

Spotlight on financial justice

Understanding global inequalities
to overcome financial injustice



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Front cover image: Change Finance stunt outside the Bank of England on 15 September 2018, marking the 10-year anniversary of the financial crisis. **Photo credit:** Matti Kohonen.



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Who we are

Citizens for Financial Justice

Informing, connecting and empowering citizens to act together to make the global finance system work better for everyone.

We are a diverse group of European partners – from local grassroots groups to large international organizations. Together, we aim to inform and connect citizens to act together to make the global financial system work better for everyone.

We are funded by the European Union and aim to support the implementation of the Sustainable Development Goals (SDGs) by mobilizing EU citizens to support effective financing for development (FfD).

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Financialization of infrastructure: a means to an end or end in itself?

Executive summary

Rising inequalities between the global North and South, the economically privileged and the marginalized, between different genders and racial identities, have been historically reproduced and intensified across generations, and are defining features of our times. For instance, while global challenges such as climate change and environmental degradation undoubtedly affect all of us as humans living on Earth, they certainly do not affect us all equally. Differences in geographic location, economic status, gender, age, all come into play if we look at the groups who are systematically suffering from climate change's harsh consequences.

This is because the current rules of our global economy reproduce a vicious circle of inequality: growing economic inequality and wealth concentration increase political inequality by expanding the ability of corporate and financial elites to influence policy-making and protect their wealth and privileges. Higher levels of inequalities are then passed on to the next generations, culminating in long-term disparities and unfairness felt by marginalized groups.¹

After the 2008 global financial crisis hit, the governance structures and economic (de)regulations that got us there, especially the unchecked expansion of the financial sector over the rest of the economy or 'financialization', finally raised enough red flags. While major banks were bailed out by taxpayer's money, states neglected their basic human rights obligations by turning to austerity measures, creating pervasive impacts on people's lives around the globe. Consequences include reducing communities' access to common natural resources² and restricting the delivery of basic public services such as healthcare and housing to the most disadvantaged groups.³

In recent years, a significant increase of disparities within and between countries has finally put inequalities under the spotlight within international

development debates.⁴ The 2030 Agenda recognized addressing their multiple facets (economic, political, social) as one of its Sustainable Development Goals (SDGs), signalling the international community's commitment to reducing inequalities.

To take advantage of this momentum, understanding the main contemporary drivers of inequalities and finding common strategies to address them are necessary steps towards systemic socio-economic transformation and social justice. Looking at our current challenges through the lens of inequalities offers then a remarkable transformational potential: tackling inequalities in their multidimensional character – social, political, economic, spatial and intergenerational – can become a sort of guiding star in a complex world, an overarching goal to advance sustainable development and address the root causes of marginalization. As part of this effort, this report tackles the inequalities question by looking at one of its main current drivers, the financialization of our global economy, as well as at its counterpart, financial justice.

Through five thematic chapters – 1) food and land, 2) health, 3) women's rights, 4) housing and 5) infrastructure, the report shows that rising inequalities, and the overexpansion of the finance industry as one of its key contemporary drivers, have been created and reproduced by skewed and unfair rules of the game. There is therefore an urgent need for peoples' movements to converge around a common agenda for taking back our economies, reclaiming public services, and protecting our common natural resources. Through this report it becomes evident that local level resistance to financial actors' penetration is extremely important, but that confronting the drivers of inequality which are now global, such as financialization, requires concerted efforts at higher levels of policy-making as well. Four main pillars for action are proposed:

1 https://www.2030spotlight.org/en/book/1730/chapter/1-increasing-concentration-wealth-and-economic-power-obstacle-sustainable#footnote10_utsqgho

2 See case of Brazil, Chapter 1.

3 See case of Greece, Chapter 2; see also Chapter 4.

4 <https://sustainabledevelopment.un.org/sdg10>

- **Promote shared understanding and ongoing questioning of the dynamics of financialization:**

It is essential to raise people's awareness around the very real impacts of financialization on their lives and to provide fresh analytical tools to question current dynamics. Challenging the inequalities problem and how the multiplicity and expansion of financial actors and services is contributing to the problem can avoid unintended complicity, particularly given the insidious and overly covert manner in which these dynamics infiltrate multiple domains of life;

- **Resist ongoing attempts to shift decision-making away from legitimate and democratic policy spaces, often in the name of 'financing opportunities' to advance progress:**

At the local and national levels, supporting social movements' resistance to harmful projects, policies and other interventions backed by global financial actors can create tangible wins and can put a face and shape onto a struggle that can so often feel immaterial and hard to grasp;

- **Reaffirm national sovereignty to re-establish healthy boundaries to financial liberalization and provide critical financing to achieve the Sustainable Development Goals (SDGs):**

The latest global financial crisis has critically exposed the vulnerabilities of a liberalized, privately focused financial system. However, many underlying structural conditions that led to the crisis have been only mildly addressed, if at all. It is therefore essential to re-establish national sovereignty to help prevent the next crisis while providing critical financing for sustainable development. This calls for exploring the potential of national development banks, restoring the management of capital accounts within the standard policy toolkits of governments, and, introduce a system of financial transaction taxes, among other measures;⁵

- **Democratize global economic governance:**

At the global level, social justice and rights-based narratives should be at the heart of the process of reshaping powerful global institutions and reforming global economic governance. Different sectoral struggles should unite under a common agenda, advocating for the reform of existing institutions and the establishment of new ones which are able to regulate the new and fast

evolving financial actors, and can bring finance back into democratic accountability and control. This calls not only for building convergence on existing proposals regarding critical new pillars of a democratized economic governance ecosystem, such as an intergovernmental tax body and sovereign debt workout institution under the aegis of the United Nations, but also for addressing the institutional vacuum in regulating financial actors, mostly though not exclusively the asset management industry. Such measures could translate in enhanced transparency, participation, and public oversight of domestic and global tax, fiscal and financial policy-making.

The time is ripe for acknowledging people's struggles to resist the multiple facets of the process of financialization, and for converging strategies to address multiple dimensions of inequality to reach financial justice. The time for financial justice activism is now!

5 K. Singh and S. Prato, "Preventing the next financial crisis while financing sustainable development: Three propositions", *Spotlight Report on Sustainable Development*, 2019, https://www.2030spotlight.org/sites/default/files/spot2019/Spotlight_Innenteil_2019_web_chapter_III_Singh.pdf

Overview

Reframing development challenges: tackling multidimensional inequalities as the new guiding star of policy pathways

Global development challenges, especially hunger, access to adequate housing, access to clean energy and water and health, amongst others, have long been approached by the international community as stemming from extreme poverty. Poverty has then been treated as the starting point of the analysis as well as the main problem to be tackled through development interventions. However, this mainstream narrative focused on poverty reduction was only looking at the end of the story, turning a blind eye to the dynamics of wealth accumulation in so-called developed economies and underplaying the legacy of colonialism, slavery and resource extraction. The focus on poverty as an almost exclusively 'catch-up' challenge often underplayed and overlooked the vicious relations between poverty and prosperity. Without confronting the historical conditions and structural unfairness of global capitalism at the root of the problem, false solutions to minimize poverty only ended up reinforcing it.⁶ What is finally becoming more broadly accepted is that poverty does not exist in a vacuum separate from wealth; it is but one of many symptoms of historically rooted and still growing global inequalities.

In recent years, a significant increase of disparities within and between countries in both the global North and the global South has finally put inequalities under the spotlight in international development debates.⁷ Especially since the 2008 global financial crisis, deep inequalities across economic, social, political and intergenerational domains are no longer confined to low-income or developing countries. Quite the opposite, deeper gaps between rich and poor, between groups who influence policy-making and those marginalized by it, between those who

can access quality education, healthcare, food and other basic goods and services and those who cannot afford them are increasing all over the world. Some staggering examples are the fact that food insecurity is on the rise for four years in a row in both high-income and low-income countries, with over 820 million people suffering from hunger (see figure 1),⁸ while approximately 1,6 billion people lack adequate housing.⁹ Meanwhile, the richest 1 percent owns over 47 percent of total global wealth,¹⁰ and financial power concentration is making the rich get richer nearly everywhere (see figure 1).¹¹

While our current global economic system and its governance structures reinforce a vicious cycle of inequalities by keeping political and financial power in few hands, this gloomy situation also offers an opportunity for convergence of diverse movements and struggles under a common agenda. A strong feeling of unfairness about the world's deeply unequal condition is no longer restricted to those considered economically marginalized, but it is actually shared by the majority of working people around the world. And this feeling has been approaching a tipping point. Social movements such as Occupy Wall Street – and its subsequent protests in 951 cities in 82 countries in both the global North and South –, the *indignados*/15M in Spain, *Nuit Debout* in Paris, and so many other recent popular uprisings around the world have shown people's power to unite against inequality, finance capitalism and anti-democratic governance. The growing climate movement and its youth-led Fridays for Future strikes are also key to exposing the multidimensionality of the inequalities question. Organized youth have been taking to the streets worldwide to sound the alarm on the

6 https://www.theguardian.com/global-development-professionals-network/2017/jan/14/aid-in-reverse-how-poor-countries-develop-rich-countries?CMP=share_btn_fb&fbclid=IwAR3Hevd03vf3dZwQ-Pt4pjdV-5GHZomNG8bdmruV9fAS9yQd_aHyKfkznB0

7 <https://sustainabledevelopment.un.org/sdg10>

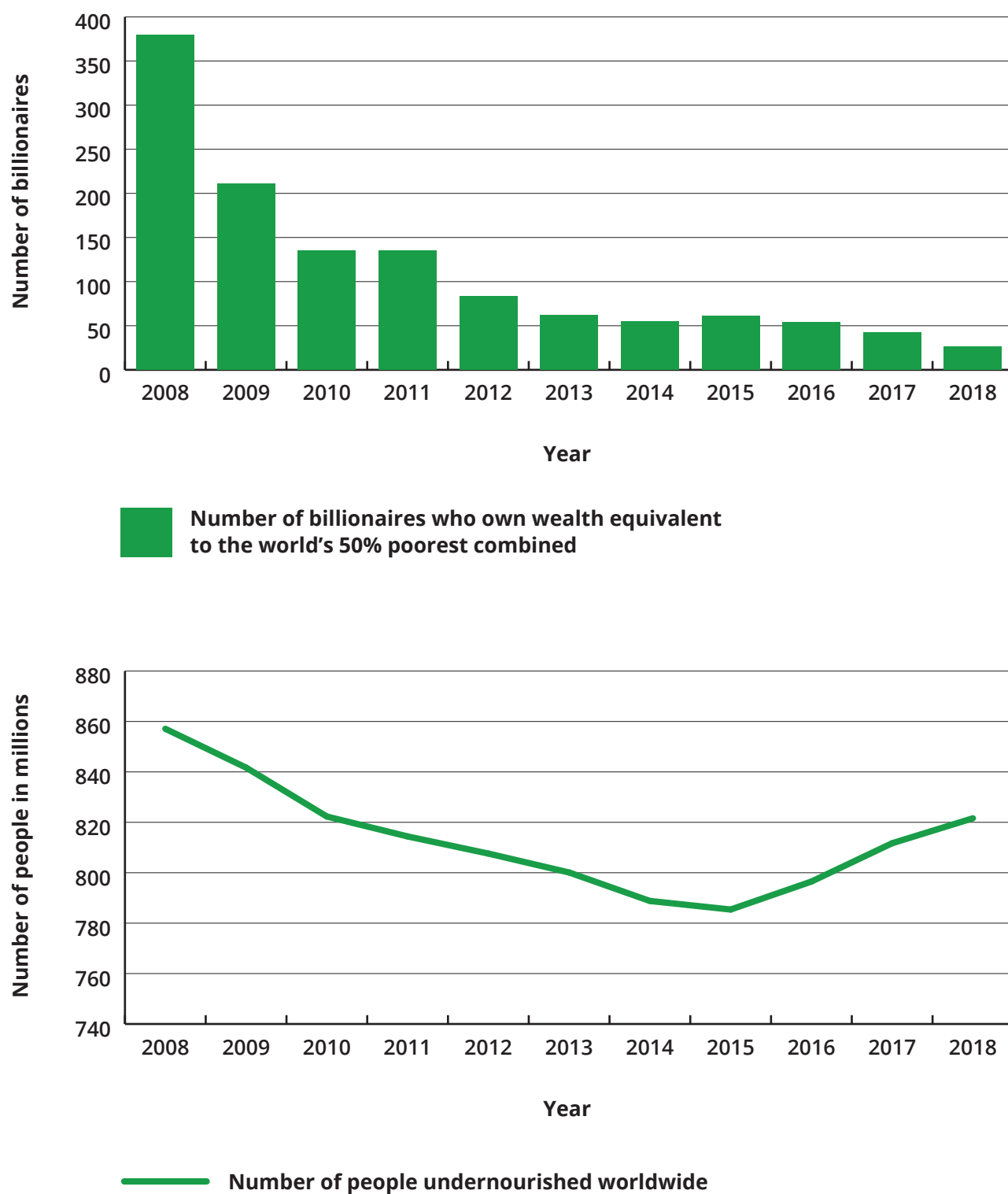
8 <http://www.fao.org/publications/sofi/en/>

9 <https://unhabitat.org/up-for-slum-dwellers-transforming-a-billion-lives-campaign-unveiled-in-europe/>

10 <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>

11 <https://www.theguardian.com/business/2019/jan/21/world-26-richest-people-own-as-much-as-poorest-50-per-cent-oxfam-report> ; <https://inequality.org/facts/global-inequality/>

Figure 1: Number of undernourished people rise as wealth concentration and economic inequality grow



Source: FAO, 2019 and Oxfam, 2019. Charts prepared by F. Sonkin, SID.

unacceptable unfairness of climate change and environmental degradation, as the climate crisis not only disproportionately affects groups according to their geographic location and economic power, but also across generations. Those responsible for over-consuming our limited planetary resources in the present are not equally burdened by the future consequences of their actions.

The framework of inequalities indeed offers a remarkable transformational potential if compared to the traditional poverty approach. Not only does it provide greater descriptive accuracy (by demystifying averages and exposing correlations between development challenges and social groups) and analytical capacity (by unveiling the relations between poverty and prosperity), but it also offers a powerful 'rule of thumb' in normative terms: tackling inequalities in their multidimensional character – social, political, economic, spatial and intergenerational – can become a sort of guiding star in a complex world, an overarching goal to advance sustainable development and address the root causes of marginalization. This means that challenging the drivers that continue to widen disparities and confronting the political economies that facilitate the capture of ethical, normative and fiscal interventions in favour of the economic and political elites are among the most urgent policy priorities to advance socio-economic transformation. Indeed, the analysis of multidimensional inequalities highlights how some social groups and communities are consistently found at the lower end of any development outcome distribution, exposing how inequalities outline structures of power within societies, of which socioeconomic disparities are one of many symptoms. Hence, the need to combine socioeconomic interventions with robust processes aimed at democratizing the existing concentration of economic and political powers. Working to limit and regulate the unrestrained expansion of the financial sector's elites and interests over our economy and to promote financial justice are therefore key steps in that direction.

Financial justice, a timely agenda for social justice struggles



Financial justice calls for rebalancing the disproportionate influence and power of the financial sector over the global economy and embraces the urgent need to bring finance back into democratic accountability and control through increased transparency, people-centred regulation, democratic institutions, and public oversight. It appears as a timely response to the

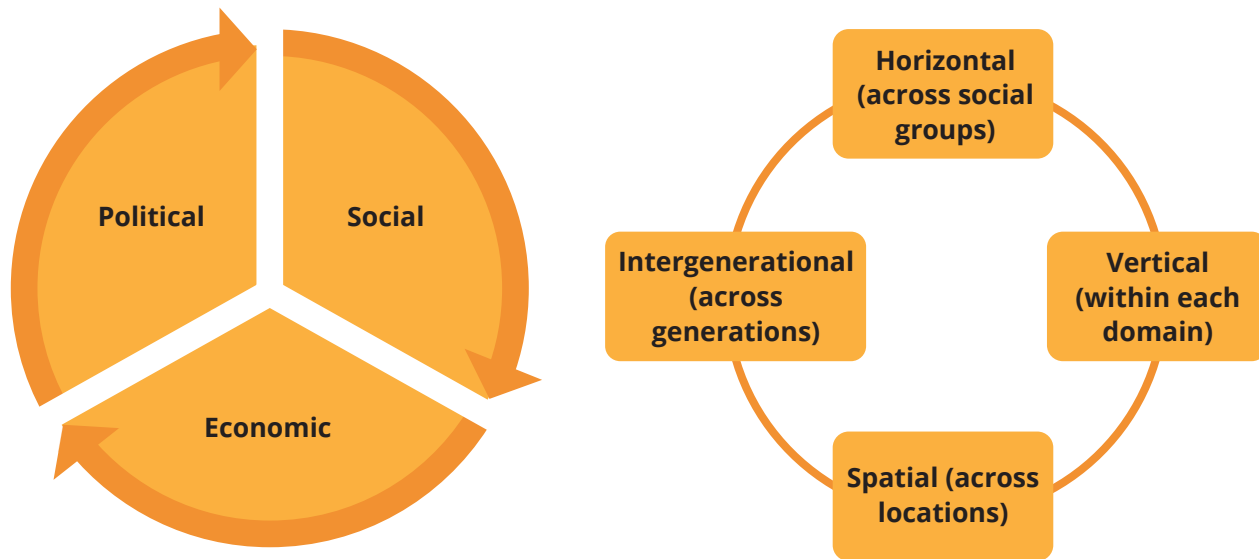
current pervasiveness of financial actors, products and markets and their power over peoples' lives, especially in their role as contemporary drivers of inequalities.

As part of an effort towards reducing inequalities through structural economic transformation and financial justice, this report shines a light on different struggles to resist the financial capture of basic services and critical areas of our lives: 1) food and land, 2) health, 3) women's rights, 4) housing and 5) infrastructure. Using inequalities as a starting point, oversold financially driven solutions for development and the expanding role of financial actors, markets, and motivations onto so many spheres of our everyday lives are analysed as key drivers of systemic injustices and the erosion of human rights and the environment. Finally, this collective effort aims to overcome the tendency to operate in silos and to bring together diverse social and environmental justice struggles in order to push forward a common agenda for financial justice.

Furthermore, the report also offers a renewed lens through which to critique the strong emphasis on leveraging private finance to implement the 2030 Agenda for Sustainable Development. Not only does this approach over-represent the importance of financial challenges over policy ones, but it also opens the way to further strengthening financial control over development implementation through a variety of market-based, and often false, solutions, rather than tackling the root causes of exclusion and marginalization. In fact, the sluggish growth that characterized the post-financial crisis economic recovery may suggest that commodification and financialization are intertwined dynamics that place development challenges at the service of a struggling economy, rather than challenging the distortions and dysfunctions that overreaching market-liberalization strategies have generated.

Understanding inequalities to reach financial justice

Grasping our current development challenges through the lens of inequalities can be a powerful way to unite different struggles for social justice. For instance, by critically analysing issues such as land rights or women's rights through the framework of inequalities, it is possible to see that some social groups and some geographic locations are more likely to suffer multiple inequalities, such as unequal access to natural resources in Brazil (see Chapter 1) or unequal burdens from austerity policies in Argentina

Figure 2: The multiple domains and dimensions of inequalities

Source: S. Prato, *Development*, 2014.

and Zimbabwe (see Chapter 3). This recognition highlights the existence of power structures within society which maintain and reinforce such inequalities. In fact, recognizing power structures and unveiling the political economy of inequalities are essential steps towards addressing its drivers and working towards equity and justice.¹²

Through a multidimensional analysis of inequalities (see figure 2) it is possible to infer that the inequality question is fundamentally about the rules of the game. It is about what locks in political, economic and social power at the top, and what prevents wealth in a broad sense to be shared by the majority. Because the rules of the global economy have been organized in such a way as to benefit the elites (especially in the global North) at the expense of most of the rest of humanity, tackling inequalities requires reshaping governance structures to build more egalitarian and equitable societies and economies.

The current rules of our global economy reproduce a vicious circle of inequality: growing economic inequality increases political inequality, which then expands the ability of corporate and financial elites to influence policy-making to protect their wealth and privileges. Higher levels of inequality, or the disproportionate control of resources and influence

over political and economic decision-making, is then passed on to the next generations, cumulating in long-term disparities felt by marginalized groups.¹³

In more concrete terms, the concentration of wealth and economic power in the hands of a relatively small number of people - bankers, CEOs and other ultra-rich individuals - enables them to play a big role in shaping institutions which can maintain their wealth and privilege. If wealth buys political power, either by directly financing political campaigns or by hiring expensive lawyers and lobbyists to push for favourable policies and legislation,¹⁴ then it also shapes economic institutions which determine economic activities and who will benefit from them. These dynamics become evident in the way public resources are generated and allocated. For instance, fiscal policies such as corporate income tax cuts that benefit large corporations and their CEOs allows them to accumulate even more wealth, which in turn is reinvested in more lobbying and political campaigns that continue to support their wealth concentration.¹⁵

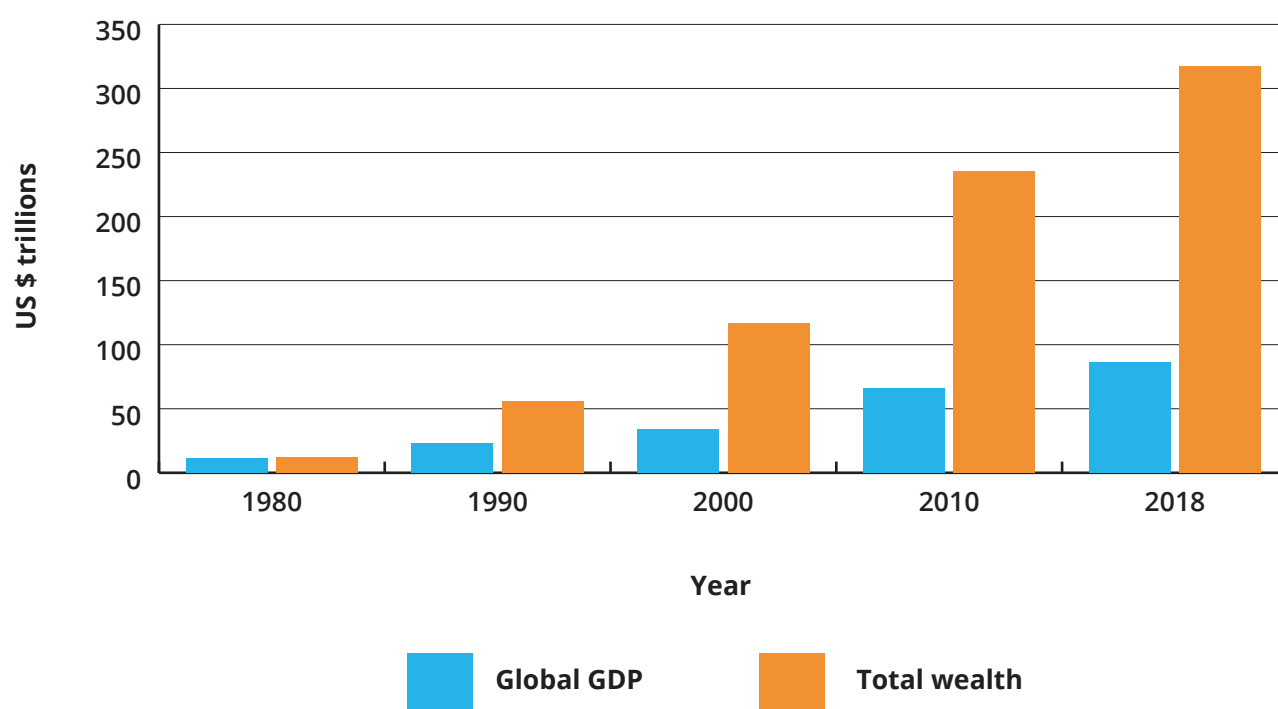
Although the current finance-led global economic system is founded upon the idea that economic growth and more wealth will improve overall well-being by enabling returns to 'trickle down' to all levels of society/parts of the world, evidence shows

12 S. Prato, "Editorial: The Struggle for Equity: Rights, food sovereignty and the rethinking of modernity", *Development*, 2014.

13 https://www.2030spotlight.org/en/book/1730/chapter/1-increasing-concentration-wealth-and-economic-power-obstacle-sustainable#footnote10_utsqgho

14 <http://longreads.tni.org/state-of-power-2019/lobbying-political-power/>

15 See the infamous example of the Koch brothers in the US: <https://www.theguardian.com/us-news/2019/aug/23/david-koch-death-kochtopus-legacy-right-wing>

Figure 3: Global wealth compared to global GDP

Sources: Credit Suisse 2018 (global wealth 2000-2018); World Bank (for GDP)

this is not the case.¹⁶ While (some) economies keep expanding (in terms of GDP growth), governments' fiscal space is often shrinking (for the combined effects of increasingly regressive tax policies, tax avoidance and evasion and other illicit financial flows, among other reasons) and worker's wages are stagnating, due to a massive concentration of private capital (see figure 3).¹⁷

Financialization: driving and maintaining inequalities

Inequalities are not new phenomena. But disparities have been furthered and ossified by a global proliferation of the finance industry. In recent decades, concentrated wealth and economic capital, only possible while inequalities between social groups and the global North and South are maintained, decided on financial assets as its preferred and most profitable home. Instead of generating wealth and societal well-being through investing in the productive economy, such as manufacturing or commodities production,

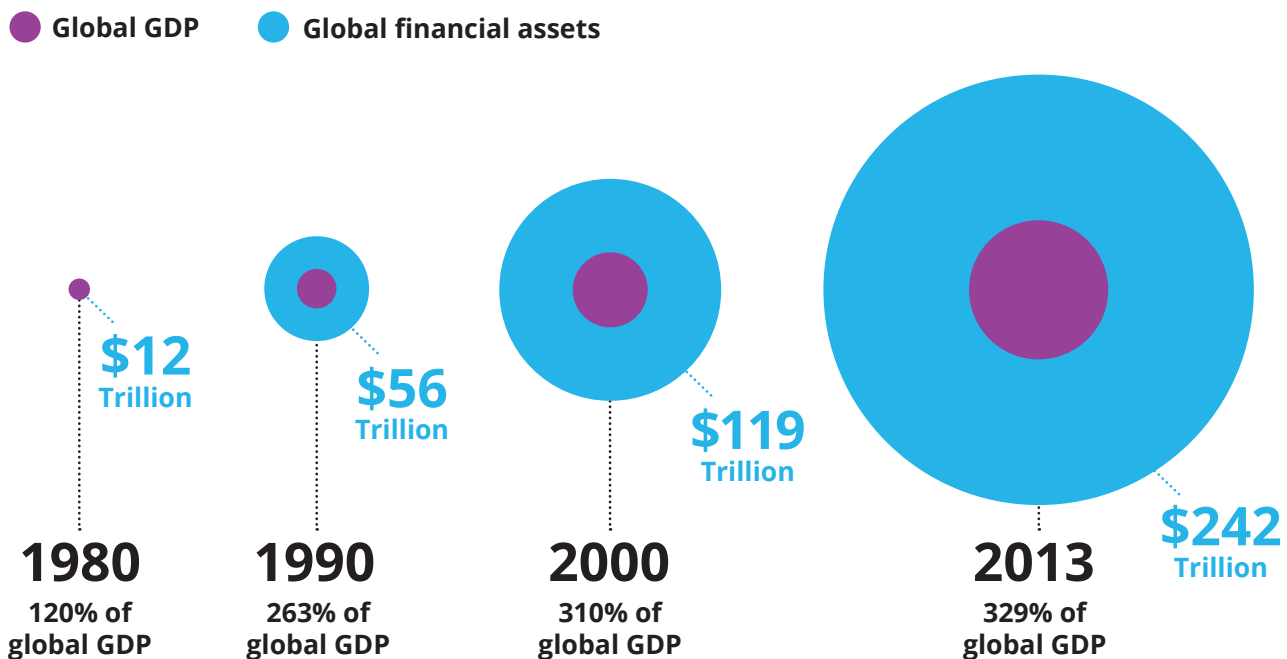
investments made based on future profit speculations have become the main money-making activity of our times. However, this shift in the way wealth is privately accumulated thanks to the growing scale and profitability of the finance sector, comes at the high expense of the rest of the economy (see figure 4) and acts as a key driver of inequalities within and between countries in three main ways.

- First, whereas in the past profits came mainly from commodity production and the trade of goods, now wealth is being largely extracted through speculative financial channels instead of being re-invested in the productive economy. In the UK, for instance, a century ago, 80 percent of bank lending went to businesses for genuine investment, like factories, retail, farms and so on. Now, less than 4 percent of business lending by financial institutions goes to manufacturing – instead, financial institutions are lending mostly to each other, and investing into housing and commercial real estate.¹⁸

¹⁶ <https://www.epi.org/publication/ceo-compensation-2018/> ; <https://www.latimes.com/business/story/2019-08-19/column-trickle-down-is-a-lie>

¹⁷ https://www.2030spotlight.org/sites/default/files/spot2018/Spotlight_2018_web.pdf

¹⁸ <https://www.theguardian.com/news/2018/oct/05/the-finance-curse-how-the-outsized-power-of-the-city-of-london-makes-britain-poorer>

Figure 4: Global financial assets vs global GDP

Sources: Deutsche Bank, 2013; Transnational Institute, 2018

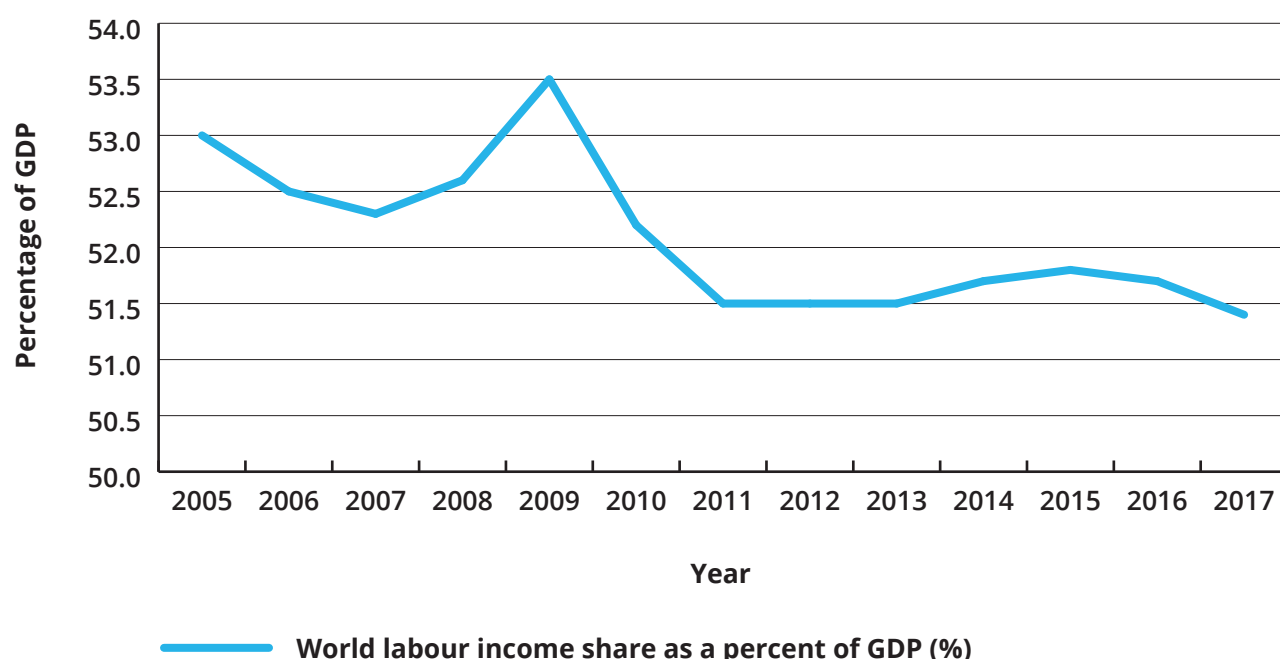
- Second, the decreasing profitability of the non-financial sectors is also linked to unemployment, stagnation or reduction of wages and the weakening of institutions and policies aimed at containing income disparity, such as labour unions' collective bargaining and minimum wage laws.¹⁹ Ironically, at the same time that the finance sector extracts economic resources which could be invested in wage labour, it also increases workers' dependency on financial actors' credit to fulfil their most basic everyday needs. While incomes become stagnant, privatization and rising costs of services such as education and health care have been increasingly pushing citizens into debt (see figure 5).
- Third, and perhaps most importantly, financialization and inequalities have been further enabled by shifting economic governance away from legitimate spaces and into undemocratic institutions. These include the World Bank, the International Monetary Fund (IMF) and the World Trade Organization, where countries from the global North control a vastly disproportionate share of bargaining power and through which

they exert control over economic policy decisions in the global South through debt and conditional finance. This dynamic has led to policy choices and reforms at national and international levels which have allowed transnational financial power to flourish and remain largely immune to regulations, monetary policy and taxation. Corporate income tax cuts, tax havens (see figure 6), unregulated foreign direct investments and other neoliberal economic policy prescriptions have empowered global finance to thrive and take over new roles and spaces where it was previously absent. Witness the way in which financial actors now operate social care services in Scandinavia through offshore companies²⁰ and private equity while dodging public taxes, or how in Spain, thousands of indebted citizens were evicted by banks and left homeless as the aftermath of the 2008 burst of the property market bubble.

¹⁹ <https://www.theguardian.com/commentisfree/2019/aug/15/valuing-corporations-over-workers-has-led-to-americas-income-inequality-problem>;
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_712232.pdf

²⁰ <https://www.finnwatch.org/images/pdf/SoteV.pdf>

Figure 5: World labour income share as a percentage of GDP (%)



Source: ILOSTAT, 2019

What is deeply concerning is that the unchecked expansion of finance not only implies macro-level and far reaching changes on how the economy works but actually has very concrete impacts on people's everyday lives and the environment. The current finance-led global economic system has led governments to become accountable to investors rather than to their citizens, failing in their human rights obligations and turning to the privatization of previously publicly provided services, including health, education and water provision amongst others. Lastly, the current analysis of financialization often overlooks that the largest subsidy to the global economy is provided by the unpaid domestic and care work derived from the sexual division of labour, which severely constraints the full realization of women's rights. Furthermore, financial crises tend to make matters worse for women, not only because their care burden often increases but also because they are primarily and often inequitably impacted by fiscal austerity and social programmes' streamlining.

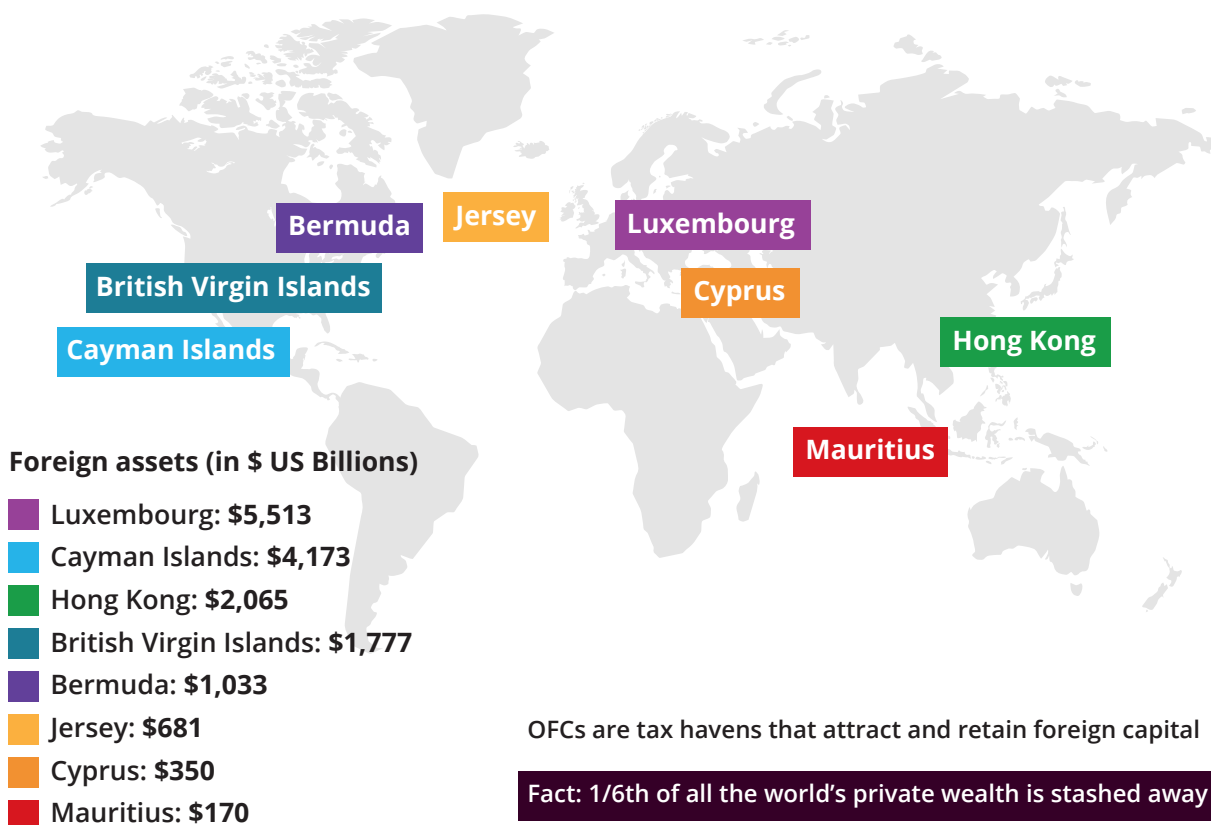
Figure 6: Geography of financial power: financial centres and offshore financial centres

Financial centres



Top 10 ranked according to industry benchmark that analyses five factors, including business, environment, infrastructure and reputation.

Offshore financial centres (OFCs)



Financialization and its impacts on development, economic governance and public finance

In a race to the bottom to compete with other 'finance/business-friendly' countries and attract private (often foreign) investments, governments often wave corporate taxes and reduce regulations for private investors, including on social and environmental obligations. These (un)regulatory measures essentially dwarf the role of the state by reducing its revenue (see figure 7). Consequently, with less fiscal space to invest in public services, governments resort to widespread privatization and commercialization of the delivery of previously public services, including health, education, water provision, and other essential services.

Central to this is a shift from direct public ownership – where the government pays for and provides utilities like water, or services like health care and education – to a system of indirect public provision – where government partners with private, for-profit providers.²¹ This shift has several repercussions. First, it leads to reduced democratic accountability over financial transactions, since the government is no longer primarily accountable for fulfilling its citizens human rights; second, it has consequences for transparency, since contracts between governments and private corporations are not available on public record; third, it implies a transfer of power from states (representing interests of citizens) to financial actors (representing interests of CEOs, shareholders, finance executives, etc.) which operate in a logic of short-term private profit, and not social welfare of the majority; finally, investment guarantees provided to attract private investors transfer the

investment risks away from companies, relying on public funds (tax payers' money) to bear the costs of loan defaults.

Ironically, the same policy reforms which enabled the financial sector and corporations to concentrate more wealth in recent years are the ones which led to reduced public budgets and increased public debt, and therefore furthered states' dependency on more private investments to deliver traditionally public services. This dynamic has also been actively promoted by international development finance actors, through strategies to 'crowd in private sector investments' or 'leverage innovative finance' to fill in the public funding gap.²²

Ignoring the volatility and private profit-oriented mentality of global finance, initiatives such as the World Bank's "Maximizing Finance for Development" agenda and Cascade approach,²³ and the European Commission's Sustainable Finance initiative²⁴ have become mainstream practices in international development finance. Most recently, a worrying MoU between the UN and the World Economic Forum also adds to the trend of private finance and billionaires' influence over global economic decision making.²⁵ The supposed ambition is that investors and their asset managers could redirect their investment efforts towards assets with potentially positive social or environmental aspects, thereby facilitating the implementation of the world's Sustainable Development Goals (SDGs). However, private investors' commitment to the SDGs cause does not come cheaply. Governments are required to 'de-risk' private investments, taking on the burden for failed projects such as public-private partnerships (PPPs), and are also pushed to cut back on their rights to regulate in the public interest (e.g. for environmental and human rights).

21 <https://www.tni.org/en/publication/financialization-a-primer#Q1>

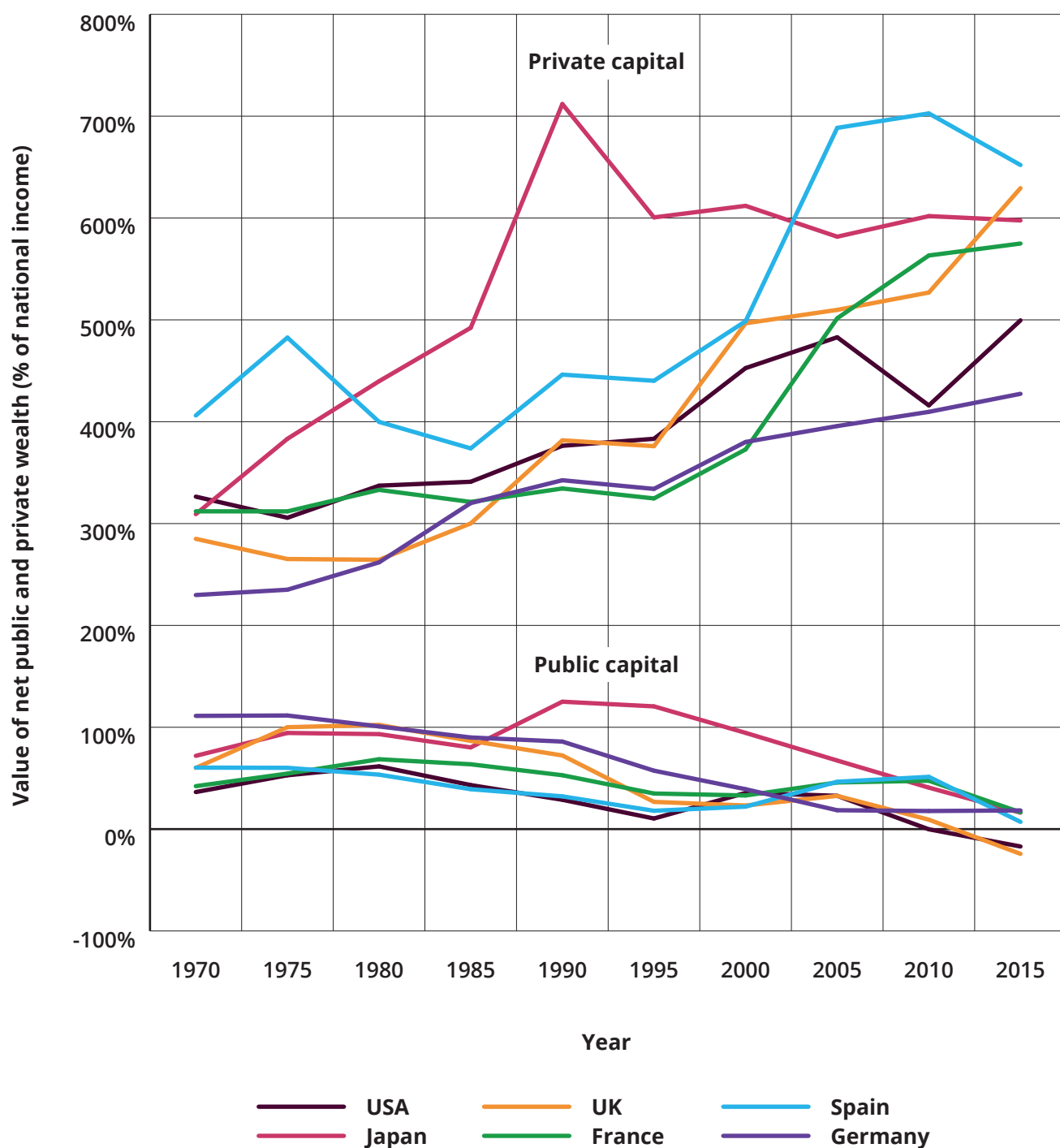
22 <https://www.worldbank.org/en/news/speech/2018/05/15/leveraging-innovative-finance-for-realizing-the-sustainable-development-goals>

23 <https://www.worldbank.org/en/about/partners/maximizing-finance-for-development>

24 https://ec.europa.eu/info/publications/sustainable-finance-resources_en

25 <https://www.tni.org/en/article/un-signs-deal-with-davos-that-threatens-democratic-principles>

Figure 7: The increasing gap between private capital and public capital in rich countries, 1970-2016



Source: World Inequality Lab, World Inequality Report 2018

Understanding financialization

The overexpansion of financial assets and markets did not come out of thin air. While the beginnings of financialization can be traced back to the 1950s and the 1960s with the rise of offshore financial centres, it was the fall of the Bretton Woods monetary system in the early 1970s that accelerated growth in global liquidity and prompted a surge of financial liberalization and deregulation.²⁶

The term ‘financialization’, used to describe the increasing power of financial actors over the economy, became even more popular and relevant after the 2008 global financial crisis hit.²⁷ Although it is widely recognized that the 2008 financial crash was spurred by unregulated and unscrupulous financial speculation, national governments worldwide have since then doubled down on financial markets’ deregulation and corporate income taxes reduction.²⁸ Instead of taking the crisis as a wake-up call for systemic change, the ill-conceived idea of a financial market-led global financial system has still not been seriously questioned.

After the crisis, major banks were bailed out while states neglected their basic human rights obligations, such as healthcare, education, water and sanitation and adequate housing. Meanwhile, the economic burden was transferred to citizens through austerity measures — reducing social spending and increasing taxation — which hurt underprivileged groups the most.²⁹ The catastrophic health impacts of public spending cuts from social services imposed in Greece, Ireland, Portugal and Spain bear evidence to this reality.³⁰

Harmful results were also felt by communities in the global South, through the intensified transformation of resources and rights, such as land and the environment, into new financial asset classes. Often introduced through development financing conditionalities, regulatory changes to attract transnational financial actors allow them to become a powerful political force able to create new markets for profit generation to the detriment of people’s livelihoods.³¹

In this context, understanding the expansion of global finance, especially its intimate relationship with deepening inequalities and its impacts on the access to and realization of human rights, has become urgent.

26 <https://www.imf.org/external/pubs/ft/wp/2013/wp13224.pdf>

27 <http://www.peri.umass.edu/media/k2/attachments/WP394.pdf>

28 <https://www.taxjustice.net/2015/03/18/new-report-ten-reasons-to-defend-the-corporate-income-tax/>

29 https://academic.oup.com/eupub/article/27/suppl_4/18/4430523

30 For concrete data on Greece, see [https://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667\(18\)30130-0.pdf](https://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667(18)30130-0.pdf); see also <https://www.brettonwoodsproject.org/2018/09/greece-exits-loan-programme-trail-devastation-revealed/>

31 See Financial speculation over land in Brazil, Chapter 1.

Financialization and the erosion of human rights and the environment

Widening inequalities around the world hamper equal opportunity and lead to laws, regulations and institutions that favour the powerful (including financial actors) and perpetuate discrimination against certain groups.³² The impacts are mostly felt by those most marginalized from public service delivery, the poorest and most vulnerable to economic instability and environmental and climate crises.

The transformation of **land** into a tradeable asset to be purchased and speculated upon by the highest bidders, directly impacts peoples' capacity to use it for **food** production, thereby impacting the right to food, nutrition and health. Indeed, these dynamics shift upstream –often in distant and opaque locations - the primary locus where decisions over the use of land and other resources are made, with profound implications of communities' sovereignty over decisions that directly impact their livelihoods and well-being. These impacts are especially severe for small-holder farmers in both the global North and the global South, as exemplified by cases from Germany and Brazil (Chapter 1).

The financialization of **health** provision - including financial interests behind private healthcare systems and the extreme financial power of pharmaceutical companies - deeply affects people's capacity to access affordable and high-quality (public) health services.³³ Furthermore, the role of insurance companies increasingly shifts decision-making away from legitimate public policy processes and constrains the ability to advance disease prevention and well-being programmes. Impacts are felt worldwide, from the United States to Greece (see Chapter 2). This in turn can also overburden women, who are unequally responsible for care work, especially when public care is not accessible (Chapter 3).

The financialization of **women's rights** has guided the development agenda towards focusing on women's financial inclusion as the panacea for gender equality. This has meant expanding women's access to credit and investing in female entrepreneurs as instrumental actors in the process of economic growth and development. However, this 'micro-policy' focus has overshadowed the 'macro-policy' analysis on the systemic obstacles to the full realization of women's

rights and gender equality. Indeed, the finance-led 'women's empowerment' agenda has implications for women's increased debt and continues to fall behind the recognition of unpaid and undervalued care work which overburdens women everywhere, from global North to global South (Chapter 3).

The financialization of **housing** operates in a similar manner, turning a social good and a human right into a profit-making machine for those with the most money to invest and speculate. Property speculation is a major cause of rising inequality, homelessness and insecure housing. In turn, the unaffordability and lack of availability of decent housing are amongst the world's most challenging social policy issues and are a visible manifestation of the failure of government policies. Examples from Dublin and Amsterdam bear evidence (Chapter 4).

As for **infrastructure**, large infrastructure projects (roads, railways, dams, mines, etc.) have been increasingly outsourced to global financial capital. These projects, when privately financed, are focused on extracting wealth and creating profit for companies' shareholders instead of providing the best quality service for citizens or respecting communities' rights. Mega-infrastructure projects, while often seen by private investors as commercially viable and highly profitable ventures, can have major impacts on people's lives and the environment, including massive displacement and dispossession and systemic violation of human rights, as in the case of the Mombasa-Mariakani highway in Kenya (Chapter 5).³⁴

In this context, the struggle for equity and human rights requires understanding financialization and actively promoting de-financialization. Questioning and radically shifting the governance structures that got us to this place has become urgent. For that we must all become, to different extents, *finance justice activists*.

De-financialization as a pathway for financial justice

The unregulated expansion of financial actors, means, and motives over our economies, services, and international development practice has had pervasive impacts on people's lives around the globe; from deepening and locking-in multiple dimensions

32 Philip Alston, "The Human Rights Implications of Extreme Inequality", February 2018, Report of the Special Rapporteur on extreme poverty and human rights, 27 May 2015 (A/HRC/29/31); NYU School of Law, Public Law Research Paper No. 18-06. Available at SSRN: <https://ssrn.com/abstract=3117156>

33 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5829462/>

34 https://odg.cat/wp-content/uploads/2016/02/financialization_of_infrastructure_eng.pdf

of inequality, to reducing communities' access to common natural resources and restricting the delivery of public services to marginalized and disadvantaged groups. And as much as financialization is manifested at many levels and activities, the struggle for financial justice can hardly be won by pushing for change within silos of single areas of activism and resistance.

Different sectors, such as food and land, health, women's rights, housing, infrastructure and so on, experience specific impacts, but understanding the challenges within each sector and then connecting struggles both geographically between the global North and South and across multiple sectors is essential to tackle such a systemic challenge. Looking at global inequalities in a multidimensional manner, that is, not only in terms of income or property, but also tackling gendered, geographic, intergenerational and racial inequalities, allows for a broader vision of what social and financial justice would mean, and how to get there.

There is therefore an urgent need for peoples' movements to converge around taking back our economies, reclaiming public services, and protecting our common natural resources. Through this report it becomes evident that local level resistance to financial actors' penetration is extremely important, but that confronting the drivers of inequality which are now global, such as financialization, requires concerted efforts at higher levels of policy-making as well. Three main pillars for action can then be proposed (see figure 8):

- **Promote shared understanding and ongoing questioning of the dynamics of financialization:** It is essential to raise people's awareness around the very real impacts of financialization on their lives and provide fresh analytical tools to question current dynamics. Challenging the inequalities problem and how the multiplicity and expansion of financial actors and services is contributing to the problem can avoid unintended complicity, particularly given the insidious and overly covert manner in which these dynamics infiltrate multiple domains of life;
- **Resist ongoing attempts to shift decision-making away from legitimate and democratic policy spaces, often in the name of 'financing opportunities' to advance progress:** At the local and national levels, supporting social movements' resistance to harmful projects, policies and other interventions backed by global financial actors can

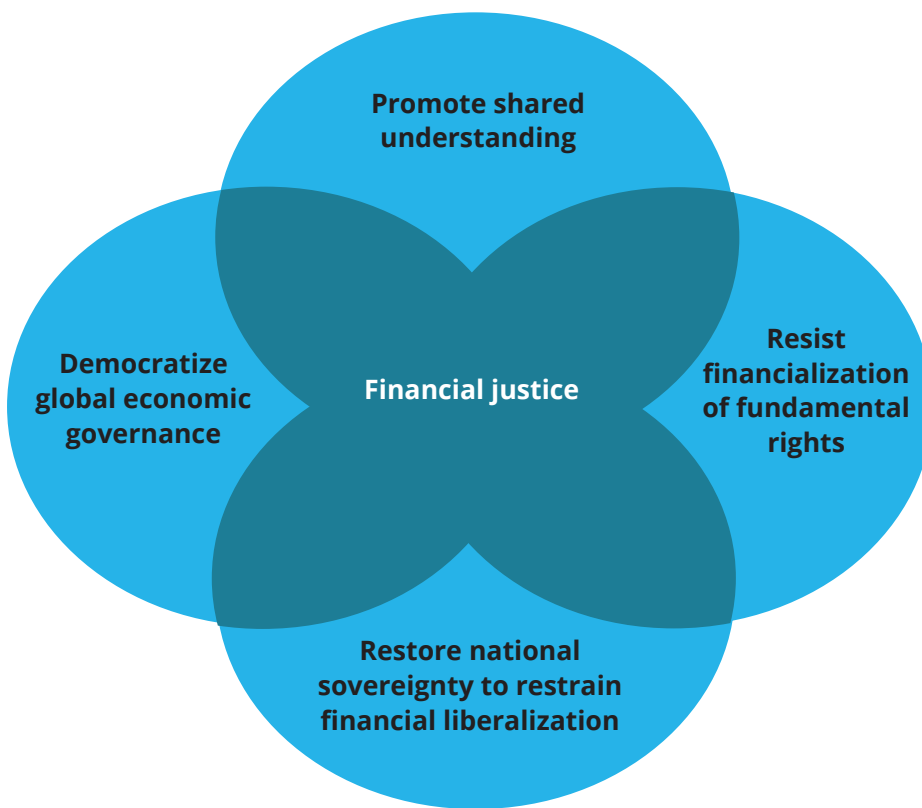
create tangible wins and can put a face and shape onto a struggle that can so often feel immaterial and hard to grasp;

- **Reaffirm national sovereignty to re-establish healthy boundaries to financial liberalization and provide critical financing to implement the Sustainable Development Goals (SDGs):** The latest global financial crisis has critically exposed the vulnerabilities of a liberalized, privately focused financial system. However, many underlying structural conditions that led to the crisis were only mildly addressed, if at all. It is therefore essential to re-establish national sovereignty to help preventing the next crisis while providing critical financing to sustainable development. This calls for exploring the potential of national development banks, restoring the management of capital accounts within the standard policy toolkit of governments and introducing a system of financial transaction taxes, among other measures;³⁵
- **Democratize global economic governance:** At the global level, social justice and rights-based narratives should be at the heart of the process of reshaping powerful global institutions and reforming global economic governance. Different sectoral struggles should unite under a common agenda, advocating for the reform of existing institutions and the establishment of new ones which are able to regulate the new and fast-evolving financial actors, and can bring finance back under democratic accountability and control. This calls not only for building convergence on existing proposals regarding critical new pillars of a democratized economic governance ecosystem, such as an intergovernmental tax body and sovereign debt workout institution under the aegis of the United Nations, but also for addressing the institutional vacuum in regulating financial actors, mostly though not exclusively the asset management industry. Such measures could translate into enhanced transparency, participation, and public oversight of domestic and global tax, fiscal and financial policy-making.

The time is ripe for acknowledging people's struggles to resist the multiple facets and impacts of the process of financialization, and for converging strategies to address the multiple dimensions of inequality to reach financial justice. The time for financial justice activism is now!

35 K. Singh and S.Prato, "Preventing the next financial crisis while financing sustainable development: Three propositions", *Spotlight Report on Sustainable Development*, 2019, https://www.2030spotlight.org/sites/default/files/spot2019/Spotlight_Innenteil_2019_web_chapter_III_Singh.pdf

Figure 8: Multiple levels of action needed to reach de-financialization and financial justice



1. Food and land

From food production to investment opportunity: the financialization of land

by Philip Seufert, FIAN International, based on a collective analysis by the International Planning Committee for Food Sovereignty's (IPC) Land and Territory Working Group.*³⁶

The transformation of land into a tradeable asset to be purchased and speculated upon by global financial actors directly impacts peoples' capacity to use it for food production, thereby impacting the right to food, nutrition and health. These impacts are especially severe for small-holder farmers in rural communities in both global North and South. This chapter particularly looks into the financialization of land, showing how global financial actors and markets increasingly shape the way food is produced, distributed and consumed.

A human right is transformed into an 'investment opportunity'

For all of us, food is a fundamental need, and a human right. Over the last decade, however, financial actors such as investment firms and banks, hedge funds, asset managers, brokerage companies, insurance companies, pension funds, venture capital funds and so on have transformed food into a financial asset and an 'investment opportunity'. Financial markets increasingly dominate food systems at all levels: food production, distribution and consumption. This has dramatic consequences for how food is produced, how it makes its way to our plates, the choices we make about food and what we eat and how we consume it. The consequences are particularly dramatic for communities of small-scale food producers.

Rural communities around the globe are facing a dramatic increase in dispossession and destruction of their lands, rivers, pastures, forests and oceans; in other words, they face the loss of access to and effective control over their territories, the very

foundation of communities and social fabric. The driver of this dramatic increase is finance capitalism. In what is frequently called a "Global Land Rush", or "Global Land Grab", transnational corporations and financial actors are taking over control of natural resources around the globe in order to reap profits. Two examples, from Germany and Brazil, illustrate this process and its consequences.

In Germany, one of the largest landowners was the investment company KTG Agrar. It acquired most of its lands after the German reunification in 1990, benefiting from the government's policies to privatize and sell land that had been owned by the state in Eastern Germany. In 2016, KTG Agrar filed for bankruptcy, 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 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, based in the tax haven Lichtenstein. They circumvented the existing regulations by buying the subsidiary companies that owned the land, instead of the land itself. This manoeuvre foreclosed the possibility of local public bodies stepping in to prevent or regulate these land transactions.³⁷

36 *The IPC is a global platform of social movements of small-scale food producers and indigenous peoples. For more information, see www.foodsovereignty.org

37 For further reading, see Paula Gioia, „Resisting Land Grabbing in Germany,” *Farming Matters*, April 2017. Available at: www.ileia.org/2017/04/18/resisting-land-grabbing-germany



A woman stands in front of her destroyed house in southern Piauí, Brazil. The house was destroyed in order to make space for soy plantations. The expansion of soy monocultures in the region is fueled by money coming from pension funds in Europe, the USA and Canada. **Picture credit:** Rosilene Miliotti / FASE

In the Brazilian region of MATOPIBA, peasant and fishing communities are being expelled from their lands, forests and rivers to make way for the expansion of soy monocultures. These communities have lived for generations in a region called the *Cerrado*, which is of similar importance to the world's climate and biodiversity as the Amazon. Now, deforestation, contamination of soils and water by agrochemicals, destruction of livelihoods, community disruption as well as food and nutrition insecurity, make daily life impossible. Additionally, violence against communities by armed groups connected to 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 itself. Consequently, new land companies, whose business is land speculation, have emerged. This development has further increased the violence faced by rural communities in the area and restricted their ability to produce food.³⁸

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

Although the process of commodification is nothing completely new in the area of food and agriculture – for instance, food has been traded as a commodity for centuries, and agricultural products have been traded on specific stock exchanges since the early 20th century – these examples show how new financial actors have been increasingly involved, and how the pace and intensity of financialization has increased in recent years.

Impacts on local people and communities



The immediate impacts on local communities are dramatic. In many cases, people are outright dispossessed from the lands, forests, pastures and water bodies upon which they depend to survive and

make a decent living. In other cases, families and communities can no longer produce food and live the way they used to because the ecosystems on which they depend are destroyed: forests are cut down to make place for large-scale plantations, roads, dams, mining pits and so on; rivers are deviated or dry up because of excessive water extraction by agribusiness or mining firms; soils and water sources are polluted by dangerous chemicals; crops are contaminated by genetically modified organisms (GMOs) that are used in industrial monocultures; roads through which local people access schools and health services are privatized or closed.... All around the world, people resist, but violence and repression are strong, and feeding a family and making a decent living under such conditions becomes extremely hard. What is left are depleted landscapes with endless monoculture plantations, but no people who respect and take care of local ecosystems.

Although the involved ‘investors’ operate big public relations campaigns in order to tell the world that their operations contribute to improved food security, provide jobs and development and contribute to protecting biodiversity and ecosystems, the truth is that small-scale food producer communities produce 80 percent of the world’s food.³⁹ Their agroecological systems provide decent work and ensure an income for hundreds of millions of families, while maintaining rural communities that create social cohesion and sustain rich cultural expression.

Agroecology, challenging structures of power and democratizing food systems’ governance

Agroecology is a key component of the political project of food sovereignty, which has been defined by social movements of small-scale food producers and indigenous peoples as “the right of individuals, peoples, communities and countries to define their own agricultural, labour, fishing, food, land and water management policies, which are ecologically, socially, economically and culturally appropriate to their unique circumstances”.⁴⁰ Agroecology is a proposal to radically transform our food systems, and repair the damage created by the industrial food system, which has led to destruction of ecosystems, soil degradation, depleted fisheries, herbicide-tolerant weeds, increased greenhouse gas emissions as well as malnutrition and serious health issues related to diets heavy in industrial and junk food (obesity, diabetes etc.). The production practices of agroecology, such as intercropping, traditional fishing and mobile pastoralism, integrating crops, trees, livestock and fish, manuring, composting, using local seeds and animal breeds and so on, 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 structures of power in society. The control over land, waters, seeds, knowledge and culture needs to be in the hands of the communities and people who feed the world. 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.

³⁹ http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf

⁴⁰ For more information see: Declaration of the International Forum for Agroecology, Nyéléni, Mali, February 2015.

Available at: <http://www.foodsovereignty.org/wp-content/uploads/2015/02/Download-declaration-Agroecology-Nyeleni-2015.pdf>

As it has become increasingly obvious that the industrial, fossil-fuel driven food production system is unsustainable in all possible ways, the grabbing of territories by global finance forecloses the possibilities to scale up agroecological food production, expand territorial markets, and ensure nutritious and healthy food for all.

Mechanisms behind the financialization of land



It is important to understand that many of the new ‘investors’ in food, agriculture and land are not primarily interested in production, but in reaping quick returns from speculating on food and land-related investments. Historically, financial actors have backed the expansion of industrial food production. Financial firms and commercial banks have provided the capital needed for agribusiness companies to expand their large-scale monocultures of cash crops like soy, sugar, cotton, palm oil, maize and others. In many parts of the world, this expansion accelerated in the 1990s.⁴¹ After the financial crisis in Asia and the burst of the Dot-com bubble in the USA in the late 1990s and early 2000s, global finance was looking for new areas for investment. In this context, they identified agricultural raw materials such as soy, sugar, maize, cotton, eucalyptus and meat as one place to put their ‘excess capital’. This has led to a periodic so-called ‘commodity boom’, resulting in the speculative increase in the price of agricultural raw materials. These speculative investments have further fuelled the territorial expansion of monocultures and agribusiness, especially in developing and emerging countries.

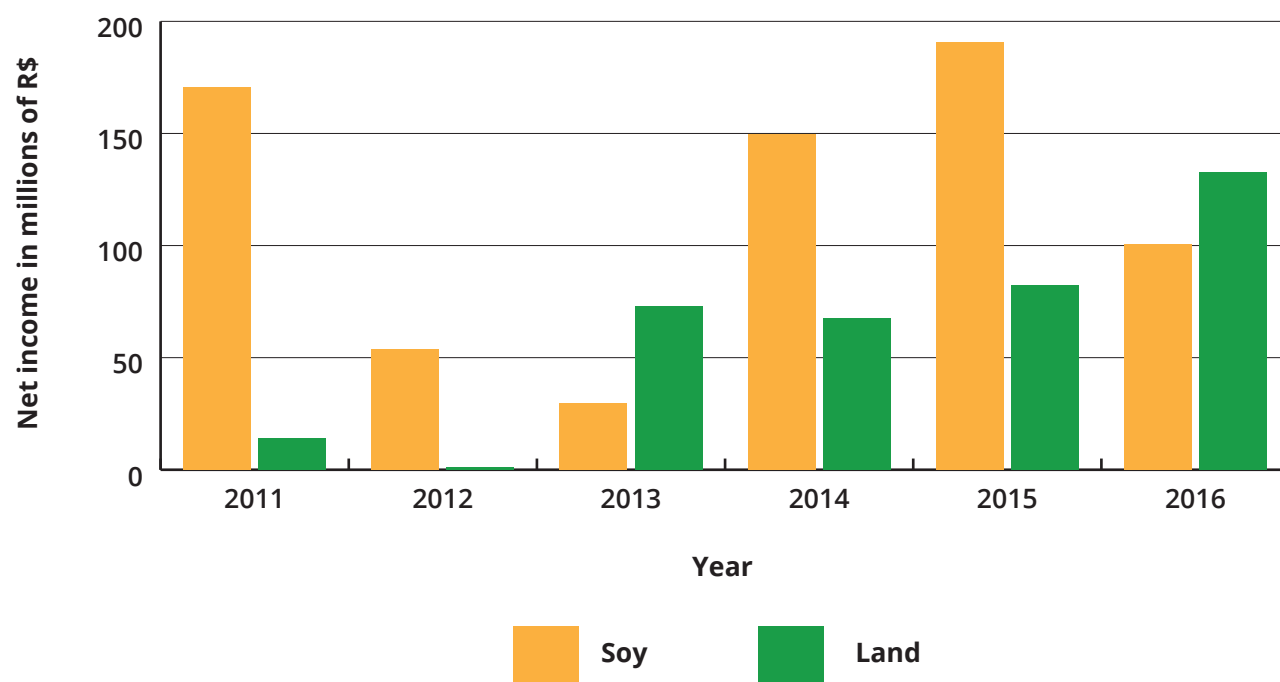
After the world financial crisis of 2008 though, a remarkable development started taking place: while the price of agricultural commodities decreased in international markets, investors’ interest in land continued unabated, and the price of land continued to rise in many parts of the world. Around that time, food producers’ organizations and NGOs started to sound an alarm bell on what they called a “Global Land Rush”, or “Global Land Grab,” calling for public regulation in order to protect and guarantee people’s rights. Many land deals of the last 10 to 15 years are about, at first glance, establishing or expanding large-scale agricultural projects, but the territorial expansion of industrial agriculture plantations mainly serves to justify the increase of land prices, and

for financial and agribusiness corporations to take control of land, forests and biodiversity. The main target of finance capital is land, independently of the production of agricultural commodities.

The case of MATOPIBA, Brazil, mentioned above, illustrates this development. Some of the companies involved in the land business in this region are still linked to industrial agricultural production. A case in point is the company SLC (Schneider Logemann Company), 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, with some 300,000 hectares planted with soy. In 2015, SLC for the first time generated more income through its farmland purchases and sales than via its historic core soy business.⁴² Other companies doing business in MATOPIBA are no longer directly linked to production and fully concentrate on acquiring, selling, leasing and/or managing land. One example is the company Radar Imobiliária Agrícola S/A, which was created through a joint venture between the US pension fund TIAA and Brazil’s largest sugar producing company, Cosan. Radar’s objective is to obtain capitalized income from land, that is, acquire cheap lands, establish farms on that land and then sell them, in several cases in speculative transactions. The involvement of international financial actors – in this case especially pension funds from the USA, Canada and Europe – that channel huge amounts of capital into the land business is one expression of the financialization of land. They fuel the ongoing speculation, aiming to extract substantive wealth from buying and selling lands in the region. Pension funds, investment funds and other financial instruments directly profit from climbing land prices, as this increases the value of their portfolios.

41 Brazil, one of the world’s biggest producers of agricultural commodities, is a good example for this process. See Network for Social Justice and Human Rights, *Transnational corporations and land speculation in Brazil*, 2018, pp. 10-35. Available at: https://social.org.br/images/MATOPIBA_EN.pdf.

42 Ibid.

Figure 9: SLC's net income in millions of R\$ (2011-2016) with Soy and Land⁴³

Source: Network for Social Justice and Human Rights, 2018.

The financialization of land is thus a new form of extracting and accumulating wealth by global finance. The creation of land as a new asset class is an important part of this process. At the same time, several countries have put in place measures that allow for the creation of financial instruments, such as futures contracts and derivatives,⁴⁴ which further facilitate speculation in land.

It is important to underline that the increasing dominance of global finance over people's territories and lives does not come out of nowhere, but is the result of policy-making over the last several decades. Today, several institutions and policies contribute to creating an environment where global finance can operate and grab control over common goods. At national levels, governments and parliaments have deregulated trade and investment, as well as laws governing land, agriculture, forests, oceans and fisheries, environmental protection, housing, public services, energy, transport and other infrastructure related matters. In many countries, investment centres/agencies promote and facilitate all kinds

of private 'investments' and speculation, including in agriculture, mining, tourism and other sectors. 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),⁴⁵ which has initiated procedures against several EU member states that 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.⁴⁶ What this means is that people's human rights are subject to the free movement of capital. In other cases, state ministries that have oversight over financial instruments, such as pension funds, do not adequately monitor their operations, nor ensure proper regulation.

⁴³ Network for Social Justice and Human Rights, 2018

⁴⁴ 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. 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. Futures contracts are bought and sold on futures markets, or futures exchanges, for delivery at some agreed-upon date in the future with a price fixed at the time of the deal.

⁴⁵ The EU's Directorates General are a kind of ministries of the EU Commission.

⁴⁶ http://europa.eu/rapid/press-release_IP-16-1827_en.htm?locale=EN.

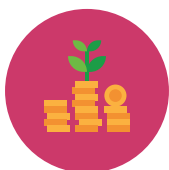


A Zambian woman shows the land that her community used before it was claimed by the international investors Agrivision.

Picture credit: Roman Herre / FIAN Germany

In fact, many states – in particular rich countries – oppose or are lax about regulations to enforce accountability of transnational corporations (TNCs) and international finance flows. Rather, they count on the good will of companies and voluntary self-regulation schemes, which do not foresee any hurdles to make corporations and investors respect human rights and the environment nor provisions to punish them for the crimes that they commit. At the same time, business actors and financial players 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.

Development or profits?



At international level, international financial institutions (IFIs), including development banks, have played major roles in paving the way for the incursion of global finance into people's land and lives. This points to the fact that the logic of finance has penetrated into more and more sectors and policy domains. One example is development cooperation. Indeed,

development cooperation agencies, in particular their financial branches (the so-called development finance institutions, DFIs), increasingly act like any other financial investor, despite their public mandate to contribute to states' development cooperation policies. An example is the German development cooperation's involvement into a large-scale agricultural investment project in Zambia.

Zambian peasant communities are struggling to defend their lands against the financial investor Agrivision Africa. Based in the tax haven Mauritius, the company 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 Africa, via its subsidiary Agrivision Zambia, acquired at least seven farms in that country, totalling some 19,000 hectares of land. A massive influx of money to make farms more productive through mechanization, irrigation and other capital-intensive processes, 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 its agricultural land and has been threatened several times with eviction by the private security forces of the company. One of the investors in Agrivision Africa is the African Agricultural Trade and Investment Fund (AATIF), based in Luxembourg, which 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. Interestingly, the German Ministry for Development Cooperation (BMZ) established this fund in Luxembourg because it would have not been legal in Germany. By 2018, the fund disbursed US\$ 160 million, which generated profits of US\$ 33 million – in Luxembourg, not in Zambia.⁴⁷

Under the banner of “financial inclusion” development cooperation agencies have also become key actors in facilitating access to finance for poor and rural populations. Importantly, one of its key pillars, the micro-credit industry, now relabelled “financial inclusion”, requires private and transferable land for related mortgages. Micro-insurance is another sector increasingly supported by development cooperation, which pulls poor people into financial markets and investment logic.

Financialization of land and digital technologies



Financialization in general, and the financialization of land in particular, is linked in several ways to digitalization – that is, the integration of digital technologies, based on the process of converting information into a digital format, also called ‘digitization’. Indeed, digital technologies are key in order to enable global finance to exert control over people’s territories. Controlling financial business and cash flows from

global financial hubs requires information flows and tools to carry out transactions – buying and selling land, shares or other forms of territory. Indeed, digitalization, which ultimately means 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 marketplaces.

It is important to distinguish two key aspects of the digitalization of land. First, access to very location-specific land-related data, such as soil quality, production outputs, water access, forest cover, land price developments, rainfall patterns and so on, is critical 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 the ‘digitalization of agriculture’, the collection and privatization of data in virtual clouds is strongly underway – led by the transnational conglomerates John Deere, AGCO and CHN.⁴⁸

Second, the digitalization of land administration data, in particular land ownership or 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 transactions to be carried out 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.⁴⁹ 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”,⁵⁰ and even more democratic land administration.

47 For further reading, see Roman Herre, “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, 2014. Available at: <http://bit.ly/AgribusinessLandGrabZambia>.

48 ETC Group, “Software vs. Hardware vs. Nowhere,” 2016. Available at: <http://www.etcgroup.org/content/deere-co-becoming-monsanto-box>. The demand for related agricultural drones, robots, sensors, cameras, etc. is expected to grow from US\$2.3 billion in 2014 to US\$18.45 billion in 2022.

49 Pilots are being carried out in Georgia, Ukraine, Sweden, India, Australia, Dubai, Honduras, USA and Ghana. J.M. Graglia and C. Mellon, “Blockchain and Property in 2018: at the end of the beginning”. Paper presented at the Annual World Bank Conference on Land and Poverty, 2018. Available at: www.conftool.com/landandpoverty2018/index.php/02-11-Graglia-864_paper.pdf?page=downloadPaper&filename=02-11-Graglia-864_paper.pdf&form_id=864&form_version=final.

50 <https://bravenewcoin.com/news/brazil-pilots-bitcoin-solution-for-real-estate-registration/>



Tree plantation worker in Niassa Province, Mozambique. European financial investors have pushed for the establishment and expansion of tree plantations in Northern Mozambique. Peasants that lost their land find themselves obliged to work on the plantations as seasonal workers with poor pay. **Picture credit:** Duckin' and Divin' Films.

New challenges for communities defending their rights



For affected communities and people, financialization has come along with new challenges to defend their rights and hold companies involved in land grabbing accountable. This is because global financial investors often act remotely, relying on a complex web of international, national and local middlemen, or brokers, companies and investors - legal and otherwise - to seize control of people's territories. They typically buy shares of companies that have been constructed, for instance, to pool land. Through such shareholding arrangements, 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 brokers. Complex investment structures – or investment webs – that

involve several actors, subsidiary companies and the like are used by financial actors to deliberately distance themselves from any type of accountability for the impacts of their operations.

In addition, global finance acts primarily through a small number of financial hubs, offshore financial centres (OFCs) and tax havens in order to avoid public oversight and taxation.⁵¹ Communities and organizations wanting to know who is funding and benefiting from '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, not only for them, but also for existing judiciary systems.

⁵¹ At least 30% of all foreign direct investment and about 50% of all trade flows through tax havens, while one sixth of the entire world's private wealth is stashed away in tax havens. See: <http://longreads.tni.org/state-of-power-2019/geography-of-financial-power>.

Resistance



Rural social movements of food producers and indigenous peoples have been defending their lands and territories from encroachment and environmental destruction for a long time. All around the world, communities and collectives are resisting, protesting against all sorts of 'investment' projects. In some cases, these are very local struggles, sometimes they have become international campaigns. Social movements and indigenous peoples have also been struggling for land restitution as well as agrarian and aquatic reforms, for it is not legitimate that a few own and control the majority of lands, forests, seas, rivers and all nature. They have also struggled for the recognition and guarantee of their rights over territories, including their communities' customary and collective tenure and management systems.

Based on fundamental human rights and the shared vision of food sovereignty, social movements of food producers and indigenous peoples have developed detailed proposals on how to govern territories and natural goods.⁵² These proposals are largely based on the international recognition of human rights and the state obligations that arise from them, in particular the right to food and nutrition as well as the rights of indigenous peoples to their ancestral territories (UN Declaration on the Rights of Indigenous Peoples), and 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). The human rights treaties and declarations, as well as other international instruments that UN Member States have adopted (e.g., the Guidelines on the Responsible Governance of Land, Fisheries and Forests), show that rural people's organizations have been able to partially achieve recognition of their vision and proposals.

With financialization, communities are facing both old and new threats and problems that fundamentally threaten rural people's visions, rights and ways of life. Building on past struggles, we must find new ways to pursue and assert people's rights and dignity in the new global context. The International Planning Committee for Food Sovereignty (IPC) has taken up this reflection and discussion. Based on our analysis of the impacts and drivers of financialization, we have identified three key areas of action:

- First, the full recognition and effective implementation of the human right to land and territory by states and the international community. This implies,
- Second, ensuring that laws at national and/or regional level respect, protect and guarantee communities' rights to their lands, forests, pastures, fishing grounds, and so on. A key aspect in this context is the full legal recognition of and the support to communities' forms of self-governance and management of lands and commons, including their customary tenure systems and collective rights.
- Third, based on their human rights obligations, states need to put in place frameworks to regulate companies, especially their transnational operations and financial flows. Such frameworks have to ensure accountability and foresee sanctions for crimes committed by corporations. Given that finance capital operates from a small number of financial hubs and tax havens, closing such secret jurisdictions is an important part of struggles for social justice.

But regulation alone will not be enough. Therefore, we need bold measures that re-socialize and re-distribute the wealth and resources that have been grabbed and accumulated by global finance. In other words, we have to expropriate the (new) expropriators.

52 www.fian.org/fileadmin/media/publications_2015/2011_3_CSOProposals_LandTenureGuidelines.pdf.

2. Health

Making health a global bankable project

by Nicoletta Dentico, Society for International Development (SID).

“Economic and social development, based on a New International Economic Order, is of basic importance to the fullest attainment of health for all and to the reduction of the gap between the health status of the developing and developed countries.”

Alma Ata Declaration, WHO September 1978

Financial institutions and the infrastructures of financial intermediation are the protagonists of today's economic order and have come to play a central role in the health domain. This process of making global health increasingly dependent on financial markets is sometimes described as ‘financialization’, a trend that is now touted under the banner of sustainable development and the provision of Universal Health Coverage. Yet, it presents a range of critical issues in terms of health governance and organization, corporate sector monopolies and demands for democratic participation, unequal access to healthcare, as well as cultural and political redefinition of the way the universal right to health should be interpreted and pursued.

From Alma Ata to the impact of the 2008 financial crisis on Greek health

The inseparable connection between the right to health and the international economic order mentioned in the Alma Ata Declaration⁵³ is a hard lesson that Greek people know too well. Their story, however, has nothing to do with the aspiration to develop an economic system tailored to compensate the wrongs of colonialism and foreign economic domination “in the spirit of social justice”, as the

authors of the Declaration put it. The Greeks have rather paid an unbearable price for the economic disorders of globalization based on privatization and deregulation, particularly the financial crisis that erupted in September 2008 caused by US private banks' loan policies. The first financial crisis to become of planetary scale ever. The overbearing economic adjustment programmes imposed on Greece and other countries by the European Union (EU) and the International Monetary Fund (IMF) when the crisis hit Europe are a stark reminder that the world's biggest creditors are unlikely to care much for social justice, people's rights and national sovereignty when their finances are at stake. One of the biggest problems still today remains in an area that Europeans have long prided themselves: public health.

When Greece defaulted in May 2010, Europe's largest insulin supplier, Novo Nordisk, was the first to declare its decision to stop selling certain types of insulin (17 products) to people in Greece who have type 1 diabetes and need insulin for their very survival (over 50,000 patients). The Danish company rejected the Greek government requirement to cut prices by 25 percent, refusing “to be bullied into price cuts” - this is apparently what happens when corporations are let loose on the world. As compensation, Novo Nordisk offered to make another product available in its generic version, free of charge:⁵⁴ a better option for them than having to jeopardize its dominant position and review the insulin standard price for the whole of Europe; and a striking confirmation of the link between money-making and health, if anyone had any doubts.

In June 2016, a louder bell about the impact of the EU austerity policies on health was sounded by the National Bank of Greece.⁵⁵ Its report provided the statistics to prove the extent of deterioration of Greek health in the years of loan agreements and austerity cuts. Policies were often implemented rapidly, without sufficiently considering potential side effects, when the Greek government was forced to reduce investments and put severe strains on core

53 https://www.who.int/publications/almaata_declaration_en.pdf

54 <https://www.bbc.com/news/10189367>

55 <https://greece.greekreporter.com/2016/06/17/bank-of-greece-report-concludes-greeks-health-deteriorating-life-expectancy-shrinks/>

social services, inflaming inequality and undermining community resilience to the crisis. The national health budget alone suffered a contraction of 36 percent between 2009 and 2014: cost sharing for healthcare increased significantly, even for those with insurance, while entitlement restrictions were introduced in relation to childbirth and a number of other essential treatments.⁵⁶ Such a meltdown of the public health system resulted in a 50 percent increase in infant mortality, especially among infants younger than one year; the increase of chronic diseases by 24.2 percent, due to the collapse of the healthcare system and the absence of the needed medical treatments caused by lack of financial means; and in the sharp increase in mental illness among the population due to the economic crisis, from 3.3 percent in 2008 to 12.3 percent in 2013. According to the British Medical Journal, the overall suicide rate rose by 35 percent between 2010, and 2012.⁵⁷ Greece's prescription for the shock to the healthcare system was state subsidized health insurance, but with the unemployment rate at 27 percent, many remained outside the eligibility criteria.

Financialization and its “weapons of mass distraction”



The shape of our economy and the texture of our lives within it is deeply affected by financial flows and their volatility. This trend is sometimes described as ‘financialization’, which refers to “the increasing role of

financial motives, financial markets, financial actors and financial institutions in the operation of domestic and international economies”.⁵⁸ Through privatization, deregulation and credit flows, financialization has overseen a large-scale conversion of public wealth into private capital. The 2008 financial crisis only magnified this process, when publicly financed bailouts were adopted to cover the risks taken by private financiers.⁵⁹ As a recent publication by the *Transnational Institute* suggests, “public finances amount to more than US \$73 trillion, equivalent to 93 percent of global gross

domestic product, when we include multilaterals, pension and sovereign wealth funds, and central banks”.⁶⁰ This means that the efficient allocation of public capital is one of the most valuable tasks in a global economy, and finance has tremendous potential if we are to address the enormous structural inequality that has become the defining feature of our time.

But we can do much better. The 2008 global financial and economic crisis is an eloquent demonstration that *laissez-faire* does not work. Financial markets left to themselves produced too-big-to fail banks and did not stimulate competition but rather oligopolies and several blows to regulators’ attempts to organize markets in the public interest. The prices of financial assets did not manage to signal the incoming crisis. The profitable speculations that disrupt the economic system and lead to collapse and misery for the millions of people affected - “financial weapons of mass distraction”, as investor Warren Buffet calls them - come with very high payments for societies, as we have seen for Greece, alongside many other countries in the global North and in the global South, following the crisis. They describe the route the world takes when “financial markets, financial institutions and financial élites gain greater influence over economic policy and economic outcomes”.⁶¹ This is what the financialization of the economy is about. A process that ultimately threatens the very funding efforts needed to meet the Sustainable Development Goals (SDGs), and makes us all vulnerable to the frequent crisis cycles that casino capitalism driven by digital high-frequency trading needs to survive.

A healthy business for the financialization of development

The stimulus to private financial capital into the healthcare sector has a historic precedent. It stems from the World Bank’s breakthrough 1993 report *Investing in Health*,⁶² which introduced the reforms that placed an ever-increasing importance on generating markets and cash income in the healthcare sector.⁶³ The inception of the reform’s implementation was

56 http://www.euro.who.int/_data/assets/pdf_file/0007/266380/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Greece.pdf.

57 C. Branas, A. Kastanaki, et al., “The impact of economic austerity and prosperity events on suicide in Greece: a 30 year interrupted time- series analysis”, *British Medical Journal*, 2014. Available at: <https://bmjopen.bmj.com/content/5/1/e005619..>

58 G.A. Epstein, “Introduction: Financialization and the World Economy”. In G. A. Epstein, ed., *Financialization and the World Economy*, Cheltenham: Edward Elgar Publishing Ltd, 2006, pp. 3-16.

59 I. Ortiz and M. Cummins, M., “The age of austerity: a review of public expenditures and adjustment measures in 181 countries,”, Working Paper, New York and Geneva, Initiative for Policy Dialogue /South Centre, 24 March 2013. Available at: ssrn.com/abstract=2260771.

60 L. Steinfort and S. Kishimoto, *Public Finance for the Future We Want*, Transnational Institute (TNI) , Amsterdam, June 2019.

61 T. Palley, “Financialization: What it is and Why it Matters,” University of Massachusetts, Amherst Political Economy Research Institute, Working Paper 153, 2007. Available at: <https://ideas.repec.org/p/uma/periwp/wp153.html>.

62 <https://openknowledge.worldbank.org/handle/10986/5976>.

63 M. Mackintosh and M. Koivusalo, *Commercialization of Health Care: Global and Local Dynamics and Policy Response*. Basingstoke: Palgrave Macmillan, 2005.

structured with moratoria on the expansion of healthcare provision, the contracting of ancillary services in hospitals, and the introduction of very controversial users' fee schemes. When the report was published, the model of formal, for-profit healthcare provision had basically been limited to high-income countries. It took less than a decade for the presence of private capital to flood across global health governance, financing and provision of healthcare, under the seductive disguise of public - private partnerships (PPPs): principled pragmatism to replace institutional arrangements.⁶⁴

The Millennium Development Goals (MDGs) have been the testing ground for the public-private partnership model, through the fight against poverty and pandemic diseases in developing countries, particularly. But this agenda has been further developed to aim at the overall health sector, and to institutionalize the presence of corporate actors in the contentious arena of public decision-making on global health,⁶⁵ including in the design of the SDGs.

What are public-private partnerships?

Public-private partnerships (PPPs) are seen as a logical response to the structural changes in the state-market relations that has occurred since the beginning of economic and financial globalization, with the rolling back of state responsibilities and the massive growth of corporate influence. They embody a major governance shift in the provision of public services: from the institutional setup based on formal structures and traceable lines of responsibilities to functional initiatives or contracts based on voluntary approaches, and institutional hybridization.

PPPs may vary in genesis and objectives. Altogether, they are long-term contracts between governments and private companies, underwritten by government guarantees, under which companies finance, build and operate

elements of a service traditionally provided by the state, such as hospitals, schools, transport and sanitation, among others. Companies get repaid either through fees contributed by users, or by payments from the state. Concessions are classic versions of PPPs, in which private sector players agree to construct or operate a specific system (water, healthcare, electricity, etc.) in return for a monopoly awarded by the state, allowing them to cover costs and generate profits by charging users. The primary reason why governments pursue PPPs is their need to bypass the neoliberal cost-containment measures constraining public borrowing. The reality is that, in most cases, PPPs are the costliest financing strategy for the public sector, particularly in the long run. Moreover, they foster inequality, because they favour those who are already wealthy (asset and capital holders), while often extracting cash from the disadvantaged.⁶⁶

Re-imagining healthcare systems as marketplaces for investors



The health of populations is a preliminary condition for sustainable development but tremendous variations in health spending exist.⁶⁷ Health spending is a complicated product of national, international, and subnational policy decision-making, the supply and demand of the health system, economic development, and even war, civil strife, natural disasters and environmental factors increasingly associated with climate change. That's what makes estimation of future spending inherently uncertain. Still, an additional US\$ 274 billion spending on health per year is deemed necessary by 2030 if the international community is to make progress towards SDG 3 – “to ensure healthy lives and promote well-being”.⁶⁸ Figures projected for the mere achievement of SDG 3 health system targets range up to US\$ 371 billion

64 P. Utting, and A. Zammit, “Beyond Pragmatism: Appraising UN-Business Partnerships”, Markets, Business and Regulation Programme Paper Number 1, October 2006, UNRISD, Geneva, [http://www.unrisd.org/unrisd/website/document.nsf/\(httpPublications\)/225508544695E8F3C12572300038ED22?OpenDocument](http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/225508544695E8F3C12572300038ED22?OpenDocument).

65 J. Richter, “Public-Private Partnerships for Health: A Trend with no Alternatives?” *Development* 47(2), 2004, pp. 43-48.

66 <https://eurodad.org/files/pdf/1546822-public-private-partnerships-global-campaign-manifesto-1507748444.pdf>.

67 J. Dieleman, et al., “Future and Potential Spending on Health 2015-2040: Development Assistance for Health, and Government, Prepaid Private, and Out-Of-Pocket Spending in 184 Countries”, *The Lancet* 389(10083), 2017, pp. 2005-2030. Available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)30873-5/fulltext#tables](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)30873-5/fulltext#tables).

68 <https://www.who.int/sdg/targets/en/>.

per year.⁶⁹ While such targets would demand health promotion and disease prevention initiatives that go well beyond healthcare, it is the healthcare industries that are quickly making the gains.⁷⁰ Estimates suggest that global per capita spending on health will raise 50 percent by 2030, with the most significant portion of the increase concentrated in middle-income countries.⁷¹ The paradox is that the range of health spending inequalities is expected to span an even larger disparity gap by 2030.⁷²

But is it really a paradox? Many health trajectories exemplify the growing trends of financialization within global health. Two of them deserve to be highlighted, to exemplify the negative externalities that a small number of corporate-owned chains can steer onto the health systems, the governance of global health, and the shrinking of political space for the achievement of the right to health.

Essential medicines, at the crossroad of financial speculations

After over two decades of international diplomatic initiatives and WHO resolutions and strategies,⁷³ a number of legal struggles and formal pronouncements by national Supreme Courts,⁷⁴ and relentless street protests from civil society organizations across the globe, medicines prices remain out of control. The 'lives over profit' claim still makes a paradigmatic case, perhaps one of the most

sophisticated examples of the implications deriving from the financialization of health. Access to essential drugs, vaccines and diagnostics lingers as a stumbling block along the road to asserting the primacy of the right to health over trade and the monopoly regime around intellectual property (IP) set by the WTO in 1995,⁷⁵ to the benefit of drug manufacturers.

The lack of access to medicines has historically been a low-income countries' issue, but in the last few years it has become a worldwide problem, as high-income countries also start to encounter major barriers to guaranteeing universal access to medicines. Research and development (R&D) costs persist as one of the best-kept secrets in pharma circles, being often subjected to highly inflated estimates. Thanks to their lobby firepower,⁷⁶ drug companies have been constantly engaged in a variety of strategies to block competition from generic medicines and strengthen their intellectual property (IP) monopolies via new rounds of bilateral trade agreements. At the same time, the pricing power conferred by their dominant position has allowed them to progressively transform medicines into speculative financial products.⁷⁷ Costs of new medicines have significantly increased and are putting a staggeringly high burden on health budgets.⁷⁸ On the other hand, the strategic location of ownership of drug companies' IP in tax havens or in low-tax economies in order to minimize their tax burden, is the rule.⁷⁹ Tax authorities have difficulties in tracking the link between R&D activities and patent location.

69 K. Stenberg et al., "Financing transformative health systems towards achievement of the health Sustainable Development Goals: a model for projected resource needs in 67 low-income and middle-income countries," *The Lancet Global Health* 5 (9), 2017, pp. 875–87. Available at <https://www.thelancet.com/action/showPdf?pii=S2214-109X%2817%2930263-2>

70 Deloitte, *2019 Global Health Care Sector Outlook: Shaping the Future*, London, Deloitte, 2019. Available at <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>.

71 From US\$ 914 in 2014 to US\$ 2072 in 2030 for upper middle-income countries; from US\$ 267 in 2014 to US\$ 525 in 2030 for lower middle income countries; from US\$ 120 in 2014 to US\$ 154 in 2030 for low income countries. See Dieleman, et al., "Future and Potential Spending on Health 2015-2040d Private, and Out-Of-Pocket Spending in 184 Countries", pp. 2005-2030.

72 Ibid.

73 World Health Organization, "Public Health, Innovation and Intellectual Property Rights," Report of the Commission on Intellectual Property Rights, Innovation and Public Health, WHO, Geneva, 2006. Available at <https://www.who.int/intellectualproperty/report/en/>. More recently, see the report of the UN Secretary-General's High Level Panel on Access to Medicines, released in 2016, <http://www.unsgaccessmeds.org/final-report>.

74 ,E.g., the struggle over the decision of the South Africa Supreme Court on the legal action pursued by 39 drug makers against the government in 1997 over AIDS treatments, which finally dropped the case in 2001 upon request of transparency about their balance sheets; years later, came the instance of the Supreme Court of India which in 2013 dismissed Swiss pharma giant Novartis AG's appeal for a patent for its life-saving cancer drug marketed under brand name Glivec in most parts of the world. Five years after Novartis' challenge to India's anti-evergreening safeguard — Section 3(d) — the case was struck down by India's Supreme Court. See https://en.wikipedia.org/wiki/Novartis_v._Union_of_India_%26_Others

75 https://www.wto.org/english/docs_e/legal_e/27-trips.pdf.

76 Corporate Power, *Policy Prescriptions: the Firepower of the EU pharmaceutical lobby and implications for public health*, 2015. Available at https://corporateeurope.org/sites/default/files/20150904_bigpharma_web.pdf.

77 I am of the opinion that we can consider drugs like financial derivatives. Their values derive from the performance of other 'underlying' entities, such as assets, indexes, currency exchange rates, or a variety of options (e.g., to buy and sell the derivative at an agreed price during an agreed period of time). Derivatives may be exchange-traded on public financial exchange terms, or "over the counter" (when there is a private agreement between financial speculators). In the case of some recent innovative drugs, we have been confronted with secret over-the-counter negotiations between the drug producing speculator and some of the individual health ministries in Europe, just to mention specific cases.

78 H. Kuchler, "Novartis wins approval for the most expensive drug", *Financial Times*, New York, 24 May 2019, <https://www.ft.com/content/10086870-7e50-11e9-81d2-f785092ab560>.

79 T. Karkinsky and N. Rieder, "Corporate Taxation and the Choice of Patent Location", *Journal of International Economics*, 2012. Available at: <https://doi.org/10.1016/j.jinteco.2012.04.002>. On this topic, see also Ernst and Young, *Global Taxation of Intellectual Property: New and Emerging Tax Policies Create High Stakes Balancing Act*, 2016. Available at [https://www.ey.com/Publication/vwLUAssets/EY-global-taxation-of-intellectual-property-20160518.pdf/\\$FILE/EY-global-taxation-of-intellectual-property-20160518.pdf](https://www.ey.com/Publication/vwLUAssets/EY-global-taxation-of-intellectual-property-20160518.pdf/$FILE/EY-global-taxation-of-intellectual-property-20160518.pdf)



Ebenator community health centre, Anambra state, Nigeria. **Picture credit:** Christian Aid / Tom Saater

A case in point, and a reservoir of constructive indignation, is the California-based Gilead Science's *transformative approach* to the problem of drug access in setting the price of the new lifesaving Hepatitis C medication (HCV) Sofosbuvir, approved by FDA in December 2013. The drug was first marketed under the name Solvaldi at the cost of US\$84,000 (US\$1,000 per pill) for full treatment of 12 weeks. The cost of manufacturing the original drug was under US\$1,400, and with a significant contribution from tax payers' money. Gilead approached several generic manufacturers in India to sign voluntary licensing agreements for the production of the same drug, priced US\$ 900 for low income countries. The licensing agreement had restrictions prohibiting generic companies from exporting the licensed HCV products to middle-income countries, where the disease is prevalent, potentially excluding millions of patients living with HCV from access to treatment.⁸⁰ Public

health professionals and experts across the global South united to reveal treatment barriers. Egypt, India, Brazil and Ukraine challenged the company's patent application, on the grounds that Gilead had privatized publicly funded research.⁸¹ Governments from the global North secretly negotiated price reductions with Gilead, to expand access.

A key investigative report⁸² found that Gilead's sales and profits had tripled since the drug launch - from US\$ 11.2 billion in 2013 to US\$ 32.6 billion in 2015. But, over the same period, Gilead's worldwide effective tax rate plummeted by 40 percent—dropping from 27.3 percent in 2013 to 16.4 percent in 2015. The company had shifted most of the US profits generated from its exorbitantly priced drug to Ireland, and via two Irish subsidiaries to the Bahamas, a tax haven.⁸³

80 <https://www.msfindia.in/msf-access-campaign-response-gileads-deal-generic-companies-sofosbuvir-and-ledipasvir/>

81 <http://www.treatmentactiongroup.org/content/hepatitis-cure-sofosbuvir-turns-5-majority-people-still-not-treated>

82 Americans for Tax Fairness, *Gilead Sciences Price Gouger, Tax Dodger*, July 2016, <https://americansfortaxfairness.org/files/ATF-Gilead-Report-Finalv3-for-Web.pdf>

83 <https://americansfortaxfairness.org/irish-media-confirms-atf-claims-about-gilead-sciences-massive-profit-shifting/>

Universal Health Coverage



Universal Health Coverage (UHC), the prevailing discourse for the health chapter of the SDGs, was originally designed with the explicit recognition of two important aspects of public health. By prescribing a central role

to the state in securing funding for healthcare and in regulating the quality and range of services, UHC acknowledged market failures. It also implied that health is a public good, and that the state has the responsibility to secure equitable access to health services. From the earliest mention of UHC at the 58th World Health Assembly in 2005, the focus was placed on “sustainable health financing”.⁸⁴ “The underlying belief appeared to be that if the finances were secured, provisioning of health services could be taken care of by a variety of mixes that involved both the private and the public sector”,⁸⁵ in the name of financial inclusion and the extension of financial services to low-income communities. This meant giving up the aspiration of a national health system conceived as an integrated network of services situated at primary, secondary and tertiary levels of care, and replacing it with a scenario of dispersed facilities and service providers, tailored according purchasing powers.

Although UHC is broad enough to include a range of publicly managed financing solutions, today it is one of the driving institutional pathways that are stimulating and delivering the penetration of private finance into the social arena of health, at country level. With different shapes, UHC is overall featured by concerted efforts to promote models of healthcare financing based on *affordable* user fees and voluntary health insurance schemes, alongside the expansion of privately-owned healthcare infrastructures.⁸⁶ In this way, loan-based approaches like microfinance are opening up new opportunities for rent seeking from the poor, while inviting individual citizens “to organize their daily lives through active individual

risk management, and engage with financial markets through purchase of loans and insurances”,⁸⁷ transforming them from *right holders* to *investing subjects*, individually confronted with the volatility of financial markets against the risks of life events.

But the renewed invitation to live by finance is not limited to the world’s poor, it is wildly taking over in societies that had universal national health systems in place, like the UK and Italy, generally producing deepened inequities, spiralling costs and market concentration.⁸⁸ In Italy, where the universal public health system has been essential to the social and economic development of the country and still today accounts for the population’s high life expectancy,⁸⁹ this is progressively being sliced and dismissed to the advantage of private insurance schemes. In the face of an aging society, the health budget was trimmed by 25 billion Euros between 2010 and 2012,⁹⁰ local health units were dismantled (from 642 in the 1980s to 101 in 2017), and 175 hospitals closed down, accordingly. The compelling title of the 2018 Censis-Rbm report – *Resentment Healthcare, Resentment for Healthcare: Scenes from an Unequal Country*⁹¹ - illustrates the disquieting portrait of an out of control “out-of-pocket-society”. Private disbursement for health services increased by 9.6 percent from 2013 to 2017, forcing over 7 million people to go into debt, or sell their houses (2.8 million) to access their constitutional right to healthcare. Considering the important role of the public health system in advancing social and economic development in the past decades, its progressive sale to private insurance schemes for an easy colonization of the Italian ageing society can be described as a perfect storm. And a perfect crime against common sense.

84 https://www.who.int/health_financing/documents/cov-wharesolution5833/en/, para 58.33

85 People’s Health Movement, Medact. Medico International, Third World Network, Alames, *Global Health Watch 4: An Alternative World Health Report*, Zed Books, London, 2014, p. 77.

86 B. Hunter and S. Murray, “Deconstructing the Financialization of Healthcare,” *Development and Change* 0(0), 2019, pp. 1–25.

87 Ibid., p. 11.

88 Ibid., p. 4.

89 Bloomberg, *Most Efficient Health Care Around the World Report*, 2014. Available at <https://www.bloomberg.com/graphics/infographics/most-efficient-health-care-around-the-world.html>. In this regard, see also <https://www.bloomberg.com/news/articles/2017-03-20/italy-s-struggling-economy-has-world-s-healthiest-people>

90 F. Carraro and M. Quezel M., *Salute SpA: La Sanità Svenduta alle Assicurazioni*, Chiarelettere, Milano, 2018.

91 https://www.sanita24.ilsole24ore.com/pdf2010/Editorice/ILSOLE24ORE/QUOTIDIANO_SANITA/Online/_Oggetti_Correlati/Documenti/2018/06/07/CENSIS_RBMSintesi.pdf?uuiid=AEm4gx0E.

Raising questions about the financialization of global health



Healthcare markets are growing with little concern for their long-term effects on health and equity. The global expansion of healthcare models that extract revenues from situations of vulnerability, in the name of sustainable development, is a stark contradiction. In fact, long-term escalation of costs has been documented both in the global North and in the global South.⁹²

Beyond the health domain, the euphoria for financialization seems to have definitely captured international development circles, primarily by means of multi-stakeholder partnerships. Escorting private finance into development is increasingly promoted by alliances of multilateral institutions, national governments, owners of equity investment funds and private capital. The assumption is that *multi-stakeholderism* may be the solution to the current problems with the multilateral system,⁹³ and that resorting to private money is the inevitable strategy if the world is to catch up for the estimated annual gap of US\$ 2.5 trillion required to achieve the SDGs – a gap considered beyond the capability of public funding.⁹⁴ The 2015 Addis Ababa Action Agenda on financing for development, also, placed emphasis on the need to use public funds to expand privately financed and owned infrastructure.⁹⁵ On the other hand, financial aid volumes continue to fall short of targets and the proportion of it going to countries is falling dramatically.⁹⁶ In this scenario, the acceptance of an argument that makes poverty bankable finds no institutional resistance. The World Bank has successfully built a coalition to effectively advance its “Maximising Finance for Development” (MFD) agenda, persuading developing country governments to finance subsidies and other de-risking measures to guarantee private capitals and ensuring that they supply securities preferred by transnational banks and institutional investors.⁹⁷

There has never been a more thrilling time to be an investor in health, especially now that the combined burden of communicable and non-communicable diseases is sharpening perceptions on the needs for health in lower-income countries. In a nutshell, this appears the message that the WHO aims to convey with its Triple Billion target investment case,⁹⁸ with details on how much economic return will result from supporting the organization that has been always stunted financially over the past decades. Cost-benefit analyses of the projected next five years are a direct legacy of the 1993 report. At the same time, “healthcare financialization represents a new phase of capital formation that builds on, but is distinct from, previous rounds of privatization and neoliberal healthcare reform, and this is manifested in the creation of new asset classes”.⁹⁹ Such new asset classes include *impact bonds* (like the Cameroon Cataract Performance Bond)¹⁰⁰ or *catastrophe bonds* like the international health outbreaks’ insurance Pandemic Emergency Financial Facility.¹⁰¹

The financialization of global health poses a series of issues. A few of these are:

- a governance issue, due to the fragmentation produced in the health system and the hybridization of the role of health institutions at all levels (from international to local), which is bound to favour the impotence of the public function;
- a democratic issue: financial markets are based on private agreements, and investors tend to make their strategies, datasets, risk assessment models and internal reports confidential. While the use of public funding can in theory be traced, the same does not apply to private sector investments; this means that there are fundamental knots in terms of transparency and accountability to the society; this presents a challenge to public interest dynamics as they embody an inevitable diversion from core values of equity and social justice;

92 Hunter and Murray, “Deconstructing the Financialization of Healthcare,” p. 16.

93 H. Gleckman, “How the United Nations is quietly being turned into a public-private partnership: A new agreement with the World Economic Forum gives multinational corporations influence over matters of global governance”, Open Democracy, 2 July 2019. Available at <https://www.opendemocracy.net/en/oureconomy/how-united-nations-quietly-being-turned-public-private-partnership/>.

94 Hunter and Murray, “Deconstructing the Financialization of Healthcare.”, p. 1

95 United Nations, *Addis Ababa Action Agenda of the Third International Conference on Financing For Development*, 2015. Available at https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

96 <http://devinit.org/post/investments-to-end-poverty-2018/>, p.6.

97 <http://www.ipsnews.net/2019/04/world-bank-financialization-strategy-serves-big-finance/>.

98 World Health Organization, “A Healthier Humanity: The Who Investment Case for 2019-2023”, Geneva, 2018. Available at <https://apps.who.int/iris/handle/10665/274710>.

99 Hunter and Murray, “Deconstructing the Financialization of Healthcare,” p. 8.

100 Ibid.

101 F. Stein and D. Sridhar “The Financialization of Global Health, *Wellcome Open Research*, 2018, p.17.

- a market-related issue: financial markets are notorious for boom- and-bust cycles. In financializing global health, healthcare provision may be exposed to the casino dynamics seen before and with the 2008 global financial crisis, putting impoverished population at immense risk;
- a cultural issue: financialization may well influence health consumerism, and people's notion about the healthcare approach to be considered feasible, and desirable. Market tools are never neutral, and several moral tensions exist in the domain of health, which is in the end the domain of human life.¹⁰²

While the right to health is constantly redesigned to play an ancillary role to financial markets, the global health community needs to urgently raise the visual spectrum beyond diseases to better understand and address the speculative dynamics of finance advancing in the health sector, with little promise of sustainability. Global organized reaction to move away from the model of public-private financing and ensure that the benefits of public investment remain in public hands is emerging, thanks in part to the new climate emergency conscience. These are signs of mobilization and activism that cannot be ignored, and which must stay connected.

¹⁰² Ibid.

3. Women's rights

The financialization of women's rights

by Rosana Miranda and Marcos Lopes Filho, Christian Aid; Renata Moreno and Miriam Nobre, Sempreviva Organização Feminista (SOF); and Janice Førde, KULU - Women and Development.

The domination of finance capital over other areas of the economy, of the state, and of everyday life affects women in a special way. The role of finance capital for speculative purposes of accumulation has clear impacts on gender and race inequality, which manifests itself in the fact that women – especially indigenous and Afro-descendent women – have lower incomes and less assets than men in any region of the world. Financialization hampers women's abilities to resist and develop alternatives, whether as a result of their indebtedness, their lack of access to public services, or as consequence of decreasing of financial resources for their collective struggle. This chapter exposes some of these trends through concrete examples, as well as presents women's movements to resist the financialization process.

Understanding growth-led development and financialization through a feminist perspective

It is not uncommon to come across political narratives that hold that the growth-led solution to economic inequalities will eventually lead to an improvement in the living conditions of those on the margins of the currently economic system. For decades, the heralds of the growth narrative have argued that economic growth, largely understood as the good performance of financial indicators, would unlock the necessary resources for people to fulfil their rights, including human rights.

Most recently, the 2030 Agenda for Sustainable Development has claimed that only with a revitalized global partnership to promote sustained economic growth those kept behind on the so-called development pathway will finally have the chance to fulfil their potential in dignity and equality in a healthy environment. But the same 2030 Agenda recognizes in Sustainable Development Goal 5 that women and girls are by far those more affected by the current

development model that wasn't able to ensure people's rights.

The domination of finance capital over other areas of the economy, of the state, and of everyday life, mobilizes the systems of oppression of women and affects them in a special way. The role of finance capital for speculative purposes of accumulation has clear impacts on gender and race inequality, which manifests itself in the fact that women – especially indigenous and Afro-descendent women – have lower incomes and less assets than men in any region of the world. In the case of Brazil, for example, according to 2010 Population Census data, women's income from all sources (labour, cash transfers, remuneration of capital) was 68 percent of that of men. The average income of black women was 35 percent of that of white men.

Financialization affects women in their everyday lives. Individually and collectively, it hampers their abilities to resist and develop alternatives whether as a result of their indebtedness, their lack of access to public services, or as consequence of decreasing of financial resources for their collective struggle.

Other authors in this report have extensively referred to the multiple crises that result from financialization and the austerity agenda that is imposed over the ordinary citizen as a way to protect the profits of large transnational finance operators. Women's groups and the feminist movement are pointing to the underreporting of the ways in which this austerity agenda impacts women very distinctively, due to their roles in social reproduction, especially for activities that take place in the domestic space.

This feminist perspective has shown how, especially in times of crisis and where structural adjustment policies predominate, there is an increase in women's workload inside the home to ensure a livelihood in often adverse living conditions. The decrease in spending on vital areas such as health and education push these obligations onto the domestic sphere, forcing women to counterbalance the cuts through spending more working hours in care work. Thus, financialization extends the integration of the domestic sphere to the mechanisms of extraction of wealth produced by women workers.



Women building a new health clinic in the village of Sawula, in the Pujehun district of Sierra Leone. Picture credit: Christian Aid / Tom Pilston

Financialization sustaining an economy of obedience



One such mechanism is household indebtedness. Families are increasingly in debt to meet subsistence needs in the face of stagnant wage rates and the absence of adequate public health and education services. In April 2019,

62.7 percent of Brazilian households were in debt and 23.9 percent were in arrears, with credit cards being the main source of cash for 77.6 percent of indebted households. Another feature is the growth in indebtedness among the elderly. Among the factors leading to indebtedness are: increasing individual liability for risks such as loss of job and income, illness of one's own and/or family members, death of the family's bread winner, unplanned pregnancy, marital separation, and woman whose names are used by third parties (specially husbands and children) to get loans.

As women are usually accountable for the well-being of the extended family, a situation most common among black women, they tend to be more prone to debt even though they are considered to be reliable debt service payees. For this reason, they have become a prime target audience for microcredit programmes, which end up pushing money that already circulated informally in women's social networks into the formal economy, without actually addressing the structural problem of poverty. More recently, these programmes—often repackaged as 'women's financial inclusion' have also been called into question owing to their exorbitant interest rates and the intense pressures and humiliations to which women who cannot afford to pay regularly are subjected. The indebtedness of women constrains their work options and their vision of the future: it pushes them to accept any working conditions in order to confront the pre-existing debt obligation. Debt compulsively defines the working conditions that women must accept, and in that sense, it becomes an effective tool of exploitation. In fact, debt enables what feminist groups in Argentina are calling an "economy of obedience",¹⁰³ in which control mechanisms of

¹⁰³ L. Cavallero and V. Gago, *Una lectura feminista de la deuda. Vivas, libres y desendeudados nos queremos*. Buenos Aires, Rosa Luxemburg Stiftung, 2019.

women's bodies, choices, behaviours and practices are constantly updated, ensuring that the sexual division of labour remains intact. The economy of obedience that is unleashed by debt is, simply put, yet another form of violence against women.

Gender washing sustainable development

In addition, at the same time that fiscal austerity policies which impact women's livelihoods strain public budget capacities to deliver basic services and rights, there is an increasing push to leverage private finance to bridge that gap. The financialization of development funding has a specific meaning for the advancement of women's rights, given that the historically underfunded feminist movement is now confronted at the global level with the discourse of 'women's financial inclusion'—now part of the way in which improving gender equality is measured under the SDGs –, while accessing less resources to counterbalance it with a rights-based approach.

Up until the adoption of the 2030 Agenda and SDGs, the new actors and new money that entered the scene supporting development work, expanded corporate social responsibility and corporate philanthropy programmes tended to prioritize 'economic growth' and 'return on investment' rather than a rights-based perspective. The low level of funding of UN entities undermines their capacity to partner with and fund women's human rights and feminist groups in the global South, and pressures them to enter into partnerships with the private sector using 'innovative financial tools'. Many of the 'innovative financial tools' respond to a reductionist vision of gender equality as smart investments that don't factor in how macroeconomic policies, trade rules, global value chains and other national and global policies harm women. Public-private partnerships (PPPs), which also include civil society organizations (CSOs), have become a favoured 'innovative financial tool'.

Meanwhile, feminist and women's rights organizations are not necessarily the preferred partners of funders, even when targeting the promotion of gender equality. Traditional funders, including UN agencies,

increasingly tend to partner with and fund women's business organizations and private sector businesses. The shift to mainly funding women's economic empowerment "because it's smart economics" is a "reductionist vision of gender equality as smart investment,"¹⁰⁴ when gender equality is a goal in itself. In fact, official development assistance (ODA) allocates US\$ 200 billion/year with only 1 percent targeting women. Of that small amount, 1 percent targets feminist and women's rights organizations.¹⁰⁵ Although women's movements have been key drivers in defending women's human rights and gender justice globally, a 2010 research report showed that the median budget of feminist-women's rights organizations typically was US\$ 20,000/year, compared to large international non-governmental organizations (INGOs) such as Save the Children International and World Vision International with US\$ 1.442 billion and US\$ 2.611 billion respectively.¹⁰⁶

The Danish Development Finance Institution (DFI), PPPs and gender equality

The Danish Government is implementing its development strategy, World 2030: Denmark's strategy for development cooperation and humanitarian action adopted in 2017. It adopts the same logic as UN Women regarding filling financing gaps in development cooperation through the use of PPPs:

"Denmark will strengthen the Investment Fund for Developing Countries (IFU/DFI) as the central Danish development investment institution. ... with a view to investing in sustainable growth, decent employment and technology transfer for addressing, e.g., climate and environmental problems in difficult markets in developing countries. IFU will, at the same time, contribute to internationalizing Danish businesses, including small and medium-sized enterprises....The Danish support for the development of the private sector and engagement ... will follow the principles of

104 L. Alpízar Durán, "20 years of Shamefully Scarce Funding for Feminists and Women's Rights Movements", 14 May 2015. Available at: <https://www.awid.org/news-and-analysis/20-years-shamefully-scarce-funding-feminists-and-womens-rights-movements>

105 See UN Women together with Impact Investment Exchange (IIX) at the High-level Political Forum, July 11, 2019; see K. Staszewka, T. Dolker and K. Miller (AWID), "Only 1% of gender equality funding is going to women's organisations – why?", *The Guardian*, 2 July, 2019; *World 2030: Denmark's strategy for development cooperation and humanitarian action*, Danish Ministry of Affairs/DANIDA, January 2017. At this time the newly adopted Danish development and humanitarian action strategy estimated the SDGs' financing gap to be between US\$ 1.9 and US\$ 3.1 trillion/year. All countries, not only developing countries, are responsible for implementing the SDGs nationally and globally.

106 L. Alpízar Durán, "20 years of Shamefully Scarce Funding for Feminists and Women's Rights Movements", 14 May 2015. Available at: <https://www.awid.org/news-and-analysis/20-years-shamefully-scarce-funding-feminists-and-womens-rights-movements>

effectiveness, social responsibility and additionality. ... Aid funds are not to be brought into play where the private sector is willing and able." ODA supports business ventures in Least Developed Countries (LDCs) with a subsidy of 50 percent, and 35 percent in non-LDCs.

The Danish development strategy also enables CSOs to enter strategic PPPs with the Fund (DFI). The Fund interacts with Danish CSOs by circulating policies in public hearings and inviting them to dialogue meetings. However, it is unclear how CSOs can monitor DFI and DFI-facilitated PPP investments in the education and health sectors while not exacerbating inequalities and ensuring protection and provision of gender equality and human rights. This is definitely an area for gender and financial justice action.

Financialization of gender equality experienced in the global South



While all the dimensions discussed above are reflected in the global South, they have particularities that relate to the historical role of those countries as suppliers of raw material and natural resources and to the particular position

they are in regarding global finance. Indebtedness as the result of 'financial inclusion' is expressed by the sharp increase in consumption of non-durable goods in Latin America, in a move that resembles 'citizenship by consumption', tightly related to increasing access to basic services. The privatization and financialization of basic public services exacerbate inequalities in a context of increasing poverty in regions such as Latin America and the Caribbean. In addition, one distinctive driver of the impact of financialization on women's lives relates to the commodification of natural goods, based on a neo-extractive economic cycle that combines extraordinary rentability, the return to an economy based on primary commodities, or reprimarization of the economy, socio-environmental conflicts and the criminalization and repression of social groups and organized movements.

Brazil: Women's informal work and credit card operations

In addition to the widespread offer of microcredit targeted to women, especially micro-entrepreneurs, the increased adoption of credit and debit cards as the preferential tools for day-to-day commercialization yields a greater concentration of power in the hands of credit card companies. It also imposes adaptation and formalization upon women working informally, such as street vendors. Since most households consume by credit card charges, vendors, even those who sell water or snacks at a traffic light, need a credit card machine. To access such a machine in Brazil, you must register as an individual microenterprise and contribute to Social Security, which at least allows women some minimal coverage. Among the micro-entrepreneurs registered for the apparel and accessories retail trade, 77 percent are women, and in the perfume and personal hygiene sector they represent 75 percent. There are numerous companies that offer credit card machines, and many start up at no additional charge. However, in each operation the company retains values between 2 and 7 percent, while higher rates are applied in the case of cash advances taken out on credit. Payment times also vary and, when longer, allow companies to carry out financial transactions with the cash. The widespread use of cards shows no sign of tapering off, and in fact credit card debts represent today the largest source of households' indebtedness in the country.

The financialization of nature, reflected especially in agriculture in the global South, has direct implications for women's labour and livelihoods. Being responsible for the preparation and distribution of food in their families, women are quickly impacted by speculative food price crises. In fact, following the large food crisis of 2008, demonstrations and riots headed by women took place in 18 countries. In Côte d'Ivoire most of the protesters on March 31 that year were women singing "We are hungry!" In Zimbabwe the demonstrations were organized by WOZA, Women of Zimbabwe Arise. In Peru, the women from the popular dining halls (*comedorias populares*) were the first to mobilize in front of the Congress Palace on April 30, followed by trade union and peasant movements.¹⁰⁷

107 M. Schneider, *We are hungry! A summary report of food riots*, 2008. Available at https://www.researchgate.net/publication/237113525_We_Are_Hungry_A_Summary_Report_of_Food_Riots_Government_Responses_and_States_of_Democracy_in_2008



A farmer stands in front of the Mthombowesizwe Market Garden in Zimbabwe. The name means 'evergreen'.

Picture credit: Christian Aid / Charlotte Scott

Food production is also heavily impacted by the growing number of large infrastructure projects in the global South, fuelled by international capital. In the Amazon so far, 140 dams have been installed or are under construction, with another 288 planned, in a conjunction between national governments, the private sector, international investment banks and the financial market.

Finally, the financialization of nature, in the form of carbon trade mechanisms and agriculture futures markets, deprives women of their territory, ignores their economic contributions in the communities and many times over reinforces gender roles related to the sexual division of labour.

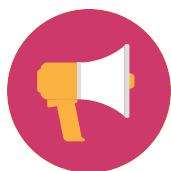
Brazil: Women and the Green Economy

Financial mechanisms such as the carbon credits market and the agricultural futures market are direct or exchange-traded credit mechanisms that allow industries in the global North to continue their polluting activities. In the face of growing social pressure and legal norms that seek to prevent environmental and climate tragedies, mechanisms such as carbon trading allow polluters to pay their way out of changing business models.

In the global South, these carbon offsetting financial mechanisms are implemented by companies or non-governmental organizations that come to communities negotiating the availability of areas for reforestation or conservation in the form of environmental compensation or for the sale of carbon market credits. They propose the delivery of seedlings, technicians to assist in the planting, financial

resources to surround the planted area and even per diems for residents who work on the reforestation projects. In communities, environmental conservation projects are always welcome, as there is a permanent need to restore areas and increase biodiversity. But a community's priority is to combine recovery with traditional planting, management, gathering or fishing practices that will ensure people's food and well-being. The reforestation projects are generally very restrictive in determining the species to be planted, in the use of certain areas, even preventing the transit of people from communities through them, and imply long term lease periods, up to 99 years. Women's voices in communities are often unheard and their activities are prohibited or extremely restricted, such as collecting firewood, medicinal plants and food. In other cases, organizations promoting this so-called 'green economy' target women, donating small resources, and exploiting the contradictions of communities. Many of these projects entail overburdening women as they do not recognize the economic activities they already undertake.

Resisting the financialization process: making women's production and reproduction visible



Women's struggles for equality, justice and social transformation always challenge power and domination schemes. To face the logic of financialization, it is necessary to respond to the concrete needs of

women and communities, with collective action and processes that strengthen the productive economy, overcome hierarchies and inequalities, and give centrality to the sustainability of life.

Feminist economics is a field that has been adopted and used by social movements as a powerful tool of critical analysis and reference for proposing alternatives. Feminist economics reveals how the hegemonic views of economics are reductionist because, by restricting the economy to what circulates in the market, with monetary equivalents, they exclude much of the daily work done by women that ensures that life is possible. Thus, to achieve equality,

it is not enough to include women in analytical schemes designed with reference to men's experience. The proposal is to broaden the boundaries of what is economic, encompassing all the work and processes that sustain life. To this end, the artificial separation between production and reproduction is questioned by revealing that they conceal the links between processes that are actually interdependent. Housework and care work are at the base of the production of living and are therefore fundamental to the functioning of the economic system. Examples from Argentina and Brazil are summarized below.

Argentine movement fighting against women's indebtedness (Vivas, libres y desendeudadas nos queremos)

Argentina's feminist groups are inspiring the fight against the financial system and its debt mechanisms with their claims for women's rights and justice. The groups recently published the collective book *A Feminist Reading of debt*,¹⁰⁸ in which they give practical responses to challenge the neoliberal financial logic with its interest rates and the expropriation of women's time and bodies. These groups are calling for "radical disobedience" against finance, taking the issue of household debt out of the private realm, in which it is surrounded by shame and taboo, to bring it to the forefront of a collective discussion on how the economic system is failing ordinary citizens, especially women. They contend that the feminist strategy on debt should be, finally, to plot its total elimination. It pushes this agenda forward by actively articulating the feminist strikes that have highlighted the vivid connection between the feminization of work and financial exploitation, by compiling data on women's indebtedness (including revealing the falsehood of 'financial inclusion' goals) and by compiling and disseminating other positive experiences of debt disobedience (as in Mexico, Bolivia and Spain) to inspire tactics and strategies in Argentina.

108 L. Cavallero and V. Gago, *Una lectura feminista de la deuda. Vivas, libres y desendeudadas nos queremos*. Buenos Aires, Rosa Luxemburg Stiftung, 2019.



Bebé Albenize from Brazil is well known locally for her knowledge about where and how to harvest Brazil nuts. Her community relies on the income from the nuts, but gathering the harvest is extremely labour intensive and they cannot guarantee a good price, because they have no way of cleanly removing the shells before sale. **Picture credit:** Christian Aid / Tabitha Ross

Brazilian women organizing alternatives with agroecology¹⁰⁹

Thousands of women around the world produce food, including in backyards and urban gardens. In many places production is based on agroecological practices that combine sophisticated traditional knowledge passed on from generation to generation, new experiments and systematized knowledge in universities and research centres. The usual forms of economic measurement hardly capture these women's contribution to social reproduction. In Brazil, women in the agroecological movement have been looking for ways to quantify, make visible and understand the dynamics of the productive economy. During 2017, 264 farmers from different regions of the country noted in the Agroecological Logbooks (Caderneta Agroecológica) the destination of their production in terms of quantity and price, as a way to make their work and household contribution visible. Considering the value of registered production, 62 percent was destined for sale, 28 percent for consumption, 9 percent for donation and 1 percent for exchange. Considering the number of logbook

entries, 51 percent referred to consumption, 27 percent to sale, 19 percent to donation and 3 percent to exchange. The greater reference to consumption in the records may indicate the willingness of farmers to make visible the production under their responsibility, often performed around the house as if it were housework.¹¹⁰ Sales in solidarity marketing networks such as solidarity procurement groups and initiatives of communities supporting agriculture (CSA) ensure the leading role of women, for example, by organizing themselves to offer a wide range of products, positioning themselves against violence against women and for the defence of women's right to land and territory.

The forms of donation and exchange not only demonstrate the dynamics that occur in the neighbourhood but also the relationships that are maintained between family members living in different places. These are examples of how the practices developed by women to respond to the daily needs of food, shelter, care and to create conditions for the integral growth of people in harmony with nature mobilize dimensions of collective solidarity and constitute alternatives to financialization.

109 CTAZM. 2018. Caderneta agroecológica e os quintais. Sistematização da produção das mulheres rurais no Brasil. <https://ctazm.org.br/bibliotecas/livro-caderneta-agroecologica-e-os-quintais-268.pdf>

110 Ibid.

From the household level to international arenas financialization affects women's rights and how women experience daily life in many forms. Financialization of money that already circulates informally in women's social networks and market oriented 'women's financial inclusion' is driving women to indebtedness situations that undermines their capacity to self-empowerment. From Argentina to Zimbabwe, austerity policies largely sustained by financial arguments are shaping the way women can conciliate productive and reproductive work overloading even more a group already penalized by multiple shifts. Additionally, even international mechanisms created to overcome historical and structural gender inequalities are threatened by a lack of adequate funding and a naïve narrative that argues that the same financial system that marginalizes women will be responsible for funding alternatives for women's self-empowerment.

In a trajectory of criticism of neoliberalism and patriarchalism, feminist economics points to the existence of a confrontation of opposite logics: between capitalist accumulation and the sustainability of life. In confronting violence, resisting the dismantling of public services, defending nature and territories in the face of large extractive projects, women's struggles connect local concrete situations with international dynamics, placing the defence of life at the centre of their political actions. By broadening the view of the economy from the sustainability of life perspective, feminism reveals the overlapping oppressions of gender, race and class in the structuring of our societies. With this starting point, it is possible to go beyond identifying different impacts of the economic system on women, seeking to understand the logic by which financialization expands to different spheres of life.

In this context, it is critical to channel more international cooperation funds and research efforts to foster, systematize and replicate feminist economics experiences, especially those in the global South, not just as experiences of resistance, but also as concrete alternatives for an economic system that systematically keeps women behind. It is also critical to strengthen existing, and create new, mechanisms to ensure women's participation in national and international decision-making processes on economic and financial policies, as active participants, not just secondary passive recipients.

4. Housing

Financialization and the right to housing

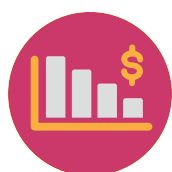
by C.J. (Kees) Hudig, Globalinfo; and Éilis Ryan, Financial Justice Ireland.*¹¹¹

“Residential alienation can be found across the world. It is the product of the hyper-commodification of housing, the casualization of employment, rising inequality, and the neoliberal assault on the social safety net. These processes affect owner-occupiers as well as tenants, and middle-class households as well as working-class ones. Their impact is felt unevenly, but it is a mistake to suppose that they are only a problem for the poorest households.”

David Madden and Peter Marcuse, *In Defense of Housing: The Politics of Crisis*, 2016

It is difficult to name a country today in which there is not a housing crisis – in other words, in which there is not a shortage of affordable decent housing. While the causes of this vast crisis pre-date, in many instances, the rise of neoliberal, financialized capitalism, the financialization of the housing ‘market’, has worsened this crisis dramatically, and has made solutions to this crisis more difficult.

The role of the global financial crisis in financializing housing



There are two primary links between financialization, housing, and the 2008 financial crash. First, the primary and initial driver of that crash was the subprime mortgage crisis. That crisis was sparked by irresponsible lending

and, subsequently, the buying and selling of ‘bad loans’ for speculative purposes. Mortgages are the prime vehicle of financialization, and the scale at which the

buying and selling of poorly performing loans grew in the lead-up to the crash meant that global finance reached its claws deep into families and homes around the world.

Second, the international response to the financial crisis, rather than attempting to fix the weakly regulated international lending system which had triggered the crash, exacerbated it further. In his book *The Financialization of Housing*, sociologist Manuel Aalbers points to how quantitative easing by central banks in Europe and the USA – the buying up of debt in order to push money into global markets – drove forward the financialization in housing: “A global wall of money is looking for High-Quality Collateral (HQC) investments, and housing is one of the few asset classes considered HQC. This explains why housing is increasingly becoming financialized.”¹¹²

‘Recovery’ as a profit opportunity for private finance: the case of Dublin

The city of Dublin, Ireland, provides an excellent overview of how the global financial crash resulted in increased power for financial actors.

Ireland was one of the so-called PIIGS (Portugal, Ireland, Italy, Greece, Spain) countries at the epicentre of the financial crisis in Europe. Ireland is one of the most market-friendly economies on the planet, and a succession of pre-2008 governments have built an entire economic strategy around attracting global financial and banking actors into the country with low corporate taxes and ‘light touch’ regulation. Coupled with this, Ireland’s property and building sector was grossly inflated as a percentage of GDP. Property developers, large and small, were exposed to enormous amounts of debt, along with the banks who lent unsustainably to them.

In 2008, Ireland was an epicentre of exposure to global financial markets, and deeply exposed to the housing sector which was central to the crash. Thanks

¹¹¹ With valuable contributions from Zsófia Miklós, DemNet

¹¹² Manuel B. Aalbers, *The Financialization of Housing, A political economy approach*, Routledge 2016, p. 134.

to that, Ireland suffered the consequences. Between 2008 and 2011, apartment prices had dropped by 60 percent. It became clear that developers were unable to service the enormous debts owed to both commercial and high street banks. The Irish government responded by extending a blanket guarantee to all corporate debt – eventually costing Irish tax payers €64 billion.

But while the crisis temporarily deflated the overheated Irish housing market, the ‘recovery’ resulted in an astonishing expansion of the role of global financial capital into all aspects of Irish housing. This was not simply a side effect of the recession in Ireland, the absence of public funding, or indeed European Central Bank quantitative easing as mentioned above. Instead, it was an explicit set of strategies, adopted by the Irish government, to incentivize financial capital in housing, and refuel the property sector.

Irish researchers have shown how Ireland’s combination of high home ownership, unsustainable levels of personal and corporate debt, boom-and-bust house building and post-crisis government policy interacted to massively increase the scale of corporate ownership of housing in Dublin post-2008.¹¹³ The Irish government established a ‘bad bank’ to house the distressed debts of property developers, with an explicit strategy of selling assets associated with these debts in order to recover money spent on the bank bailout. Meanwhile, in a context of rapidly decreasing house prices and stagnating supply, rents in the private rental sector soared. In 2013, the government passed legislation to allow Real Estate Investment Trusts (REITs), a type of investment fund specialized in long-term investment in housing, to operate in Ireland. REITs became primary buyers of the enormous distressed assets on the books of Ireland’s ‘bad banks,’ seeking to capitalize on escalating private rents. Five years on, the Department of Finance has issued reports warning that the highly concentrated ownership of rented apartments by REITs – in some suburbs up to 50 percent - has effectively allowed them to ‘set prices,’ escalating the already soaring private rents in the city.

Social housing as a vehicle for profit: the case of Amsterdam

Private mortgages have long been the most obvious way in which ordinary households become linked to globalized capital flows. But increasingly, even housing which traditionally was wholly outside the private market has come into the reach of financial flows.

The Netherlands has seen its traditionally large not-for-profit housing stock gradually caught up in financial markets. In March 2019, an enormous single sale took place of 10,000 residential houses. The seller was British investor Round Hill Capital, and the buyer was another investor from Sweden, Heimstaden, listed on the Stockholm stock market. Interestingly, the fact that the 10,000 housing units were originally social housing was almost entirely absent from the media discussion on the sale. They had previously been the property of the once-famous Dutch housing associations which provided affordable rental houses for lower income families all over the Netherlands.

In 2008, many such housing associations almost collapsed during the financial crisis, partly because stock which became the object of business between the two global financial investors. Round Hill Capital chose to sell up because, in a short few years, the firm had already made the profit they had promised their shareholders. It’s a story which is sadly replicated across the Dutch housing sector.

Selling social housing to investors is official Dutch government policy. The Ministry of Home Affairs created a special website to inform investors how to profit from buying up real estate that previously belonged to the social rental sector. There they are openly told that “it is estimated that about 1 million regulated dwellings are of such quality that these houses can enter the non-regulated market”.¹¹⁴

113 M. Byrne, “The financialization of housing and the growth of the private rental sector in Ireland, the UK and Spain,” Geary Institute Working Paper, 2019. Available at: <http://www.ucd.ie/geary/static/publications/workingpapers/gearywp201902.pdf>

114 See Kees Stad, “The State and the Privatization of Housing”, *Global Housing Debt*, November 2018. Available at: <https://www.globalhousingdebt.org/the-state-and-the-privatisation-of-housing/>

Finance capital as the driver of urban gentrification: the case of Budapest¹¹⁵

The decline of public financing for housing projects, and consequent government policies to incentivize private capital to invest in development projects, has been a major factor in the gentrification of working-class neighbourhoods in cities across the world.

In Hungary in the 1990s, high poverty rates and lack of public funding forced the district of Józsefváros – a historically poor inner city neighbourhood in the municipality of Budapest – to resort to private funds for redevelopment in the area. This resulted in upgraded physical infrastructure, but it came at a high price. The private investors were Futureal, owned by a Hungarian billionaire, and an assortment of international finance banks, such as Raiffeisen Bank, together with some public money. The project comprised two significant urban development programmes: Magdolna and Corvin Quarter. Corvin Promenade project was one of the biggest urban development projects in Central Europe since 2000, covering 22 hectares and 500,000 square meters of empty plots. More than 1,100 old flats were demolished during the implementation, 70 percent of which were social housing. The almost complete bulldozing and rebuilding of the quarter completely changed the urban and social fabric of the area and substantially contributed to the gentrification processes in the district.

The Magdolna Project was designed to be a social rehabilitation project with no houses demolished and, in theory, the former inhabitants could also stay in their homes. In practice, however, this did not happen. New, short-term rental contracts are now prevalent in the public housing compounds, and previously stalled evictions were enforced. Private rental prices also soared: rents nearly doubled between 2013 and 2017, and the average selling price tripled. There has been significant displacement of old residents – many to another run-down outlying district (outer Józsefváros), which now faces a similar gentrification process. By the last phase of the redevelopment project, compensation granted to owners was only 60 percent of the real estate's market value. Critics believe local decision-makers use housing policy to drive the poorer population out of the district.

Financialization and housing in the global South

“In many countries in the global South, where the majority of households are unlikely to have access to formal credit, the impact of financialization is experienced differently, but with a common theme —the subversion of housing and land as social goods in favour of their value as commodities for the accumulation of wealth, resulting in widespread evictions and displacement. Informal settlements are frequently replaced by luxury residential and high-end commercial real estate.”

Report of the Special Rapporteur on adequate housing, January 2017¹¹⁶

Financialization reaches well beyond just the capital cities of the global North. Indeed, it can have an even more devastating impact in the booming cities of middle-income countries, where enormous levels of urban migration are not being met with public investment in affordable housing for workers.

In her book *Urban Warfare*, the Brazilian urban planner and former UN Special Rapporteur on adequate housing Raquel Rolnik describes how financialization also permeates poor countries, and even slums. One of the primary vehicles for that has been microcredit and microfinance, ensuring that ‘affordable housing’ is delivered not through public investment, which provided housing in early 20th century Europe, but through ever-increasing levels of debt amongst the working class. Rolnik concludes: “Microfinance marks the expansion of capital towards its last urban frontier: the slums of capitalism’s peripheries.”¹¹⁷

Meanwhile, vacant land in and around urban centres has become as commodified as housing in many countries. Large agricultural enterprises drive people off their land and force them to move to cities. But large infrastructural projects, as with world football championships or

¹¹⁵ For further information see M. Czirfusz, V. Horváth, et al. “Gentrification and Rescaling Urban Governance in Budapest-Józsefváros”, *Intersections* 1(4), 2015; Habitat for Humanity: *Annual Report on Housing Poverty*, 2018. Habitat for Humanity Hungary, A. Város Mindenkié: Kilakoltatási hullám Józsefvárosban: Az önkormányzat elüldözi a szegénységben élőket.

¹¹⁶ <http://www.unhousingrapp.org/user/pages/04.resources/Thematic-Report-3-The-Financialization-of-Housing.pdf>

¹¹⁷ Raquel Rolnik, *Urban Warfare, Housing Under the Empire of Finance*, Verso, 2019.



Elza de Fatima previously lived in a slum tenement like this one. Thanks to Gaspar Garcia's support (a local group that supports the right to housing), she now lives in affordable, decent accommodation of her own. **Picture credit:** Christian Aid/ Tabitha Ross

Olympic Games, can have the same effect. And then there is this third 'sphere of financialization': mortgages. On this point, Manuel Aalbers, a Dutch expert on real estate and finance, remarks:

"The neoliberalization and financialization of housing is not limited to the US or to developed and developing world. Mortgage lending and securitization may remain very limited in most of the Global South, but there is a significant increase in the more developed among them, and decent, affordable housing is hardly provided for the masses as it was in many western countries during the

*modern/Fordist period. As a result, the housing markets in most of the Global South are extremely stratified."*¹¹⁸

It is increasingly evident that the policies of institutions such as the World Bank to actively support the expansion of mortgage markets in developing countries, fly in the face of the stated objectives of Sustainable Development Goal 11, to promote 'sustainable cities and communities.'¹¹⁹

¹¹⁸ Aalbers, *The Financialization of Housing*, p.73.

¹¹⁹ <https://www.brettonwoodsproject.org/2018/07/world-bank-globalisation-housing-finance-mortgaging-development/>



When Mr Oom retired, he moved back to his shack in in Reiger Park, South Africa. He lives with his with four grandchildren and daughter. Besides the housing problem (living in a fragile shack on private land), there is no sanitation. Water is fetched from a tap outside the house, and there are no toilets. **Picture credit:** Christian Aid / Gui Carvalho

South Africa: organizing activists to reclaim land for housing

After the end of apartheid in South Africa, some things improved in the townships, notably political rights. One problem that persists, however, is the absence of adequate dignified housing and related services, which has led to service-delivery and land-rights protests.

The Studies in Poverty and Inequality Institute notes that the right to housing is enshrined in the new South African constitution, which has a clear focus on social and economic rights in particular. But, as is so often the case with legal rights, reality is quite different. A number of different movements have responded to the absence of decent housing by claiming land, resisting evictions and challenging the corporate power which is increasingly dominant in urban areas.

One organization, Church Land Programme, began its work by focusing on community land rights of church-owned and abandoned lands. Now they train activists and walk in solidarity with communities struggling for justice and their rights to land, services and housing.

Another group, Abahlali baseMjondolo (the Shack-dwellers movement), enables people to organize themselves into autonomous groups to protect their right to housing, with strategies including land occupations. They view housing in relation to other elements of causes of poverty, like prices of electricity, transport, food and so on, and to use their campaign for housing to further analyse the broad economic system. This systemic analysis is something prevalent in housing campaigns in the global South in particular.

Strategies and alternatives to oppose the financialization of housing¹²⁰

A first strand of resistance is **political campaigns** to try to keep public housing public, and thus keep the **commercial market** away from it. This strategy includes trying to preserve what is left from the welfare state after decades of sustained attacks on the very idea of public housing. Still, there remain impressive examples of public and social housing projects and schemes, as for instance in Austria and France.¹²¹ In Germany, meanwhile, local governments have been forced to limit the freedom of private real estate owners to increase rents.

A second strand of resistance is that of **laws and regulations**. The current campaign for the socialization of housing in Berlin is a good example; the legal possibility of expropriation is enshrined in the constitution, and there is a local regulation allowing for a binding referendum to demand this. These opportunities have been used by a vast network of housing activist groups to demand action on rents and ownership. A referendum will be initiated if local government fails to respond to demands for expropriation of large private housing companies.

A **third** field operates on **individual needs and rights**, in both the global North and the global South. The PAH in Spain¹²² has organized people threatened with eviction from their homes due to nonpayment of mortgages, after they lost their income following the 2008 crash. Many squatting actions also provide direct action as a solution to the housing crisis in Spanish cities.

In many instances, activists have begun to organize around the concept of the Right to the City, emerging from the ideas of urbanist Henri Lefebvre and others. Rather than focusing exclusively on housing, these movements engage all users of the city – workers, service users etc. – in collective action.¹²³ The approach has also taken root in cities in the global South. For instance, the Centro Gaspar Garcia in São Paulo campaigns for accessible and affordable housing in working class neighbourhoods, but also has a focus on the rights of women and undocumented garbage collectors.

To socialize housing, we must socialize finance

Critical to specifically challenging **financialization** of housing, are efforts to articulate proposals for alternative forms of financing. For instance, the PAH in Spain has targeted the private equity fund Blackstone with a menacing video while at the same time offering well documented proposals for the construction of collective housing schemes.¹²⁴ If housing is to be socialized, so too must financing – at both the local and transnational levels.

While authorities in many countries list out new and innovative ways they are tackling the housing crisis, most remain small-scale 'boutique' options unless matched by adequate, large-scale public finance. For example, in Hungary, a group called Rakoczi Collective promote a co-housing model, in which the building itself is owned by a cooperative and inhabitants only have a long-term tenure status. However, financial constraints severely hinder the development of co-housing at a broader scale. Banks are reluctant to provide loans for cooperatives, and instead will only make finance available for individuals through individual mortgages or in the form of construction-for-sale for the private sector. Hungary, sadly, seems to be lacking the long-term financial mechanisms with favourable conditions for co-housing projects, and the trends are not promising either.

Across the globe, the absence of public financing for social solutions to the housing crisis has created a vacuum that is being filled with private finance.

What do we want?



Like many of the facets of financialization described in this report, the solutions to the commodification of housing are deep, structural and far-reaching. The solutions needed are rarely simple policy changes, but rather a deep reconfiguration of the rules and operation of public and private finance around the globe.

120 Numerous examples of communities resisting these processes can be found in the booklet published by the European Housing Coalition, *Housing Financialization; trends, actors and processes*, Rosa Luxemburg Stiftung, 2018.

121 For some more information on Public Housing in Vienna see <https://archinect.com/news/article/150074889/vienna-leads-globally-in-affordable-housing-and-quality-of-life>

122 Plataforma de Afectados por la Hipoteca (Platform for People Affected by Mortgages)

123 Samuel Stein, *Capital City, Gentrification and the Real Estate State*, Verso, 2019.

124 <https://www.youtube.com/watch?v=gPGGjpOisel>

For countries in the **global South**, as urbanization booms, there are minimal signs that a public housing revolution akin to the pre- and post-war settlements in Europe is on the cards. Indeed, many of the ‘solutions’ proposed by international donors and aid agencies are likely to be a medicine worse than the disease – microcredits and public-private partnerships (PPPs). The focus on PPPs by international funding agencies, for example the World Bank’s “Maximizing finance for development” strategy, is clearly not consistent with the objective of decommodifying housing, and instead is likely to push more cities into the same category as those discussed in Europe, where housing is unaffordable for all but a select elite. **We are calling for donors to accept the importance of building public housing systems, as is the norm for other public goods such as education.**

For countries in **Europe**, the key driver of pushing back financialization must be a renewed focus on investing public money in building public housing stock. This means serious changes to current regulations, namely:

A relaxation of EU spending rules, to exempt capital expenditure from deficit calculations;

- The inclusion of **all public housing** in lists of Services of General Economic Interest, exempt from rules disallowing state aid;
- The creation of a public housing fund within the European Investment Bank, for use to develop publicly-owned, non-commodified housing.

In effect, what these changes would do is to redress the current imbalance, in which the state’s hands are tied while corporations plough ahead altering the shape of our cities.

5. Infrastructure

Financialization of infrastructure: a means to an end or end in itself?

by Xavier Sol, Counter Balance; and Nicola Scherer, Debt Observatory in Globalisation (ODG).^{*125}

Functioning infrastructure is a prerequisite for our daily lives. For instance, water and energy infrastructures deliver us basic goods without which we couldn't live and produce, contributing to our economies as we do. Transport infrastructures offers us the possibility to move to our places of work, to shift goods and products from one place to another. Our use of all different kinds of infrastructure involves its inevitable degradation and, as technology and science advance, results in a continuous need to fix it, replace it, upgrade it and constantly develop new forms. In short, infrastructure needs finance to be maintained and improved.

This is where a problem occurs: private global finance is actually taking over infrastructure. In fact, people and communities are increasingly losing the opportunity to decide on which infrastructure they need, which infrastructure is built and who builds it. This means it is more and more the investors and not the citizens who decide about the infrastructure project, basing their decisions on potential financial profits. As a consequence, the BIG-BIG-BIG model is prevailing: large projects, large investments and large corporations. This is the model promoted by investors and decision-makers, at the expense of small-scale projects,¹²⁶ which then struggle to secure funding. This largely ignores the fact that infrastructure that delivers the most needed public good is generally not the one that guarantees the highest return for investors.

What does large infrastructure, mega-projects and mega-corridors mean?

Large infrastructure projects are mainly large engineering projects, which are complex systems that are usually led by a sponsor but include other players such as regulators, bankers and lenders. These projects take various forms, ranging from highways, railways, ports, airports, industrial processing plants, oil or gas pipelines and storages to large dams and other energy production systems.

The concept of mega-projects (and the related term mega-infrastructure, used when talking about infrastructure) is particularly relevant when discussing issues around unclear governance and lack of open decision-making processes, connected with the usually severe social-environmental impacts and consequences they bear. As Oxford University Programme Management Professor Bent Flyvbjerg points out, mega-projects are "large-scale, complex ventures that typically cost US\$1 billion or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people".¹²⁷

The 'global infrastructure agenda', promoted by the World Bank and IFIs, along with the corporate sector, under the banner of achieving the SDGs, also seeks to create infrastructure 'mega-corridors' in the name of development. Infrastructure corridors are not a new idea. But the plans that are now on the drawing board are on a scale as yet unimagined hence explaining the growing use of the term "mega-corridors". No continent (apart from Antarctica)

125 * This chapter has benefitted from the excellent reviews by Aleksandra Antonowicz-Cyglicka (Ola) (Polska Zielona Sieć /Polish Green Network, Poland) and Elena Gerebizza (Recommon, Italy).

126 XSE, Tenim energia! Reptes per transició cap a la sobirania energètica. Xarxa per la Sobirania Energètica. Barcelona, 2018.

127 B. Flyvbjerg, "What you should know about megaprojects, and why," *Project Management Journal* 45 (2), 2014.

is excluded. From Africa to Asia and South America, infrastructure masterplans have been drawn to reconfigure whole land masses (and the seas connecting them) into 'production and distribution hubs', 'development corridors', 'special economic zones' and 'interconnectors'.

The 'Big Daddy' of the corridors plans is obviously China's Belt and Road Initiative (BRI), which is largely criticized for its geo-political implications, but much less for the mere concept of physical and financial extraction underpinning it. The gigantic scale of infrastructure proposed will profoundly transform and redesign entire territories, regions and economies, and consequently the life of billions of people. Mega-corridors are primarily aimed at enhancing export of raw materials and goods and integrating economies in global markets. They will also streamline transportation routes globally and enhance access to a limited number of hubs where demand will be centralized.

In short, this agenda aims at speeding circulation in the production sphere globally and thus revamp economic globalization. It will ultimately scale up an already failing development model and its associated global division of labour - which could be locked in for decades to come.

together with the city council on the re-municipalization of water after a 75-year-long concession given during the fascist dictatorship to the private company Mina Pública de Aigües de Terrassa SA, whose main shareholder is the multinational Agbar-Suez.

People and communities are experiencing a permanent reshaping of their **territories** in the name of capital accumulation. The construction of large dams, power grids, oil platforms, gas pipelines, mines, ports, railways and motorways have tended to come with significant environmental and social costs. Infrastructure projects are destroying territories and ecosystems, and are resettling whole communities and infringing upon human and women's rights. While the G20 and the World Bank are obsessed with bridging the 'infrastructure gap'¹²⁸ by scaling up investments "from billions to trillions", they are paying little attention to potential consequences. As rightly pointed out by the Office of the UN High Commissioner for Human Rights in its report "The Other Infrastructure Gap: Sustainability",¹²⁹ the human rights impact of infrastructure projects and this planned expansion is largely ignored. But as mega-infrastructure develops further, the impacts are being exacerbated. Numerous communities and NGOs around the world have been documenting for decades the impacts of the extractivist approach¹³⁰ linked to infrastructure development.

The loss of infrastructure as a public good

Instead of building infrastructure in response to the needs of people and local communities, infrastructure projects are oriented towards investors' needs in order to attract large amounts of capital for a long time. In this sense, an infrastructure project has to be profitable for the investor and generate a revenue stream, for instance through user fees paid by citizens. This profit-driven approach has often proven incompatible with serving the needs of people and communities, or society in general. A type of infrastructure which does benefit people is for example public water management and supply, with citizens' control. For example, in the city of Terrassa in Spain, the citizens entity Taula d'Aigua is working

The mega-infrastructure model: impacts on people and climate



The mega-infrastructure model has a devastating climate impact, putting in danger future generations and communities, which are impacted by climate change, especially in the global South. Mega-corridors designed all over the world are based on high-carbon transport (airports, motorways) and energy infrastructure (including fossil fuels). As a result, the infrastructure agenda as promoted by the G20 and International Financial Institutions (IFIs) simply does not fit with decarbonization targets, nor with claimed plans to tackle climate change on a global scale and align financial flows with the objectives of the Paris Agreement.¹³¹

128 The so-called 'Infrastructure gap' is the difference between current investments in infrastructure projects and what promoters of this concept envisage as being the level of investments needed to meet the UN Sustainable Development Goals.

129 <https://www.ohchr.org/Documents/Publications/InfrastructureGapSummary.pdf>

130 The extractivist approach refers to the process of extracting natural resources from the Earth, mainly from the global South to sell on the world market, mainly to the global North.

131 There are three long-term goals in the 2015 Paris Agreement: a commitment to "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development"; to limit global average temperature rise; and to increase the ability to adapt to climate impacts.

There are currently efforts at the European regional level, through the EU High Level Expert Group on Sustainable Finance pushing for the creation of a “Sustainable Infrastructure Europe”¹³² or recently by the OECD and the World Bank,¹³³ to label this agenda under the heading of “sustainable infrastructure”, but these are yet to materialize and there is a risk that they might end up being merely a greenwashing exercise. For example, recent G20 conclusions on sustainable infrastructure do not even mention the Paris Agreement and the issue of fossil fuels.

Privatized infrastructure exacerbates gender inequality. This happens in at least three ways. First, the pursuit of profit by private entities restricts access to infrastructure services for the most marginalized, who are often women and especially women with migrant backgrounds. For example, a change in user fees particularly affects women as they are the biggest users of public transport to get to work or for their care work.¹³⁴ As the privatized infrastructure agenda affects resources available to governments, they undermine the state's capacity to deliver gender-transformative public services and infrastructure.¹³⁵ Second, women are also subject to an unfair division of labour. In extractive infrastructure projects, for instance, the majority of jobs and especially high qualified jobs are taken by men. Aker Solutions, the main international contracting firm in the petrol and gas sector, stated that 24 percent of the administrative work and only 3 percent of the qualified work goes to women.¹³⁶ Third, profit-seeking motivations also limit the provision of decent work for women within infrastructure projects. For example, there is a growing tendency to use international agencies to subcontract workers with flexible contracts.¹³⁷ The logic of subcontracting leads to the deterioration of working conditions, especially regarding the prevention of workplace risk and injuries.

Mega-infrastructure causes human rights violations of different kinds. The UN classifies potential negative human rights impacts of mega-infrastructure investments into micro, meso and macro levels. At the micro level, infrastructure projects can be associated with direct human rights impacts on communities, workers and the environment, such as the acquisition

of land and resources, relocation, forced eviction, and loss of adequate standards of living and livelihoods, health and safety issues for the workers, sexual violence, intimidation of and reprisals against human rights defenders opposed to the projects. At the meso level, affordability problems can discriminate against and exclude some groups from access to infrastructure services, which are protected by human rights law (e.g., access to water). At the macro level, failed mega-infrastructure agendas on the national and higher levels can lock in negative impacts for people and environment for decades, deepen climate crisis impacts and accelerate the financialization of the sector. Poor fiscal and financial management can waste resources and deepen indebtedness, thereby tending to exacerbate social inequalities.¹³⁸

Infrastructure as a profitable asset class

Communities have lost control of infrastructure, as it is being turned into an asset class. This trend can be understood as the core of the financialization of infrastructure process.

In the global North as in the global South, infrastructure investments are presented as a means to restore economic growth, demand and jobs in economies that have been hit by the financial crisis, beginning in 2008. Out of the ashes of the subsequent economic crises, infrastructure is promoted as a ‘magic bullet’.¹³⁹

Based on the assumption of perpetual economic growth, mega-infrastructure projects are becoming a new asset for international capital to invest in and gain profits. But why is mega-infrastructure perceived as a driver for growth? Neoliberal multilateral institutions like the World Bank, the IMF and most development banks are presenting a relative easy explanation: economic growth is not possible without large, well-functioning infrastructure, especially since infrastructure enables the extraction and transport of energy and resources from areas of production

132 https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf

133 See for example, OECD, *Financing Climate Futures: Rethinking Infrastructure*, Paris, 2018.

134 EURODAD, *Can public-private partnerships deliver gender equality?* Briefing paper, Gender & Development Network, FEMNET, March 2019.

135 Ibid.

136 Aker Solutions, *Face value: Corporate responsibility report 2008/2009*. Lysaker: aker Solutions, 2008.

137 I. Graham, “Working conditions of contract workers in the oil and gas industries”. Working papers 276. International Labour Office, Geneva, 2010.

138 Office of the UN High Commissioner for Human Rights, *Baseline Study on the Human Rights Impacts and Implications of Mega-Infrastructure Investment*, 2017.

139 X. Sol, «Rebuilding the world: the hubris behind the global infrastructure agenda», OpenDemocracy, April 2019. Available at <https://www.opendemocracy.net/en/economy/rebuilding-world-hubris-behind-global-infrastructure-agenda/>

to areas of consumption, in particular in the global North.¹⁴⁰

Since the financial crisis, governments have been facing a dilemma: how to finance their infrastructure and boost economic recovery with public resources, while meeting the harsh austerity logic and neoliberal dogmas they often agree to abide by? Therefore, driven by the IFIs, a consensus has emerged on a 'global infrastructure agenda' largely based on the assumption that there is a huge 'infrastructure gap' to be filled by private finance. The OECD estimates that an additional US\$ 70 trillion in infrastructure will be needed by 2030, to which governments must turn to private finance.

In parallel, global capital markets, which helped the accumulation of unprecedented private wealth by a few, have in turn been chasing investment opportunities in new profitable assets. The financial crisis led to the total breakdown of old lucrative assets like, for instance, the housing market.

This is when 'magic' is supposed to happen to match both needs: in the hopes of many governments, infrastructure is to become a new asset class, attracting all this private liquidity and lessening the financial burden on constrained public coffers.

As a result, the topic of infrastructure is on the top of political agendas in high level meetings such as the G20 or the Global Infrastructure Forum, where every year representatives of the largest development banks¹⁴¹ in the world gather. This agenda is pretty much led by the private sector to secure profits, but requires public finance in order to develop as planned.¹⁴² There is a real threat that public finance is actually captured by this agenda, to the detriment of local communities and citizens. Public money is already following suit: a joint report by 13 development banks noted that in 2017 they mobilized US\$ 73.3 billion in long-term private and institutional investor financing for infrastructure such as power, water, transportation and telecom systems.¹⁴³

Development banks also see their role in helping develop a pipeline of bankable projects and de-risking projects for private investors to chip in.

In order to manage trade and promote infrastructure as an asset class, an investor friendly financial environment is being built. Most commonly this is done by dismantling restrictions on investments for pension funds and insurance schemes or increasing derivative-based financial products.¹⁴⁴ People, communities and civil society are often excluded from decision-making processes on financial sector rules. There is a great amount of opacity, lack of transparency and on the other hand influence of financial lobbies when it comes to decision making on investor friendly laws.

A new wave of public-private partnerships (PPPs)



Through this public-private investment model, not only infrastructure is being privatized, but also more and more traditional public services like health and education. Even the World Bank is promoting PPPs as the most efficient mechanism to attract private finance and to provide good infrastructure.

But case studies from around the world continue to demonstrate that when governments opt for private investment for the construction and delivery of health, transport, education and energy, access to essential services by the poorest in a society is restricted and inequalities tend to increase.¹⁴⁵ The consensus around the benefits of the expansion of private financing instruments such as PPPs seems to break apart. PPPs are increasingly facing public backlash as their effects become clearer over time, and some European countries are now moving away from PPPs.¹⁴⁶ In March 2018, the European Court of Auditors published a special report exposing the

140 ODG Debt Observatory in Globalization (ODG), *Mega-infrastructure as a mechanism of indebtedness. The risk of illegitimate, ecologic and gender debt*. Barcelona, 2018.

141 These include for instance: multilateral development banks (MDBs) such as the European Bank for Reconstruction and Development (EBRD), World Bank Group and European Investment Bank (EIB)

142 https://www.ifc.org/wps/wcm/connect/4366950e-b757-4190-8074-7db86e2860a7/201806_Mobilization-of-Private-Finance_v2.pdf?MOD=AJPERES&CVID=mfmjKJZ

143 https://www.ifc.org/wps/wcm/connect/4366950e-b757-4190-8074-7db86e2860a7/201806_Mobilization-of-Private-Finance_v2.pdf?MOD=AJPERES&CVID=mfmjKJZ

144 Generally belonging to the realm of advanced investing, derivatives are secondary securities whose value is solely based (derived) on the value of the primary security that they are linked to. In and of itself a derivative is worthless. Futures contracts, forward contracts, options, swaps and warrants are commonly used derivatives.

145 https://jubileedebt.org.uk/wp/wp-content/uploads/2013/01/Double-standards_Final-version_08.17.pdf

146 For instance in France, in March 2018, Justice Minister Nicole Belloubet announced the abandonment of PPPs for the future construction of prisons and courts. Her main argument was that she considered this option "too expensive".



A view of Kolaghat thermal power station in East Medinipur, West Bengal, India. **Picture credit:** Christian Aid / Elizabeth Dalziel

failure of PPPs and slamming EU's support to this model via the European Investment Bank (EIB) and EU funds. The report stated that PPPs are *"not always effectively managed and did not provide adequate value-for-money"*.¹⁴⁷

Overall, PPPs have proven to be more expensive than public service provision and to bear a high risk of unknown future and /or illegal debt, as they can be hidden 'off balance sheet' so they don't show up in the budget and government debt figures. In this sense, the French Senate has called PPPs 'time bombs'.¹⁴⁸ Despite contradictory claims, there is an unequal financial risk sharing,¹⁴⁹ as PPPs are often riskier for governments than for the private companies involved.

When everything goes right, the company receives the benefits, while the government often has to step in and assume the costs if things go wrong. This is well illustrated in the "History Repeated" report¹⁵⁰ in which Eurodad compiled cases of 10 PPP projects that have taken place across four continents, in both developed and developing countries.

147 https://www.eca.europa.eu/Lists/ECADocuments/SR18_09/SR_PPP_EN.pdf

148 J-P. Sueur and H. Portelli, *Parliamentary information report n°773 Partnership contracts: time bombs?*, 2014. Available at <http://www.senat.fr/rap/r13-733/r13-733.html> (in French).

149 ODG (Observatori del Deute en la Globalització), *APP-Asociaciones Público-Privadas: el caso de las Infraestructuras*, 2018. Available at : <https://odg.cat/es/publicacion/app-infraestructuras/>

150 EURODAD, *History RePPPeated: how public private partnerships are failing*, Brussels, 2017. Available at: <https://eurodad.org/files/pdf/1546956-history-repppeated-how-public-private-partnerships-are-failing-.pdf>

What are public-private partnerships (PPPs)?

PPPs are medium or long-term contracts between the public sector and the private sector. Backed by government guarantees, the private sector constructs and / or manages goods or services traditionally provided by the State (whether at the national, regional or local level), such as hospitals, schools, roads, railroads, water, sanitation and energy, among others. This way, the risk of the project is shared between the public and private sectors or directly charged entirely on the public part. The contract can cover the design, construction, financing, operation or maintenance phases, or cover the whole of the project. The revenues for the private investor normally derive from users' fees or directly from the Public Administration.

In 2017, an international civil society campaign on PPPs was launched in order to reverse the dangerous rush to promote expensive and high-risk PPPs. It issued a Manifesto¹⁵¹ endorsed by 152 organizations from 45 countries, demanding that western governments, the World Bank and other development banks stop prioritizing PPPs over traditional public borrowing to finance social and economic infrastructure and services.

Inter alia, the Manifesto highlighted that PPPs increase risks of corruption and reduce the capacity of governments to regulate in the public interest. Indeed, PPP contracts are extremely complex. Negotiations are covered by commercial confidentiality, making it hard for civil society and parliamentarians to scrutinize them. This lack of transparency significantly increases the risk of corruption and undermines democratic accountability. In addition, PPP contracts often undermine the right and obligation of the state to regulate in the public interest. PPPs can limit the capacity of governments to enact new policies for example strengthened environmental or social regulations

that might affect particular projects. In addition, PPPs further threaten national democracy because PPP contracts tend to favour opaque and unaccountable international adjudication rather than local or national courts, without considering the drawbacks of these investor-state dispute settlement (ISDS) systems.¹⁵² Under World Bank-proposed PPP contracts, the state can even be liable for costs from strikes by workers.

As its name indicates, the 'global infrastructure agenda' has an international scope. But indeed its effects and impacts are already being heavily felt in the global South.

Impacts on the global South

One case in point here is the new wave of sovereign debt crisis in the global South, which is in part linked to infrastructure projects and private finance. The global South, especially the low income countries, have experienced a loan boom through national and project bonds financing since the end of the financial crisis in 2008. Especially private investors have searched for benefits outside the central markets, where the Quantitative Easing¹⁵³ and low interest rates made it less interesting to invest. The more risky the investment, the higher the interests and often the more profitable the business when the debt is sold on the international financial market. As a result, the level of annual external loans to low and middle income countries increased to US\$ 607 billion in 2017 from US\$ 181 billion the previous year, the highest level in three years.¹⁵⁴ As a result, according to the IMF, 32 of the 72 low-income countries are in debt distress.¹⁵⁵ Many of those low-income countries have reached levels of indebtedness not seen since the World Bank Group's Highly Indebted Poor Countries (HIPC) initiative or the IMF's Multilateral Debt Relief initiative in the 1990s and 2000s; examples include Mozambique, Angola, Zimbabwe, Sierra Leone, Republic of the Congo, Ghana, Egypt, Lebanon, Tunisia, Yemen, Sri Lanka, Mongolia, Nicaragua, El Salvador, Caribbean countries.¹⁵⁶

151 EURODAD, *World Bank Must Stop Promoting Dangerous public-private partnerships*, Brussels, 2017. Available at: <https://eurodad.org/files/pdf/1546821-world-bank-must-stop-promoting-dangerous-public-private-partnerships-1549891747.pdf>

152 See, e.g., Alfred de Zayas, Report of the Independent Expert on the promotion of a democratic and equitable international order (A/70/285), August 2015.

153 *Quantitative easing* is an unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to increase the money supply and encourage lending and investment.

154 <https://www.worldbank.org/en/news/press-release/2018/11/13/borrowing-by-low-and-middle-income-economies-more-than-tripled-in-2017-world-bank-international-debt-statistics-show>

155 IMF, *World Economic Outlook*. Washington, May 2019.

156 <https://www.worldbank.org/en/news/press-release/2018/11/13/borrowing-by-low-and-middle-income-economies-more-than-tripled-in-2017-world-bank-international-debt-statistics-show>

The global South is more and more exposed to private creditors (often vulture funds), which are not participating in international debt work-out processes. Regarding external creditors to whom low- and lower-middle income governments owe their debt, 39 percent is owed to the private sector, 33 percent to multilateral institutions and 28 percent to other governments (mainly to China).¹⁵⁷ Even though exact numbers are not available, it can be stated that the PPP model has contributed considerably to the governments private debt in the global South, turning private into public debt through public guarantees. The link between private infrastructure finance and debt is clear. According to the World Bank, in 2018, private investment commitments in infrastructure like energy, transport, information and communications technology (ICT) and water infrastructure in low- and middle-income countries totaled US \$90 billion across 335 projects in 41 countries.¹⁵⁸

Indeed, infrastructure finance represents a massive threat to future debt sustainability. The billions and trillions planned to be spent in the coming decades for large-scale infrastructure projects are likely to pose a dilemma to many governments: will they accept further indebtedness or be accused of failing to meet the needs of their population by not financing infrastructure projects? New financing schemes and related PPPs are likely to generate a new wave of foreign and domestic debt. If something goes wrong, ultimately host governments will pick up the bill. And this is already happening in the global South.

A major challenge for communities in the global South relates to the limited mechanisms in place for the public to control decisions about infrastructure planning and construction. There are many reasons for this lack of democratic processes, including a lack of transparency on financial arrangements around mega-projects or corruption schemes related to large-scale projects. The expansion of the Mombasa-Mariakani highway in Kenya, for instance, which has resulted in the forceful evictions of more than 300 people, is an example of how the most vulnerable groups are outside the margin of the decision-making processes. Their citizens did not oppose the project, due to the lack of information and violent repression.¹⁵⁹

There is also a strong imbalance of power facing local communities seeking to challenge the infrastructure agenda, as well as concrete projects where foreign investors and corporations are involved. In many developing countries, criticizing public infrastructure projects is also often portrayed by governments and corporations as being 'against development' and threatening national interests, providing arguments for further militarization and labelling infrastructure projects as central to national security.

Pathways for resistance and change



Resistance against large-scale infrastructure projects is taking place all over the world,¹⁶⁰ making it difficult to extract representative examples of these struggles. However, the following tools for mapping these, along with resistance to them, should be noted:

- **Mapping conflicts:** The EJOLT map¹⁶¹ is a useful resource to visualize environmental conflicts, mobilization and resistance around infrastructure projects. The goal of the international project is to make visible the voices fighting for environmental justice and to bring attention to threatened communities that are often rendered powerless by institutions and ignored by the media.
- **Mapping alternatives:** There is an important municipalization process taking place all over the globe, where alternative approaches toward infrastructure are being realized on a local level. The "Atlas of Utopias"¹⁶² published by the Transformative Cities Initiative is mapping transformative practices and responses taking place at municipal level worldwide, that can be seen as a telescope, to help navigate through the complex galaxy of struggles and radical change on a local level throughout the globe.
- **Transformative theories:** In contrast to the promotion of large-scale infrastructure promoted in the current capitalist system, there is the concept of infrastructure for everyday life claimed by the feminist urbanism movement, which refers to physical, economic and social infrastructure

157 World Bank, World Development Indicators database.

158 https://ppi.worldbank.org/content/dam/PPI/documents/PPI_2018_AnnualReport.pdf

159 For more information, see Bankwatch: <https://bankwatch.org/project/mombasa-mariakani-road-project-kenya>

160 See, e.g., the recently released report by CIEL. "Uncalculated Risks: Threats and Attacks Against Human Rights Defenders and the Role of Development Financiers", Washington, DC, 2019. Available at: <https://www.ciel.org/reports/uncalculated-risks-threats-and-attacks-against-human-rights-defenders-and-the-role-of-development-financiers/>

161 <http://www.ejolt.org/maps/>

162 <https://transformativecities.org/#tni>



European activists from Platform Cal Net, Xarxa per a la Sobirania Energètica, and Volt 3, protest against large infrastructure projects at Petrochemical fabric of Tarragona, Spain 2016. Picture credit: Debt Observatory in Globalisation (ODG).

to facilitate the development of daily life and the quality of life in general. These infrastructure projects should be designed from the responsibility towards nature and taking into accounts the human rights of all people, giving value and recognition to women's care work and the natural environment.¹⁶³

Decision-makers at the national level and international institutions should commit to supporting infrastructure that prioritizes social and environmental justice, instead of scaling-up efforts to financialize infrastructure and disconnect it from the needs of citizens and territories. In this context, the current 'global infrastructure agenda' stands at odds with such objectives, as it is primarily linked to an extractivist, financialized and top-down approach. Due to its profoundly undemocratic nature, this new agenda is highly likely to neglect the needs of the people who find themselves on the mega-corridors trajectory and will rather deepen the inequality divide than tackle it.

So the role of governments and public finance should be to put limits to what the financial sector, investors

and corporations are planning (mega-corridors of bankable large-scale infrastructure) rather than fueling and help design this agenda.

What is at stake here is for citizens, communities and social movements to reclaim infrastructure and essential services. Exposing this agenda is an important step to advance a public critique of infrastructure as a structural adjustment.

Communities have to challenge the global infrastructure agenda. The scale of the issues at hand makes it very hard for civil society and critical decision-makers to grasp this new agenda and find ways to challenge it. There are difficulties inherent to the mere concept of infrastructure which will need to be overcome: how to criticize an infrastructure-related agenda in countries where the basic needs of the population which could be served by well-tailored infrastructure and public services are not met? How to challenge the growing involvement of the private and financial sector, when in many countries the public sector has itself failed to deliver on basic infrastructure?

163 <http://www.righttothecityplatform.org.br/espanol-que-es-el-urbanismo-feminista/>

Financialization facts and figures

- Increasing financialization in the EU in the last two decades has had adverse effects on several objectives of the EU 2030 agenda, including inclusive growth, innovation, inequality and financial stability.¹⁶⁴ Twenty percent of the EU population earns less than the poverty threshold in their country, while the number of people living in income poverty in the EU has risen by over 8 percent since 2005.¹⁶⁵ Eurostat calculates that there are 112.8 million people living in households at risk of poverty and social exclusion.¹⁶⁶
- In the UK, one of the epicentres of global finance, inequality between the richest 1 percent and the rest of the country has been continuously rising since 2008, with just 10 percent of the population owning 44 percent of the UK's wealth, five times the total wealth held by the poorest half.¹⁶⁷
- In 2012, the last year of recorded data, developing countries received a total of US\$ 1.3 trillion, including all aid, investment, and income from abroad. But that same year some US \$3.3 trillion flowed out of these countries. In other words, developing countries sent US\$ 2 trillion more to the rest of the world than they received.¹⁶⁸
- A 2018 report by Sheffield Political Economy Research Institute, *The UK's Finance Curse? Costs and Processes*, suggests that the total cost of lost growth potential for the UK caused by "too much finance" between 1995 and 2015 is approximately £4,500 billion. This total figure amounts to roughly 2.5 years of average GDP across the period.¹⁶⁹
- An analysis of the USA indicates that the top earners, the 1 percent or even .01 percent of the income distribution pyramid, get the bulk of their incomes from CEO pay or from finance.¹⁷⁰ Econometric work looking at the relationship between financialization and inequality is also growing. U.S. economists Donald Tomaskovic-Devey and Ken Hou Lin present an econometric model indicating that since the 1970s, between US\$ 5.8 and US\$ 6.6 trillion were transferred to the finance sector from other sectors in the economy, including from labour and tax payers.¹⁷¹

164 http://www.isigrowth.eu/wp-content/uploads/2018/07/working_paper_2018_36.pdf

165 <https://gcap.global/wp-content/uploads/2019/06/FALLING-THROUGH-THE-CRACKS-JUNE-2019.pdf>

166 https://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion

167 <https://www.theguardian.com/inequality/2018/sep/05/qa-how-unequal-is-britain-and-are-the-poor-getting-poorer>

168 https://www.theguardian.com/global-development-professionals-network/2017/jan/14/aid-in-reverse-how-poor-countries-develop-rich-countries?CMP=share_btn_fb&fbclid=IwAR3Hevd03vf3dZwQ-Pt4pjdV-5GHZomNG8bdmruV9fAS9yQd_aHyKfkznB0

169 <http://speri.dept.shef.ac.uk/2018/10/05/uk-finance-curse-report/>

170 <https://truthout.org/articles/financialization-has-turned-the-global-economy-into-a-house-of-cards-an-interview-with-gerald-epstein/>

171 D. Tomaskovic-Devey and K. Hou Lin, "Income Dynamics, Economic Rents, and the Financialization of the U.S. Economy", 2011.



Citizens for Financial Justice is a diverse group of European partners – from local grassroots groups to large international organizations – with a shared vision of informing and connecting citizens to act together to make the global finance system work better for everybody.

We are funded by the European Union and aim to support the implementation of the Sustainable Development Goals (SDGs) by mobilizing EU citizens to support effective financing for development (FfD).

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