[50] Most of Cambodia's largest MFIs are supported or owned by foreign banks, investment firms and Western development agencies, as well as international financial institutions (IFIs).

Further reading: LICADHO/ Sahmakum Teang Tnaut. 2019. Collateral Damage. Land loss and abuses in Cambodia's microfinance sector. Available at: http://bit.ly/CollateralDamage-Cambodia

4.1.7

INSURANCE COMPANIES

Insurance companies are "non-bank financial institutions" that sell instruments and policies that give protection from different risks. Insurances are another way of extracting wealth from people's territories. One example is agricultural insurance (or crop insurance), which is considered as a key "emerging market" in the financial insurance world. Through such insurance schemes, a farmer/land owner/agribusiness company pays a premium based on the hectares that he/she cultivates to an insurer. In case of harvest losses, e.g. due to drought, diseases or fire, the insurance pays an agreed sum of money to (partly) compensate losses. The insurance market has been the quickest growing sector in agribusiness in the last 5 years with an annual growth rate of 20 percent.[51] Until today, the links between land grabs, financial extraction and the insurance industry are rarely made. For example, the Brazilian farmer Cezar Franco Neto produces soybeans on the farm Sta Cecilia. The farm lies within the indigenous territory of the Guiraroká. His production is insured by Allianz Seguros S.A, a subsidiary company of the Germany-based transnational insurance company Allianz SE.[52] Through the insurance, Allianz extracts wealth from indigenous territory in Brazil via the premiums paid by the farmer. Overall in Brazil, a huge state subsidy program has promoted agricultural insurances leading to insurance coverage of 10 million hectares in 2014, one third of which is used for soy production.[53] This leads to substantive transfers of capital to insurance companies worldwide (e.g. in 2014, insurance companies made some 400 million in Brazil alone).

4.1.8

Conservation groups

Organizations such as Conservation international, the Nature Conservancy, World Wide Fund for Nature (WWF), the Wildlife Conservation Society and Flora and Fauna International are involved in numerous forest carbon and so-called "biodiversity offset" projects (see chapter 3 for examples.). They are also actively promoting different "offsetting" schemes as a lucrative and business-friendly form of payments for environmental services.[54] As such, they are actively involved in the reconfiguration of nature as a set of investible assets that can be traded on markets. The fact that several conservation groups have representatives of big finance companies on their boards is illustrative of their links to global finance. For instance, the organizations Flora and Fauna and Rare have BlackRock managers on their boards.[55] And vice versa, DFIs have conservation groups on their boards (e.g. the German DEG has WWF on their board).[56]

4.2 PLACES: OFFSHORE FINANCIAL CENTERS, TAX HAVENS, AND SHADOW BANKING HUBS

Over the last century, some countries and cities have evolved as places specialised in vfinancial services and activities. They typically attract companies and financial actors due to extremely low taxes, high financial secrecy and the availability of highly specialised financial services. Large sums of money are channelled through these global finance centers. While the main actors of rogue capitalism are not necessarily based in these places, they often operate through them.

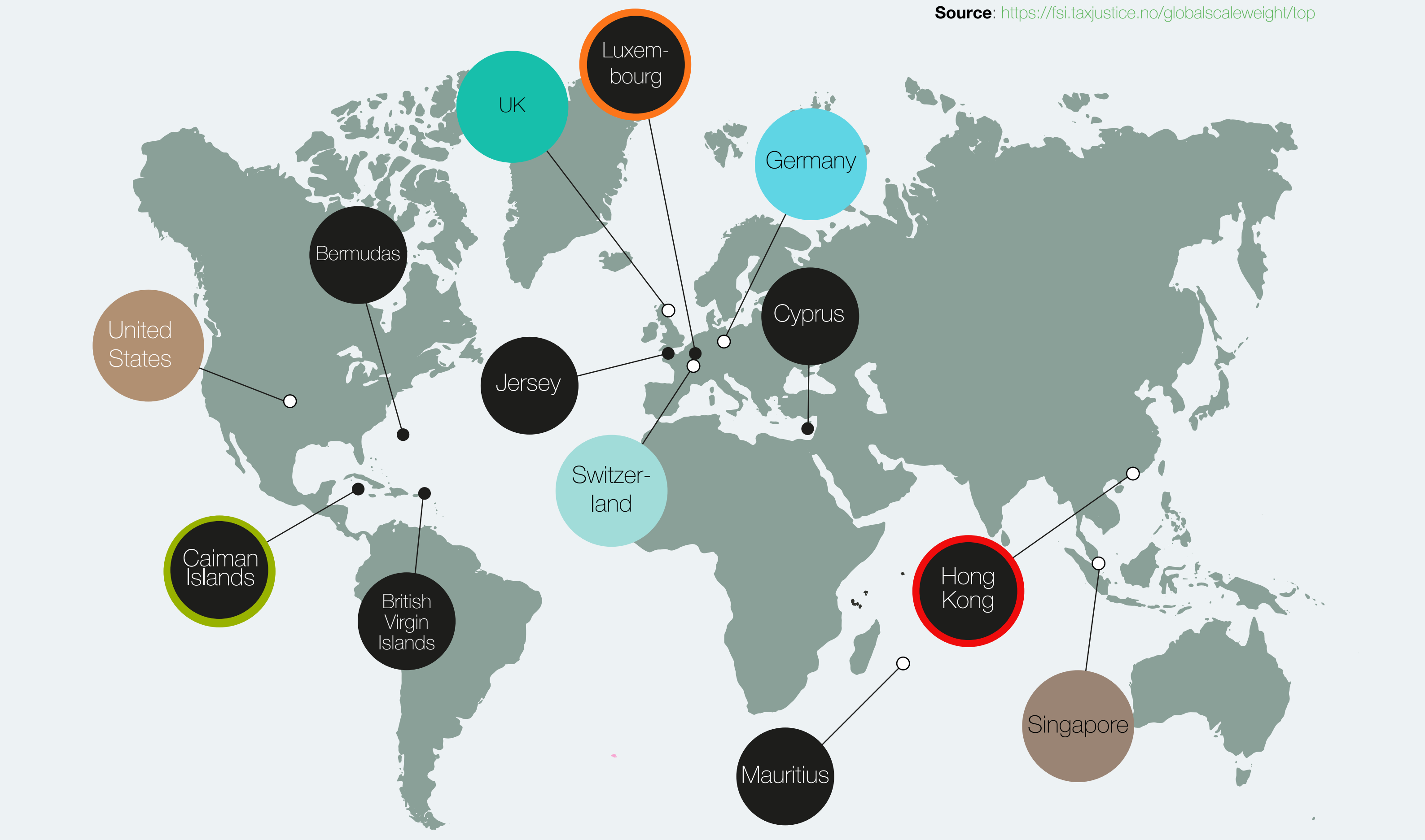
Offshore financial centers (OFCs) are at the heart of financial capitalism. The International Monetary Fund (IMF) defines them as “a country or jurisdiction that provides financial services to nonresidents on a scale that is incommensurate with the size and the financing of its domestic economy.[57] While “off-shore” might lead to think of some exotic island state, it actually means that these places offer special legislation that is particularly friendly to individuals, companies and institutions who want to conduct financial activities. Several of these centers are not far-away places at all: for instance, the US state of Delaware and the City of London are OFCs. Depending on the definition, up to 100 jurisdictions worldwide can be classified as OFCs.

Geography of **financial power**

World's top Financial hubs

(Based on their share of the global market of offshore financial services) [58]

USA	UK	Germany	Switzerland	Luxembourg	Singapore	Caiman Isl	Hong Kong
21.4%	15.9%	4.7%	4.1%	12.4%	5.2%	4.6%	4.4%



Source: https://fsi.taxjustice.no/globalscaleweight/top

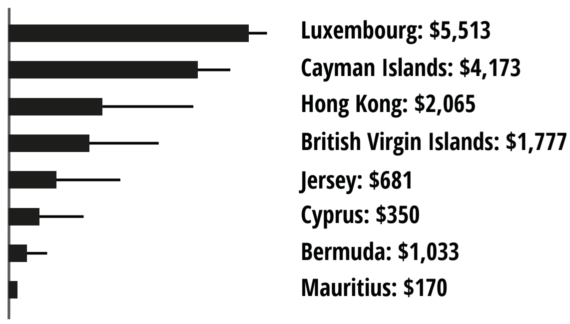
World's top tax heavens

Between $ 21 - 32 trillions estimated to be stashed offshore (measured in 2010.)

The global tax losses from this missing wealth and income estimated to be $ 500 billion each year.

Source: https://longreads.tni.org/state-of-power-2019/geography-of-financial-power/

Foreign Assets (in $ US billions)



Sink OFCs are tax havens that attract and retain foreign capital

OFCs function as tax havens and/or secrecy jurisdictions, i.e. they require little to no disclosure and transparency over financial transactions. OFCs are also used as platforms for acquiring debt, structuring funds, forming companies, “protecting” investments from public scrutiny, etc. As OFCs increasingly cultivate niche strategies, their subcategories have become ever more specific: while some are focused on providing secrecy and wealth protection to conceal illicit money, others cater to corporations and banks seeking to arrange global financial flows. Notwithstanding these differences, the essential fact is that offshore finance ultimately constitutes a globally integrated space operating beyond the control of any individual state. In other words, OFCs allow global capital to move through globally integrated secrecy webs without any form of public regulation.

Two numbers illustrate the importance of OFCs and tax havens for rogue capitalism:[59]

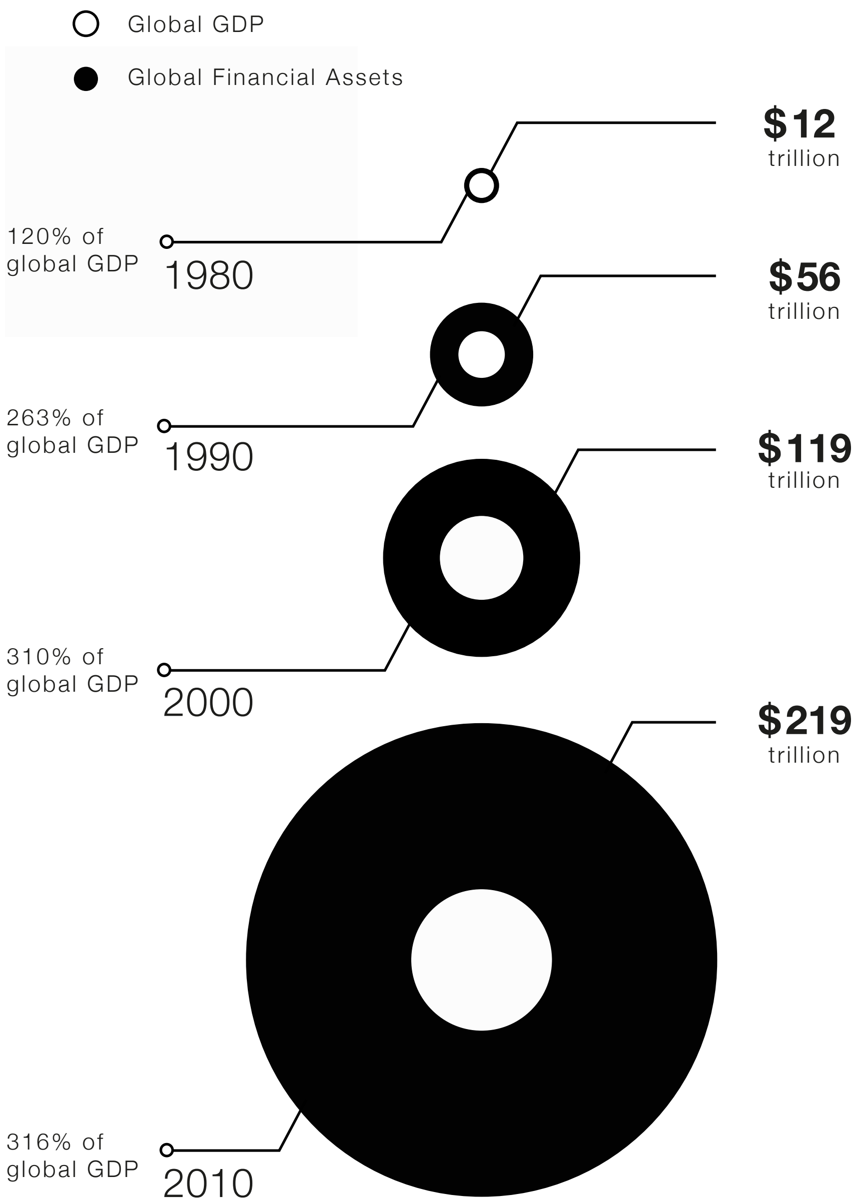
- At least 30 % of all foreign direct investment and about 50 % of all trade flows through tax havens.

- One sixth of the entire world’s private wealth is stashed away in tax havens.

It is worth noting that DFIs (see chapter4.1), which usually have a public mandate and operate – at least partly – with public money, also operate through offshore centers and tax havens. For instance, the agribusiness company Feronia, which is majority owned by different European DFIs (see box 6), was until recently based in the Cayman Islands. Another example is the African Agricultural Trade and Investment Fund (AATIF), which is based in Luxembourg (see chapter 3). In fact, the German ministry for development cooperation established this fund in Luxembourg because it would have not been legal in Germany.

Another key element of rogue capitalism are shadow banks. These are financial institutions, which perform similar functions to banks (e.g. providing credit), but lie outside of the formal banking regulatory system. As a result, they raise and lend money more easily, but with considerable risk. Shadow banks are concentrated in a few countries. 75% of shadow banking assets reside in only six countries, namely, the USA (31%), China (16%), the Cayman Islands (10%), Luxembourg (7%), Japan (6%) and Ireland (5%).[60] Just as OTCs and tax havens, these shadow banking hubs ensure the flow of finance capital without any form of public control or regulation. The shadow banking system has become as large as the – more or less – regulated "normal" banking system. The fact that it used for deals between commercial banks shows that shadow banking is closely intertwined with the "normal" financial system.

Global Financial Assets



Source: www.tni.org/en/publication/financialisation-a-primer

Further reading: Hendrikse, Reijer and Fernandez, Rodrigo 2019. Offshore Finance. How Capital Rules the World. In: Transnational Institute. State of Power 2019. Available at: www.tni.org/en/stateofpower2019

Other sources: ""The Spider's Web – Britain Second Empire," which shows how Great Britain has transformed from a colonial power into a financial global power. Available at: www.youtube.com/watch?v=np_ylvc8Zj8&t=750s

4.3 POLICIES

As we have seen in chapter 2, the deregulation of financial markets has been one of the main enablers of rogue capitalism to grow in size and power. Today, several institutions and policies contribute to creating an environment where global finance can operate and grab control over common goods.

At national levels, we see governments and parliaments deregulating trade and investment laws, as well as laws governing land, agriculture, forests, oceans and fisheries, environmental protection, housing, public services, energy, transport and other infrastructure related matters, etc. We see investment centers/agencies promoting and facilitating all kinds of private "investments" and speculation, including in agriculture, mining, tourism etc. The role of public financial institutions, which are supposed to regulate and monitor financial transactions, grows as private financial actors expand their business operations into new areas. In many cases, these institutions are acting as facilitators of financial capitalism. One example is the European Union's Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA),[61] which has initiated procedures against several EU member states who have passed laws that regulate land markets and limit land ownership by corporations and/or foreigners. DG FISMA states that EU member states must primarily ensure the free movement of capital within the EU, which is one of the Union's core principles.[62] In other cases, state ministries that have oversight over financial actors such as pension funds, do not adequately monitor these actors' operations, nor ensure proper regulation.

At international level, as mentioned in the previous chapter, international financial institutions (IFIs), including development banks, have played major roles in paving the way for global finance into our territories.

TO KEEP IN MIND

ROGUE CAPITALISM AND AUTHORITARIANISM

REPRESSION OF SOCIAL STRUGGLES

The expansion of financial capitalism into our territories has come along with increasing violence against our communities, as well as the criminalization and repression of social struggles in defense of human rights and the commons. State forces, para-military groups, or private "security" firms commit violence to allow the extraction of wealth by corporate actors and "investors". Authoritarian governments, which are on the rise in all regions of the world, have embraced discourses, policies and practices that warrant and lastly, incite violence against social movements and marginalized groups. At the same time, they dismantle existing legislation and institutions that gave some degree of protection to communities, and push through measures that allow more extraction and accumulation of wealth by the rich and powerful.

In the following sections, we will briefly describe some key measures, arrangements and practices that enable global finance to extract and accumulate wealth.

4.3.1

MONETARY AND FISCAL POLICIES

Pressed by IFIs and their own elites, states around the world have embraced finance-friendly policies. One of these has been the implementation of zero interest rate policies by central banks, which has led to an unprecedented creation of liquidity (i.e. available money). Several states, including the USA and in the EU, have introduced zero interest rate policies after the financial crisis of 2007-2008. The main argument has been that access to cheap credit is an important factor to boost investments and economic activities, resulting in creation of jobs etc. However, whether or not these policies have served this purpose is controversial. What is clear is that they have resulted in stimulating financial markets. Low interest rates result in banks earning less and less from their traditional lending business, and being incentivized to engage in more risky operations. More generally, financial investors seek instruments and assets that promise higher returns. Consequently, global finance has used the liquidity created by these policies to "make more money from money," in particular through short-term speculation with derivatives, searching for quick financial returns.

States have also adopted fiscal policies, which put low taxes on financial transactions and have reduced the taxation of wealth and capital gains. It is clear that these measures have further stimulated financial capitalism and intensified the concentration of wealth in the hands of a small global elite.

4.3.2

FOSTERING DERIVATIVE MARKETS

The links between financial actors on one side, and production and trade on the other has existed for centuries. However, in the context of neoliberal market deregulation policies, existing regulations that had been put in place to prevent – or at least limit – market manipulation, sharp price shifts and speculation have been dismantled since the 1980s and 1990s. This is true of agricultural commodity markets as well as real estate markets. Consequently, banks and other actors of global finance have started to do business with derivatives for agricultural commodities and real estate. A common financial derivative that banks began to sell since deregulation are commodity index funds (CIF). These financial instruments track changes in the prices of different types of commodities and allow financial investors to speculate on commodity markets without actually having to purchase those commodities.

Regarding the real estate market, a key obstacle for this market to expand in the 1990s was that there was no broadly accepted index for real estate value, which could act as a baseline for a derivate market. In other words, there was no reference for speculation with real estate property. The real estate derivate market only became relevant in the 2000s when specific property indices were established.[63] Today, real estate is an attractive target for financial actors. Worldwide real estate assets comprise nearly 60% of the value of global assets, and their value is estimated at 217 trillion USD, almost three times the global gross domestic product (GDP).[64]

The link between the establishment of broadly accepted indices and the development of specific derivate markets – and, consequently, increased speculation – can also be observed in relation to land. In the USA, for example, a farmland index is being developed by the National Council of Real Estate Investment Fiduciaries (NCREIF), whose property index already plays a key role in the US real estate derivate market.[65] According to the NCREIF, its Farmland Index "is a quarterly time series composite return measure of investment performance of a large pool of individual farmland properties acquired in the private market for investment purposes only."[66] In Brazil, the Senate recently approved a measure that allows parts of a farm to be negotiated on financial markets as a guarantee to access credit, a move that is likely to further expand speculation with farmland.[67]

SOME FIGURES ON MONEY

Many people first think of cash when speaking about money and finance. However, physical money makes up only a small part of the money existing in the world today.

$ 7.6 trillion — Total amount of currency, i.e. bank notes and coins.

$ 36.8 trillion — “Narrow money”, i.e. bank notes, coins, and money deposited in savings or checking accounts

$ 90.4 trillion — Physical money + any money held in easily accessible accounts (“broad money”).

This means that physical money makes up only around 8 % of existing money.

The share of cash becomes almost irrelevant when one takes into account the size of financial markets, in particular derivative markets.

* Funds invested in derivatives are estimated at somewhere between:

(high-end estimate) **$ 1.2** trillion [68]

(minimum estimate) **$ 544** trillion

* The money in all the world’s stock markets combined.

$ 73 trillion

Another important component of finance is debt. It gives power to creditors and allows them to exert pressure on debtors. Individual debtors can be forced to sell their lands or homes, while public debt by states is often used to impose certain policy measures on debtors, such as the dismantling of regulatory frameworks and/or social policies.

$ 215 trillion

* The total amount of debt, including that accumulated by governments, corporations and households. More than three times the global gross domestic product (GDP).

$ 70 trillion

Amount of debt added in the last ten years (33 %)

For further information, see: www.marketwatch.com/story/this-is-how-much-money-exists-in-the-entire-world-in-one-chart-2015-12-18.

4.3.3

TRADE AGREEMENTS AND INVESTMENT PROTECTION

While economic and financial regulations have been dismantled, investment protection regimes have been strengthened. International investment law in the form of trade and investment treaties as well as investor-state arbitrations (which allow companies to demand compensation for real or anticipated losses resulting from policy changes) have become key tools for the protection of investments and exclusive property for all kinds of business actors, including global finance. For instance, the vast majority of land deals that were made over the last ten years are protected by investment treaties.[69] Documentation of and struggles against land grabs all over the world show how investors skillfully use national legal and policy frameworks that facilitate and promote transfer of land to investors in order to acquire land, on the one hand, and the international investment protection regime on the other, in order to then protect these lands against claims of communities and peoples who have been dispossessed.[70] In addition, investors use international investment law to limit the ability of states to regulate in the public interest. Indeed, in recent years, the number of investment arbitration cases targeting public interest regulations has increased, causing a “regulatory chill” extending beyond the states directly implicated.

TO KEEP IN MIND

A GLOBAL RIGHT TO PROPERTY?

Large parts of our territories are still not in the realm of formalized private property rights, or of other ways of formalizing and standardizing our relationship to them. However, global capital needs the massive expansion of property rights as well as the formalization and standardization of the relationships between humans and nature in order to extract and accumulate wealth. The estimated value of global real estate is $ 217 trillion, comprising commercial real estate (13 %), residential real estate (75 %) and agricultural land (12 %).[71] Consequently, the promotion of private property regimes, formalization and standardization are part of the process of assembling the world's lands, forests and fisheries as global financial assets.[72] In this context, business and financial actors, as well as the institutions that support them, misuse human rights language, in particular when they defend their property rights against the human rights of communities
.

The World Bank and other development institutions have been pushing for years for the formalization and standardization of land and other natural resources. More recently, philanthro-capitalist foundations have also reinforced campaigns for private property rights. While those campaigns are clearly in the own interest of global finance, they often pretend to be linked to poverty reduction and social justice. For example, the London-based charitable arm of the transnational information and news company

Thompson Reuters, Thompson Reuters Foundation, campaigns for property rights, claiming that "communities with property rights are stronger, healthier, wealthier and better educated.[73] Investment webs can also be found inside the charity universe: The Thompson Reuters Foundation receives funding from the Omidyar Network, a not-for-profit organization headed by the founder of eBay. Under its thematic focus "property rights" it also funds the Land Portal, the NGO Landesa[74] and the Global Property Rights Index (IPRI).[75]

Trade agreements further promote free and open capital rules, which make regulation or control of capital flows impossible. As the economy becomes more digitalized (see chapter 4.5), the world's biggest corporations have started efforts to gain the full liberalization of the digital economy of the future, and especially the full control over data. These efforts have taken a big step forward in March 2019, when the World Trade Organization (WTO) launched negotiations for a new agreement of e-commerce. There is a great risk that these negotiations will undermine even the weak existing oversight, and give new rights to big technology companies who reclaim the ability to gain full control over data, transfer it anywhere in the world without restrictions, and use it exclusively for private profit.[76]

4.3.4

VOLUNTARY SELF-REGULATION BY CORPORATE AND FINANCIAL ACTORS

While states have dismantled existing regulations, and have avoided adopting policies and laws that would effectively regulate the financial sector, several corporate self-regulation schemes have emerged. In many cases, these frameworks are – at least tacitly – recognized and supported by states and UN institutions. The fundamental problem with such initiatives is that they are completely voluntary and do not ensure accountability, or remedy when people and communities have been negatively affected by companies' operations.

One example is the Principles for Responsible Investment (PRI). According to the PRI website, "the six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating environmental, social and governance (ESG) issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system."[77] More than 2,000 companies and "Investors" have signed the PRI, including the world's top 10 asset management companies (see box x) and many pension funds. It is, however, not clear what it means to adhere to these principles beyond the statement of intent investors make when joining them. Reporting by the signatories is done through self-assessments based on self-defined criteria and indicators. And there are no remedy mechanisms for negatively affected groups.

Despite their obvious flaws, states and international institutions have promoted such principles and corporate social responsibility (CSR) schemes, and use them as arguments to avoid binding regulations on the activities of transnationally operating companies and financial actors. In addition, such initiatives actively seek to present themselves as being sponsored by states or the UN. Signatories of the PRI, for instance, refer to these principles as "UN PRI" in order to give them more legitimacy.

Corporate-led initiatives such as PRI are, at least partly, a response to calls for more sustainable economic development, and a financial system that supports it. Several states have started developing strategies for "sustainable finance." The European Union has, for instance, adopted an Action Plan on Sustainable Finance.[78] While the measures foreseen include regulations, better risk assessments and more transparency of financial operations, strong corporate lobbies risk watering down more progressive proposals. The result would be yet another green washing framework for global capitalism.

4.3.5

PUBLIC-PRIVATE PARTNERSHIPS (PPPS) AND MULTI-STAKEHOLDERISM

Financialization is deepening processes of privatization of critical goods, services, governance and even government. Indeed, corporate actors and all types of "investors" are increasingly considered and treated as key actors in governance, including in policy making. This profoundly reshapes the way public authority is exercised at all levels, especially at national levels and in the multilateral system of the United Nations (UN).

One example is the surge of "multi-stakeholderism", which is promoted by the corporate sector, many governments, UN agencies, and corporate actors such as the World Economic Forum (WEF). (See Box 15). Multi-stakeholderism is a step towards the direct rule of corporations and capitalists. A particularly worrying development took place in June 2019, when the UN signed a Strategic Partnership Framework with the World Economic Forum (WEF) to implement the UN 2030 Sustainable Development Agenda.[79] This move has been fiercely opposed by social organizations from around the globe.[80]

TO
KEEP
IN MIND

MULTI-STAKEHOLDERISM

A NEW WAY FOR BUSINESS TO GOVERN THE WORLD

At the national level, governments function as institutional mediators between businesses and the population. Governments are supposed to adopt regulations to protect and promote public welfare, and provide courts and an impartial legal system to ensure appropriate balance between market-driven practices and public values and expectations. However, since the emergence of the earliest transnational corporations (TNCs), they have operated without a state-like constraining force.

Some TNCs and elite corporate bodies such as the WEF have come to recognize that there are global threats so great that they cannot be managed by TNCs, or by globalization's internal processes alone. In their view, TNCs need to join with other actors to develop quasi-state interventions to manage these crises. The multi-stakeholder governance structure, such as those used by WEF's Global Future Councils and the UN Secretary-General's Global Compact, offers a new way to institutionalize international roles for TNCs in conjunction with selected governments, civil society, academia and other social actors. A multi-stakeholder governance (MSG) project typically combines a TNC or two with a civil society organization (CSO) or two, a government or two and other individuals to tackle a governance task. These are not just any governance task, but one whose solution has some beneficial function

Adapted from: Harris Gleckmann. 2018. Multistakeholderism: a new way for corporations and their new partners to try to govern the world. Available at: www.civicus.org/index.php/re-imagining-democracy/overviews/3377-multistakeholderism-a-new-way-for-corporations-and-their-new-partners-to-try-to-govern-the-world

for the founding organization. These initiatives are not undertaken by all TNCs. Even those TNCs or divisions of TNCs that have started down this path have insisted that all these new interventions are voluntary. Individual TNCs and other potential global governors in a multi-stakeholder group can thus step away from a particular multi-stakeholder project, or distance themselves from multi-stakeholderism as a whole, whenever they feel that these activities are not to their liking.

Another way through which corporate and financial actors increasingly collaborate with public institutions are Public-Private Partnerships (PPPs). PPPs are being promoted as a solution to overcome the lack of governmental funding for resource development and infrastructure projects. In many cases, this amounts to the privatization of the provision of public services like transport, health, education and energy, with detrimental consequences for disadvantaged and low-middle income sectors of the population. In addition, PPPs blur the lines between public and private actors and mix up their respective roles and responsibilities. Public goods and services are increasingly seen as commodities and assets, and the state abdicates from its public responsibilities. In practice, PPPs are used by businesses to evade the bulk of the risks involved in certain types of "investment" by pushing governments to bend rules and regulations to their advantage, and to avoid accountability.

TO
KEEP
IN MIND

PROVISION OF PUBLIC SERVICES THROUGH PUBLIC- PRIVATE-PARTNERSHIPS (PPPS)

"The provision of public services is one area which is increasingly being reconfigured to extract wealth upward to the 1%, notably through so-called Public Private Partnerships (PPPs). The push for PPPs is not about building infrastructure for the benefit of society but about constructing new subsidies that benefit the already wealthy. It is less about financing development than developing finance. […]

Roads, bridges, hospitals, ports and railways are being eyed up by finance and transformed into an asset class through which private investors are guaranteed income streams at the public's expense.

Such legalized looting – or "licensed larceny" – extracts considerable wealth from the global South and siphons it to the elite 1% of the global rich."

Taken from: Hildyard, Nicholas. 2016. Licensed Larceny: Infrastructure, Financial Extraction and the global South, The Corner House.

Independently from PPPs we also observe that corporate actors such as mining or agribusiness companies and the financers behind them are in some places replacing the state because they are the ones building roads, schools or hospitals as part of CSR measures. Given the fact that they often also pay security forces and have political support from local and central authorities, it can be difficult for communities to distinguish companies and "investors" from the government.

4.3.6

FINANCING FOR DEVELOPMENT

PPPs and multi-stakeholderism have become institutionalized in the global agenda for sustainable development, in particular the 2030 Agenda and the Sustainable Development Goals (SDGs). Indeed, the private/corporate sector as well as philanthro-capitalistic organizations (such as the Bill and Melinda Gates Foundation and the Omidyar Network, which is headed by the founder of eBay, etc.) are seen as key "partners" to mobilize the financial means that are necessary to implement the sustainable development agenda. Over recent years, several initiatives have fostered approaches that present the active roles of business and financial actors in addressing global crises as both, beneficial and necessary. As a result, global development objectives are increasingly aligned to corporate interests.

This approach has been formalized in the SDGs, and also in the Addis Ababa Action Agenda that was adopted by states in 2015. According to the UN, it "provides a new global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities."[81] One action area of the Addis Agenda is "Domestic and international business and finance."

One expression of the increasing role of the private sector in shaping and implementing the global development agenda is the fact that its actors are increasingly contributing to financing the programs of different UN agencies. "Blended financing" is a term that is often used to describe this takeover of global governance by the corporate and financial sector, and is fundamentally reshaping governance.

4.4 DISCOURSES AND IMAGINARIES

As stated above, financialization has a strong discursive aspect. This means that rogue capitalism and its actors spend considerable resources to legitimize and justify the expansion of global finance into all aspects of life, while suppressing critical discussions in broader society. Their objective is to make the process of financialization and its consequences appear "natural," necessary and desirable for development and the progress of humanity.

A central feature of the narrative constructed by advocates of financialization is that more investments increase efficiency in the production of public goods such as food, health, transport, etc. In much of the mainstream discourse, "investment" is understood in exclusively economic/financial terms as the mobilization of financial capital in order to generate a profit/return. However, genuine investment is about much more than this. In the context of agriculture, for instance, it is about the commitment of multiple resources (natural, human, social, cultural, physical and financial, among others) that serve multiple purposes from e.g. building up soil fertility, sustaining cultural practices and rituals, or generating opportunities for the next generation of rural youth.[82] In the context of financialization, these broader aspects disappear and financial returns are emphasized, which serves the interest of rogue capitalists.

Importantly, in the world of global finance the distinction between investment and speculation is blurring. Indeed, all financial investments have a speculative component. For example, pension scheme managers argue that they do not speculate because they purchase land with a longer-term perspective (e.g. 10 or 20 years). Still these investments have a relevant speculative component. They speculate on a rising land price, a rising global demand for agricultural raw materials and an anti-cyclical characteristic of land value developments vis-à-vis other investment sectors. In addition, a financial investor will – in most cases – sell his/her investment if he/she anticipates a substantive loss (i.e., speculation on value and price development does not materialize) or a substantive gain (peak of value). This makes financial actors different from other "investors". A peasant woman will typically not sell her farm only because land prices are high. Similarly, a housing association/cooperative will invest in its houses and possibly build or buy additional houses. But since the main aim is to provide housing to its members, it will not sell, even if real estate prices skyrocket.

The transformation of land and other common goods into asset classes that can be traded on global financial markets has to be seen in the continuity of the privatization and commodification of these goods, which has been promoted by actors, such as the World Bank for a long time. In the 1990s and 2000s, the influential economist Hernando De Soto justified the provision of private land deeds/titles to peasants on the grounds that they could use them as a collateral for credits.

4.5 DIGITAL TECHNOLOGY AND BIG DATA

Rogue capitalism is digitalized. Digital technologies are key in order to allow global finance to exert control over our territories. Controlling financial business and cash flows from global financial hubs (see chapter 4.2) requires information flows and tools to carry out transactions – buying and selling land, houses, shares etc. Indeed, digitalization, i.e. the integration of digital technologies into the different spheres of life, has been a key driver of global financialization. The exponential growth of global finance has, for instance, only been possible because of information technologies, including high-frequency trading. Digitalization and information technologies have also been key in bringing land and other common goods to global financial market places.

It is important to distinguish two key aspects of the digitalization of land. Firstly, access to very location-specific land-related data, such as soil quality, production outputs, water access, forest cover, land price developments, rainfall patterns etc., is key for investors. Digitalization makes it possible for a financial broker in Singapore, for example, to access such information for a plot in Colombia. Under the banner of "digitalization of agriculture" this collection and privatisation of data in virtual clouds is strongly underway – led by the TNC conglomerates John Deere, AGCO and CHN.[83]

Secondly, the digitalization of land administration data, in particular cadastral data, (potentially) allows for land transactions in the virtual sphere. Currently, several efforts are underway to apply blockchain technology to land. Blockchain is the technology underlying cryptocurrencies like Bitcoin and is commonly described as an open, distributed/decentralized ledger that can record information and transactions between two parties. Blockchain technology not only allows storage of land administration data, but also enables carrying out transactions through so-called 'smart contracts', which happen in a largely automatized and self-enforcing way. Pilot experiences are being carried out in different countries in all parts of the world.[84] The related narratives strongly focus on inefficient states and administrations, conveying the message that private actors will be much more efficient when taking over the job of land administration in a decentralized way and without interference from public authorities. Involved companies promise "easier access, higher accuracy, better scalability and transparency"[85], and even more democratic land administration.

The example of BlackRock shows that digital technology and the control of big data are used to exert control over territories, and to extract wealth from them. Technology and big data thus play a key role in consolidating corporate control over our lives.

TO KEEP IN MIND

ROGUE CAPITALISM, DATA AND ANALYSIS SYSTEMS

Finance companies nowadays are also data companies. They constantly collect huge amounts of data and analyze it in order to optimize their operations. BlackRock, the world's biggest asset management company, illustrates this. A key part of BlackRock's success is attributed to its data analysis system, Aladdin (Asset, Liability, Debt and Derivative Investment Network). To make such systems work, these must be fed with loads of digital data. Systems like Aladdin use digital information to transform (far away) territories into data, codes and algorithms that calculate risks and rates of return for financial investments and speculation.

TO KEEP IN MIND

AUTOMATED LANDLORDS

Financialized housing companies, or corporate landlords (see chapter 3.5) increasingly use digital technologies to optimize the extraction of wealth from tenants. Firstly, digital tools are used to make the management of their housing stocks more efficient. Tenants increasingly have to report damages such as broken pipes via a digital interface, thus creating an impersonal and distant relationship between landlords and tenants, which makes accountability more difficult. Housing companies also use digital tools to track the payment of rents and to send automatic reminders on payments, increasing pressure on tenants. The installation of such tools is furthermore sold as a measure that increases the value of homes, and thus as a justification to increase rents.

Secondly, digital tools serve to systematically collect data and information about tenants. This is essential in order to make (rental) housing work as a financial asset class. New financial instruments such as rent-backed securities, i.e. tradeable assets based on (real and anticipated) rent payments, depend on the ability to adequately calculate risks, including tenants' non-payment of rent. This requires systematic data on the tenant pool, which leads to increased surveillance. Such data can then also be sold to other companies who can use it to target their products and services to affected people.

Further reading: Fields, Desiree. 2017. Beware the Automated Landlord. Available at: www.redpepper.org.uk/beware-the-automated-landlord.

TO KEEP IN MIND

THE END OF MONEY

(AS WE KNOW IT)?

For many people finance is synonymous to money. Therefore, it can seem difficult to imagine that the abolition of cash money is a strategy to expand the reach and profit opportunities for global finance. However, several initiatives go precisely into this direction. Two examples illustrate this:

1. Demonetization in India

In November 2016, the Indian government announced that it would withdraw all 500 and 1,000 Rupee notes (around $ 7 and $ 14 respectively) from circulation. The official justification of this move was to destroy the black market, combat the proliferation of fake currency and stop the illegal funding of terror groups. The withdrawal of these notes from circulation had severe impacts on poor people and the (informal) sectors that rely mostly on cash, such as peasant farmers, traditional artisans, and small and medium industries, among others. People lost the possibility to sell their produce, lost their jobs or had to close their businesses. In some cases, people were not able to pay for medical treatment. Also, over hundred people were reported to have lost their lives in the aftermath of the currency ban.

The only sector that flourished was FinTech companies, i.e. technology-based financial services, such as digital payment systems (PayPal, WePay, PayTM etc.). The volume of mobile banking transactions grew by 380 % as a result of the government's decision, and the volume of digital payments increased by 360 %.[86] Eventually, the government had to admit that its stated goals had not been met, and that the demonetization was, in reality, a way to pave the way for a "less-cash" or even "cashless" economy. Banks, credit card companies, FinTech companies and several governments have been pushing for replacing physical money because there is little profit to be made from it. But once money is turned into digital bits, two opportunities present themselves: 1) to charge arbitrary fees on every single transaction; and 2) to create a data trail of income and expenditure of customers that is the basis for other financial services that can be sold to them.[87]

India's attempt to replace cash failed. Even though people had to forcefully shift to digital payments for a while, they swiftly shifted back to cash as soon as it was available again.

2. Libra, Facebook's cryptocurrency

Cryptocurrencies are seen by some as a means to emancipate from state oppression or an unjust and (neo-)colonial international monetary system.[88] However, Facebook's announcement, in June 2019, that it would launch its own cryptocurrency, Libra, sheds a light on how digital money could lead to the further expansion of corporate power.
Libra has been created by a consortium of several corporations called the Libra Association, which includes the electronic payment company PayU, technology companies Uber and Lyft, telecommunications firms Vodafone and Iliad, several blockchain companies, and a number of venture capital firms.[89] The Libra Association is led by Calibra, a subsidiary of Facebook. Libra is a private currency and the consortium's hope is that it will be used as a means of payment by Facebook users – currently almost 2.5 billion people worldwide. This would turn the world's biggest social network into a market place for goods and services. If a large number of people start using Libra, the data created by financial transactions would be of enormous value, especially when it is combined with behavioural data collected by Facebook.[90]

In addition, monetary policies are an important tool to steer a country's economy. As a private currency, Libra is outside the control of any central bank or government, and there is no public accountability in place. However, states may still see themselves obliged to take over the financial risk of Libra if it becomes widely used and faces a crisis. In sum, Libra is yet another step aiming at replacing states and public policies with corporations and their and their financial interests.

KEY MESSAGES

- Rogue capitalism operates through a broad range of actors, which act through a relatively small number of financial hubs.
- Secrecy as well as the avoidance of public regulation and taxation are core features of financial capitalism.
- A series of policies allow global finance to expand its power and reach, and the accumulation of wealth by a small elite.
- Corporate and financial actors have become established as key actors in governance by states and the multilateral system of the UN. This allows them to shape global and national policies and to eschew accountability for crimes committed by them.
- Actors of rogue capitalism have created narratives that justify the expansion of financial markets into areas and domains where they were previously absent. The need for "investments" and increased efficiency suggest that the replacement of public policies by global capital is not only necessary but also desirable.
- Digital technologies have contributed to transforming land and other common goods into financial assets, and to consolidating (and increasing) existing wealth inequalities.

QUESTIONS FOR DISCUSSION

- Through which mechanisms do financial actors exercise control over your territories (or try to do so)?
- What are the main policies in your country or region, which promote the extraction of wealth by corporate and financial actors?
- Can you think of examples of how digitalization and communication technologies have facilitated national or global elites' grab for resources?

5

RESISTANCE: NEW CHALLENGES FOR THE FOOD SOVEREIGNTY MOVEMENT

Rogue capitalism intensifies existing threats and creates new forms of dispossession and violence. Understanding the drivers and mechanisms at play is only the first step for an action-oriented reflection that will allow us to refine our struggles and strategies to stop and roll back the privatization and commodification of nature and life.

IN THIS CHAPTER, WE WILL:

- Recall the basis of people's and social organizations' struggles for their territories.
- Describe some ongoing struggles that are already challenging rogue capitalism.
- Propose some questions for further discussion among the food sovereignty movement and other movements.

As rural social movements fighting for food sovereignty, we have been defending our territories from encroachment and environmental destruction for a long time. We have also been struggling for agrarian and aquatic reforms, as well as the management of our commons by communities, for it is not legitimate that a few own and control the majority of lands, forests, seas, rivers, and all nature.

Our struggles are led by our common vision laid down in the Nyéléni Declaration of 2007 where we reaffirmed our commitment to food sovereignty and strengthened our understanding of its transformative potential to build a world where every person's right to adequate, healthy and culturally appropriate food is realized. We also committed to keep fighting for:

"A true comprehensive agrarian reform that guarantees the peasants full rights to land; defends and recovers territories belonging to indigenous peoples; guarantees the fishing communities´ access and control over fishing grounds and ecosystems; recognizes the grazing access, control and migratory routes; guarantees decent jobs with fair salaries and labor rights for all workers; and a future for the rural youth; where agrarian reforms revitalize the interdependence between producers and consumers; guaranteeing the community´s survival, and social and economic justice, ecological sustainability and respect for local autonomy and governance with equal rights for women and men ... where the right to territory and self-determination is guaranteed for our peoples."[91]

Likewise, in the People's Agreement of the World People´s Conference on Climate Change and the Rights of Mother Earth of 2010 in Bolivia, we clearly acknowledged capitalism´s limits and predatory actions against Mother Earth, and proposed the foundations of alternative models of interaction between human beings and nature, which seek to re-establish harmony:

"There can only be balance with nature if there is equity amongst human beings."

We propose to the peoples of the world, the recovery, revalorization, and strengthening of the knowledge, wisdom, and ancestral practices of the Indigenous Peoples, which are affirmed in the thought and practices of 'Living Well' (Sumak Kawsay), recognizing Mother Earth as a living being with which we have an indivisible, interdependent, complementary and spiritual relationship."[92]

Based on our shared vision, we have developed detailed proposals on how to govern our territories for food sovereignty based on our human rights.[93] Our proposals are largely based on the international recognition of the rights of indigenous peoples to their ancestral territories (UN Declaration on the Rights of Indigenous Peoples[94]); as well as of the rights of peasants and other rural people to their lands and natural resources (UN Declaration on the Rights of Peasants and other People working in rural areas[95]). The human rights treaties and these Declarations, as well as other international instruments, which have been adopted by states within the UN system (such as the Guidelines on the Responsible Governance of Land, Fisheries and Forests,[96] and the Guidelines for Securing Sustainable Small-Scale Fisheries[97]), show that we have been able to achieve the – partial – recognition of our vision and proposals.

With rogue capitalism, we are facing both, old and new threats and problems that fundamentally threaten our vision, rights and ways of life. Building on our past struggles, we need to agree on the best ways to pursue and assert our rights and dignity in the new global context. The purpose of this discussion paper is to stimulate reflection processes that allow us to critically review our analysis, the way we frame our struggles, our strategies, and ways of organizing, working and mobilizing against rogue capitalism. The following examples of existing struggles and the proposed questions are intended as an invitation to a joint reflection and strategizing process.

5.1 ONGOING STRUGGLES AGAINST ROGUE CAPITALISM

All around the world, communities and people oppose dispossession and injustice. In many cases, these struggles – explicitly or implicitly – defy and oppose capitalism, including in its contemporary, financialized form. The following examples are intended to give some spotlights on the diversity of social struggles for people's territories and against the commodification of nature. We are aware that there are many more struggles.

STRUGGLING FOR AGRARIAN REFORM

Launched in 1999 by the transnational peasant movement La Via Campesina, the Global Campaign for Agrarian Reform (GCAR) has been calling for a just distribution of land and natural resources, opposing approaches that put forward markets as the best way of allocating land to the most "efficient" users and uses. In the face of dispossession of local communities from their territories as well as the concentration of the control over lands in the hand of a few powerful actors – grown historically (e.g. during colonialism) or as a result of more recent processes – the GCAR has put forward the need for human rights-based land distribution policies. Supporting existing land struggles as well as advocacy at different levels it has opposed the privatization and commoditization of natural resources that is being promoted by several governments, the World Bank and other international financial institutions (IFIs). The GCAR has pushed for comprehensive agrarian reforms to ensure people's and communities' control over their territories.

ADVANCING THE HUMAN RIGHT TO LAND AND TERRITORIES

The human rights framework has been an important tool for communities and social movements to assert their rights over their territories. They have also engaged in global public policy spaces to advance the recognition of their rights as human rights. As a result of these struggles, the rights of indigenous peoples to their ancestral territories have been recognized by states in the ILO Convention No. 169 as well as the UN Declaration on the Rights of Indigenous Peoples. More recently, peasants and other rural people's rights to land, their natural resources, and to choose their models of production have been recognized in the UN Declaration on the Rights of Peasants and other People working in rural areas. The organizations of the IPC have also actively engaged in the development of the international Guidelines on the Responsible Governance of Land, Fisheries and Forests (Tenure Guidelines), and the Guidelines for Securing Sustainable Small-Scale Fisheries (SSF Guidelines), which are firmly anchored in human rights and clarify states' obligations regarding the governance of natural resources. Furthermore, strong advocacy and participation have led to the adoption of the General Recommendation No. 34 by the UN Committee on the Elimination of Discrimination Against Women (CEDAW), which clarifies rural women's rights to land. Currently, the UN Committee on Economic, Social and Cultural Rights (CESCR) is developing a General Comment on land. Social movements and CSOs are engaging in this process to ensure that this document reaffirms that land is a human right. The struggle for a human right to land remains paramount, for it asserts that land is first and foremost a common good which communities and people access, control, manage and use in many different forms, in order to live a dignified life, according to their social and cultural context.

LEGAL RECOGNITION OF CUSTONARY TENURE SYSTEMS

As a result of years of mobilization and advocacy by grassroots groups and peasant organizations, the Malian government approved a new Law on Agricultural Lands (Loi sur le foncier agricole, LFA) in 2017.[98] This law provides legal recognition to customary tenure rights. By protecting collective, customary tenure systems, it creates a space for communities for the self-management of their resources, based on collective rights and according to rules defined by each community. This protects rural people from land grabs and land speculation, and opens up spaces for agroecological production. Social movements and CSOs are currently supporting the implementation of the law, in particular by supporting the establishment of village commissions in rural communities and the process of agreeing on collective rules of community land governance.

A POLICY THAT RECO GNIZES COLLECTIVE RIGHTS OF SMALL-SCALE FISHERS

In 2012, South Africa adopted a new small-scale fisheries policy. This policy moves away from an individual allocation of fishing rights with a commercial focus, to a collective approach that focuses on improving the livelihoods of fishers and fishing communities. Moreover, it gives legal recognition of small-scale fishing communities. The policy foresees the establishment of a community-based legal entity, through which a fishing community can operate to manage fishing and related activities. It further sets aside preferential fishing zones for small-scale fishers, which are out of bounds for big commercial fishing.[99] Despite many important achievements, the implementation of the policy remains a challenge. Local fisher organizations are supporting communities in the process to establish for themselves what their tenure arrangements will be and unravel and unpack the myriad of governance frameworks that affect them.[100]

STRUGGLES FOR THE REMUNICIPALIZATION OF WATER

After the wave of water privatization in the 1990s and early 2000s, regional and national authorities have started to put water services back under public control. Pressure from social movements and the increasingly obvious unsustainability of water privatization – be it in the form of full privatization, concessions or PPPs – has obliged public administrations to terminate contracts with private companies. Underinvestment, price increases, workforce cuts and poor service quality are among the reasons that have led to remunicipalization. According to research, the number of remunicipalization cases increased 60-fold between 2000 and 2014.[101]

In Jakarta, Indonesia, The Coalition of Jakarta Residents Opposing Water Privatization (KMMSAJ) initiated a petition against the private management of Jakarta's water supply (a concession had been given to a consortium of companies in 1997) and filed a court case in 2012. In 2015, the Central Jakarta District Court ruled that the terms of the privatization of Jakarta's water violated the common right to water guaranteed by the Constitution of Indonesia. The government of Indonesia and the private operators lodged an appeal against the court decision. In 2017, the Indonesian Supreme Court issued a verdict in which it ordered the provincial and central governments to end the water privatization and return the water services to the public water utility.[102]

AGROECOLOGY: TRANSFORMING FOOD SYSTEMS AND POWER STRUCTURES

Agroecology is a key component of the political project of food sovereignty and a response to the multiple crises facing humanity and our planet. It is a proposal to radically transform our food systems and repair the damage created by the industrial food system, which has led to the destruction of ecosystems, soil degradation, depletion of fisheries, herbicide-tolerant weeds, increased greenhouse gas emissions, as well as malnutrition and serious health problems related to diets loaded with industrial food and garbage (obesity, diabetes, etc.). Agroecological production practices, such as intercropping, traditional fishing and mobile pastoralism, integration of crops, trees, livestock and fish, manuring, compost, local seeds and animal breeds, etc., are deeply rooted in the knowledge and innovations developed by peasants and indigenous peoples over centuries, as well as in their ways of life.

Agroecology is fundamentally political because it challenges and transforms the power structures of society. The control over land, waters, seeds, knowledge and culture needs to be in the hands of communities and people. The diverse forms of smallholder food production based on agroecology generate local knowledge, promote social justice, nurture identity and culture, and strengthen the economic viability of rural areas.[103] In December 2019, the FAO Council approved a resolution containing ten key principles of agroecology.[104]

Communities and organizations around the world are advancing agroecology as a model that remunerates people and nature, not global finance. In Argentina, the peasant university UNICAM SURI has begun to create so-called agroecological shelter galaxies (Galaxias refugio agroecológicas). These are agroecological farms established on recovered lands, which are run collectively by young peasants. Many of these young people have been victims of violence, drug addiction or extreme poverty, as a result of the expulsion of rural communities. Access to land and agroecological farming opens up new perspectives for their lives.

FIGHTING TO TRANSFORM THE GLOBAL FINANCIAL SYSTEM

The finance justice movement aims to fundamentally change the current financial system, which works for rich countries and financial corporations, and is highly undemocratic. A key demand is the establishment of a global tax body to stop systematic tax evasion by companies operating transnationally. Currently, TNCs declare their profits where they are not taxed, i.e. in tax havens and offshore centers. This causes the countries of the Global South in particular to lose huge amounts of money every year. A global tax body would not be a comprehensive solution to fix the broken global financial system, but it would put an end to some of the biggest injustice and ensure some regulation of illicit financial flows.

RESISTING THE NEXT WAVE OF FREE TRADE AGREEMENTS AND THE CORPORATE-LED DIGITAL ECONOMY

Free trade agreements have exacerbated global injustice and led to the expulsion of communities and people from their territories around the world. They have therefore been opposed by social movements for many years. As digitalization has made data the most valuable resource, big business is pushing governments to use trade agreements to gain control of the world's data. Through the plurilateral negotiations on e-commerce launched in the WTO in 2019, they aim to enshrine new rights for big corporations over the transfer and control of data, as well as to achieve full liberalization of the digital economy. CSOs and some countries in the Global South are resisting this push and defending their ability to maintain control over their data. Members of the global network Our World Is Not for Sale (OWINFS) have been campaigning against rules on digital trade in the WTO on the grounds that data should be used for public interest purposes, not for corporate profit. Social movements and CSOs are demanding the transformation of global trade rules as well as a human rights-based agenda for digital economic policies, rather than promoting the e-commerce rules developed by multinational corporations such as Amazon, Google, Facebook, and Alibaba.

THE STRUGGLE FOR CLIMATE JUSTICE

While there is broad consensus today that the climate crisis requires urgent action, the climate justice movement struggles for responses that put human rights and social justice center stage. Social movements are fighting for solutions to the climate crisis that recognize that responsibilities for the crisis and its impacts are unequally distributed and that marginalized groups and communities are the most affected. The climate justice movement demands that actions taken address the root causes of global warming and do not lead to further exclusion of marginalized parts of the population. An important part of the struggle is to oppose false solutions, in particular market-based approaches such as carbon markets and offsets, which lead to the creation of new forms of speculation and further exploitation of nature and territories (see chapter 3.7). Real solutions to the climate crisis need must be led by communities and based on their rights, knowledge, practices and innovations.

OPPOSING CORPORATE LANDLORDS

Over the last decades, housing in cities around the world has undergone unprecedented speculation and financialization (see chapter 3.5). People and communities are resisting and have intensified their struggles for their right to housing.

In Berlin, Germany, tenants and housing activists have initiated a campaign to break capital's control over people's homes and democratize how and where we live. A city-wide referendum is underway to expropriate "mega-landlords" that own 3,000 apartments or more. If successful, the campaign could decommodify up to 250,000 apartments, which are currently owned by investor groups. The campaign Expropriate Deutsche Wohnen and Co.[105] is receiving broad public support and its demands are partly supported by decision-makers. Recently, the local government put in place stricter rent control, establishing a ceiling to halt speculative increases of housing prices.

In Barcelona, the Plataforma de Afectados por la Hipoteca (PAH, Platform of those affected by mortgages) has taken up the struggle against vulture funds and joined the international campaign #BlackstoneEvicts.[106] In the Raval neighborhood of Barcelona, the Raval Housing Union and the Sindicat de Llogaters have led the resistance to the planned eviction of an entire housing block owned by Blackstone, where ten families live. Solidarity between neighbors has allowed to prevent the eviction by organizing music concerts and workshops. Finally, with the intermediation of the municipality, Blackstone agreed to regularize six families with an affordable rent. There have also been joint campaigns between different movements in Barcelona, such as #KillBlackstone, which took dozens of activists to the fund's headquarters on the outskirts of the city denouncing its abusive practices with tenants.

These and other actions by social movements of tenants and housing activists form part of a growing movement that calls to socialize housing across Europe.[107]

EXPOSING PENSION FUNDS' FINANCING OF LAND GRABS

Local organizations in Brazil have initiated an international campaign to hold financial investors accountable for land grabbing and ecological destruction in the region of MATOPIBA (see chapter 3.1.2). Together with CSOs from Brazil, the USA, Canada, Germany, Sweden and the Netherlands, they have organized an international fact-finding mission to document the situation on the ground, the results of which have then been used to put pressure on the pension funds that are financing the operations of local agribusiness companies. Representatives of the affected communities have also travelled to Europe and the USA to remind state authorities of their obligation to effectively regulate the transnational operations of companies and financial actors, particularly pension funds. As part of their struggle to recover their territories, communities and allied CSOs have also publicly challenged the World Bank over a land titling project that is being used by companies to legalize land grabs in the Brazilian state of Piauí.[108]

BREAKING CORPORATE POWER

The Global Campaign to Reclaim Peoples Sovereignty, Dismantle Corporate Power and Stop Impunity is a network of over 250 social movements, civil society organizations (CSOs), trade unions and communities affected by the activities of transnational corporations (TNCs). These groups oppose and resist land grabs, extractive mining, exploitative wages and environmental destruction caused by TNCs around the world, and particularly in Africa, Asia, Europe and Latin America. The Global Campaign is a bottom-up movement struggling for structural responses to widespread impunity for corporate crimes against people and the planet. It proposes an International Peoples' Treaty, which provides a political framework to support local, national and international movements and communities in their resistances and alternative practices to corporate power. The Global Campaign also participates in the process within the UN Human Rights Council towards a binding instrument to regulate TNCs, stop human rights violations, and end impunity and ensure access to justice for affected communities.[109]

5.2 QUESTIONS FOR A CRITICAL REFLECTION

Are we well organized to fight back?

- We need to resist specific "investment projects" such as plantations, mines, conservation areas, the construction of large ports, as well as housing and land speculation, privatization of public services, etc.

- Are we organized to resist single projects and/or single sectors only (for e.g. agribusiness, mining, large infrastructure, environment, etc.)? Or are we able to embed our struggles in a broader context and build convergences across them?

- What experiences do we have in linking resistances to comparable projects in the same sector, and in other sectors of the economy? How do we deal with the opaque webs of investment behind the resource grabbing projects? How do we ensure that we can identify the main actors without getting lost in endless research?

- What are the weak points of rogue capitalism? How can we make tactical and strategic use of them?

What do we need to do better?

- How strong and effective is our vision of food sovereignty to fight against financial capitalism? What aspects are we missing? How can we overcome these "blind spots"?

- How do we sharpen/further concretize our proposals for regulating and bringing under societal control corporate and financial actors, as well as the use of new technologies?

- How concrete and viable are our proposals for building a new economic and financial order based on food sovereignty and people's control of resources?

- What are our weak points?

- How can we reach more people and create a new/different imaginary?

How can we become larger and more powerful movements?

- Rogue capitalism is not restricted to the rural world. What experiences do we have in relating to and working with urban movements?

- Should we strive to build alliances with groups, such as clients of pension funds, in order to achieve some victories? How? Who shall we work with?

- Do we need strategic alliances with organizations that have technical knowledge about the technologies that are used by global finance to extend its power and reach? How shall we build these alliances and with who?

What mix of actions do we need/want to do?

- A preliminary and non-exhaustive list of possible elements of action are:

- Unpack the logic of finance capitalism and how it operates, and raise awareness in our communities about these;

- Identify the key actors and policies in your region or country that are driving financialization; develop strategies to counter them;

- Denounce financial "investments" as speculation and financial extraction;
- Reject the propagated idea that "clean" and secure land titles are for the benefit for all ("public interest");
- Link financialization with land and resource grabbing and concentration, underlining that these are global issues. We need a global campaign to take back and redistribute the lands and other common goods that have been captured by global financial actors, and to secure those that are still under the control of communities and people.
- Assert our rights to land and to territory as a counter concept to the global right to property for financial capital; strengthen locally adapted models of management of the commons, customary and community forms of self-governance of natural goods for peoples' sovereignty, and Living Well for people and nature;
- Expose multi-stakeholder initiatives meant to legitimize business and financial operations as "responsible";
- Exchange experiences among ourselves about, and give visibility to how the production of food and energy, the provision of health, education and transportation are organized in our territories, and further develop our own proposals in this regard;
- Share experiences on agro-ecology, circular and solidarity economy, rehabilitation of ecosystems that we know about, or have developed;
- Show how fishing communities and fish workers, indigenous peoples, peasants, pastoralists and urban communities have contributed to important innovations and knowledge production in fishing, agriculture, livestock keeping, biodiversity conservation, ecosystems rehabilitation, co-housing etc.;
- Discuss about the importance of claiming people's sovereignty over data and technologies; and of understanding data as commons;
- Discuss how a just transition to post-capitalism could look like, and how we intend to manage our territories;
- Discuss which actors, including public institutions, might become strategic allies of our struggles;

- Collect and disseminate types of community organization that have proven to be more resilient to financialization processes;
- Strengthen the capacity in our organizations to conduct research about underlying investment webs, and identify tactical and strategic allies across investment webs/chains; share knowledge, our insights and experiences; at the same time, put the burden on "investors" to prove that they are not infringing on our rights.
- Discuss ways to strengthen human rights accountability mechanisms at local, national and international levels; support the binding treaty on TNCs and human rights;
- Develop common demands against the financialization of land and nature that we can bring to various international policy arenas (FAO, CFS, UNEP, CBD, UNFCCC, SDG, UN human rights system, etc.);
- Find out about proposals that aim at reclaiming people's money and finance systems, for instance, closing down tax havens, separating commercial and investment banking, etc; think and discuss about what a different financial system could look like.
- Develop new ways of changing dominant narratives and put forward a different imaginary, given that nowadays actions increasingly need to have a strong communicative component in order to have a broader impact.

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4 Some of the concepts and terms used may not be clear to all readers. These terms will be explained throughout the document.

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6 The Bretton Woods system of monetary management established the rules for commercial and financial relations among the United States, Canada, Western European countries, Australia, and Japan after the 1944 Bretton Woods Agreement. The chief features of the Bretton Woods system were an obligation for each country to adopt a monetary policy that maintained its external exchange rates within 1 percent by tying its currency to gold and the ability of the International Monetary Fund (IMF) to bridge temporary imbalances of payments.

7 Naczyk, Marek and Palier, Bruno. 2014. Feed the Beast: Finance Capitalism and the Spread of Pension Privatisation in Europe. Available at: http://dx.doi.org/10.2139/ssrn.2551521

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9 A futures contract is a legal agreement to buy or sell a particular commodity or asset at a predetermined price at a specified time in the future.

Index funds are financial products that track changes in the prices of a bundle of different assets or securities; they allow investors to participate in financial markets without being required to purchase the actual assets or securities on exchanges.

Derivatives are financial securities with a value that is reliant upon, or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties, and its price is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes.

10 When a company publicly sells new stocks and bonds for the first time, it does so in the primary capital market. The secondary market is where securities are traded after the company has sold its offering on the primary market. It is also referred to as the stock market.

Futures markets or futures exchanges are where futures contracts are bought and sold for delivery at some agreed-upon date in the future with a price fixed at the time of the deal.

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Rural and urban communities around the globe are facing a dramatic increase in dispossession and destruction of their lands, rivers, pastures, forests, oceans, and homes. What is the reason for this dramatic increase? It is finance capitalism.

This discussion paper looks into the architecture of global finance and its ways to extract wealth from people's territories and nature. It intends to stimulate a collective, action-oriented reflection among all interested organizations about how to oppose and roll back the increasing power of global finance over our lives.