

The “financial enclosure” of the commons

Background document for the conference “Financialisation of natural resources – understanding the new dynamics and developing civil society responses” Paris, 28 – 29 October 2011

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A longer version of this background paper, including a further analysis of the concept of financialisation together with footnotes, references and elaborated examples and case studies, will be produced after the conference, based on the inputs and outcomes resulting from it.

In particular, the final version of this paper will attempt to synthesis the links that exist among different commodities that face accelerated commodification and extraction and as well offer opportunities to build joint struggles among different constituencies.

At the same time the final paper will address how the financialisation of natural resources affects different target groups and highlight who suffers most from this process. The paper will conclude with proposals for alternative frameworks of joint actions that should be put in place to counter this trend and reduce its impacts.

In recent years there has been a growing focus by some civil society groups on tackling financial speculation in food commodities. Such speculation is regarded by many as one of the main drivers of food price volatility, which heavily impacts small producers and the poor. Similarly, governments have been discussing the issue in the context of the G20 focus on food security, but with marginal and contradictory results so far. At the same time, similar attention is being paid by governments to oil and other hard commodities speculation, where prices are even more volatile and the impacts on energy-dependant countries are equally severe.

Financial speculation on commodities has increased in the last few years, mainly driven by deregulation of derivative markets, the increasing involvement of investment banks, hedge funds and other institutional investors in commodity speculation and the emergence of new instruments such as index funds, exchange-traded funds and exchange-traded products. While new financial actors such as hedge funds have attracted millionaires and institutional investors, new financial products, such as exchange traded funds, have opened the commodities world to retail investors as well.

The work on food speculation and the focus on commodity derivatives markets is just one aspect of a broader trend that has accelerated with the most recent financial crisis and is structurally affecting the global economy and natural resources management. Recent financial deregulation has for the first time in history transformed soft commodities into financial assets: holding a tonne of corn had until as recently as the beginning of last decade never been able to produce a revenue stream or rent, something which is today possible through financial engineering. Contrary to common sense and civil society assumptions, financial markets are penetrating deeper and deeper into the real economy as a response to the financial crisis – namely in the form of the commons as “economic” natural resources – so that speculative capital is structurally being intertwined with productive capital, in this case commodities and natural resources.

The 2007-2008 crash of the financial markets and global economy, coupled with the need to diversify investments beyond traditional financial markets – including equity, bonds and real estate – has made it necessary to further develop and even create new financial market risk to enable the

absorption of the massive liquidity that exists globally and is in search of high returns, including to cover heavy losses some institutional investors experienced during the crisis. While turbulent markets have usually driven investors towards government bonds, the 2010 sovereign debt crisis, during which the bonds of southern European governments took a dive, pushed investors towards alternative assets. The current figures on exchange traded funds and hedge funds highlight the huge amount of money flooding into commodities trading, which has exacerbated food and fuel prices across the globe and creates conditions for the kind of unrest the world experienced two years ago.

Therefore financial markets are reformulating the fundamentals of the real economy – traded resources including natural resources and commodities – because they need new and more real assets in terms of capital accumulation and to underlie the value of their structured financial operations. This implies that new financial assets need to be created from existing commodities and where markets do not yet exist, natural resources will have to be traded so that new commodities and markets can emerge. Such is the case of carbon markets, where the new commodity itself i.e. carbon is a derivative – a prediction of emissions being avoided in a certain period against a baseline. This is also why financial engineers are devoting much more attention to ecosystem services, including natural habitat and species credit trading. Additionally it is also important to look at the government's role in creating markets, in particular in the case of creation of new commodities, through the enclosure of the commons and the creation of scarcity.

How are financialisation and natural resources connected?

We live in a time of finance capitalism, when trading money, risk and associated products is more profitable and outpaces trading goods and services for capital accumulation. That is in short what people refer to often as “financialisation” of the economy. This has huge implications for where capital is invested and the everyday exposure of people to capital markets, as more and more aspects of everyday life – from home ownership to pensions and schooling – are mediated through financial markets rather than just markets.

Financialisation should be regarded as more than just a further stage of commodification. Financialisation reduces all value that is exchanged – whether tangible, intangible, future or present promises, any work, product, service and so on – either into an exchangeable financial instrument or a derivative of a financial instrument. In this process financial markets, financial institutions and financial elites gain greater influence over economic policy and economic outcomes. According to economist Tom Palley, financialisation transforms the functioning of economic systems at both the macro and micro levels and operates through three different conduits: the structure and operation of financial markets, the behaviour of non-financial corporations (whose profits are increasingly generated through financial markets rather than in real production processes) and in economic policy.

As previously mentioned, financialisation is now penetrating all commodity markets and their functioning and expanding from areas like social reproductive systems (pensions, health, education, housing) into natural resources management. Just as the privatisation of public services served as a building block for the first financialisation of the economy, so to the further commodification of the commons is the basis for the financialisation of natural resources.

At the same time, economies are changing because there is increased competition on the global level for the control and management of natural resources. This is not simply because global consumption is growing due to rapid industrialisation and the transformation of emerging economies while resources remain limited, but also because new geopolitical and geoeconomic dynamics are forming to control the flow of natural resources as a key tool for directing futures markets, political relations and economic supremacy.

Such fierce competition, enshrined for example in the EU's new Raw Materials Initiative, highlights the link between the new political economy of natural resources and the role that financialisation plays for these resources.

This trend is evident in the case of recent large-scale land acquisitions at the international level by governments and the private sector. Such deals often go beyond simply securing future crop production but also aim to guarantee positions in foreign markets, to grab and process natural resources and as well as to diversify investments in what could become in the long term more profitable markets. In this context and given that advanced economies are today suffering more from the economic crisis, there is a push to deepen capital markets in other countries, to enable a new private financial infrastructure that would generate enough financial resources for these new infrastructure investments.

When applied to natural resources and commodities through financialisation, this 'turbo-capitalism' has serious implications because it does not simply promote the commodification of nature and the commons in general, but it puts the management of the commons into the hands of financial markets for years to come. In so doing these markets address both the problem of how to invest the massive amounts of private wealth and liquidity available today and at the same time how to generate new forms of capital accumulation.

This scenario implies that more and more natural resources will be extracted and commercialised, producing a massive attack on global and local environments, the commons and the common good. This approach is a long-term project that aims to lock natural resources management into the future structure of capital markets so that will dramatically reduce the possibilities to reclaim the commons and their collective management by directly affected communities. This systemic "financial enclosure" of the commons, coupled with existing trade and investment liberalisation agreements, would produce a long-lasting legal enclosure that drastically shrinks the political space for farmers movements and new movements alike – including just transition towns or even Occupy Wall Street protestors – to reclaim the basis of their livelihoods.

Commodity speculation, infrastructure financing and inventing new markets

It is therefore important to look at different commodities and natural resources and shortly analyse how the process of financialisation occurs in each sector.

Food, land and agriculture

The growing role of financial speculators both in the financial and physical markets has impacted the functioning of these markets, resulting in market abuses and manipulations and subsequent food price volatility. Funds and banks have extended their domination to commodity futures markets. Major trading companies in physical markets, such as Cargill, which already plays monopoly roles in several areas, are becoming more and more financialised, meaning that they generate most of their profits through financial activities instead of through physical commodity markets.

In the case of food commodities, it is quite telling that after the first food price crisis of 2008, hedge funds and other speculators involved in exchange-traded funds, notes and products started hedging their exposure in financial markets by taking positions directly in physical markets. This is why in 2010 hedge funds dominated 24 percent of the maize market, enjoying the commodity's 34 percent price rally. Hedge funds have also increased their control of the soya bean market by 19 percent, up from 13 percent last year. In its recent work on price formation in financialised commodity markets, UNCTAD has pointed out that "whereas index investors were identified as significant price drivers prior to the financial crisis, the importance of money managers e.g. hedge funds, that follow more

active trading strategies and take positions on both sides of the market, has increased since then. This is reflected in the very close correlation between price changes and position changes of money managers since 2009”, in particular in the case of crude oil and maize.

Hedge funds, private equity funds and other investors also play a central role in large-scale land acquisitions through international speculative investments. In many cases land is not put immediately into production but is used as a vehicle to hedge against inflation or other investments in the same countries, either to enter markets in those countries or simply for short-term speculation in land as a financial asset. Attention should also be paid to biofuels, a market that is significantly growing and is set to become highly financialised. The fact that biofuels can be regarded both as an agricultural and an energy commodity provides additional correlation between different markets.

The problem of financialisation of agriculture is even more evident with a critical reading of the responses by governments to food price volatility. G20 agriculture ministers have recently called on the World Bank and other multilateral development banks to increase their efforts to help deepen financial markets in developing countries in order to persuade small farmers and consumers to cope with volatility by hedging their risks through weather derivatives and so on. The question of how to finance research in agriculture is also problematic. There are proposals to establish “advance market commitments” through which governments issue bonds to front-load financing to the private sector for specific research programs (on seeds, productivity etc.) by guaranteeing companies that a certain amount of the new products will be bought, while at the same time the companies would retain ownership licenses. This will put research financing to the financial markets and then return those resources to highly financialised companies who will bet on new research programs and eventually hedge that risk financially or through physical markets.

Oil, electricity and renewable energy

Oil has been a highly financialised commodity since the late eighties, while the price of oil structurally influences any economic process in our fossil fuel-addicted societies. Not only through processes in the real economy but also the operations of index funds and other pools of speculative investments, the volatility of the price of oil is transferred to other commodities, including food, with severe impacts.

From a historical perspective, the financialisation of the oil market was triggered by the decision of OPEC in 1988 to adopt the Brent as a benchmark of pricing its crude oil in order to exert pressure on the UK government to adapt its own production to the decisions of the cartel. However, that same year an International Petroleum Exchange for the financialised Brent IPE was established and this new benchmark, created according to financial trading logics and no longer linked to any physical production benchmark (“Dated Brent”), soon became the key generator of prices for all other benchmarks. The entrance of pure financial actors into the oil market and their quick dominance of the majority of trading made the OPEC cartel *de facto* less and less relevant in influencing oil prices. In 2000, with the establishment of the Intercontinental Exchange in London and a single global oil futures trading platform, this process concluded the financialisation of oil. Similarly in the nineties financial traders took significant advantage of the introduction by the US of stricter environmental regulation on the quality of gasoline and other final oil products and, in the context of the already-constrained capacity of oil refineries in the West, the rapid growth of new financial instruments to hedge against these new risks.

With the 2008 price spike of nearly 150 dollar per barrel, the oil market became so volatile that it was finally recognised by importing and producing countries and some oil companies themselves that such a trend has serious implications for energy policies in both the North and the South and as well for corporate profits.

Today major energy traders are investment banks and other non-bank financial actors, controlling oil production and stocks directly or indirectly through equity participations. In this situation, financial traders benefit from information asymmetries and information arbitrage in the market. At the same time these actors can hedge their financial risk in the physical oil market by holding in some cases also significant positions.

In addition to the financialisation of the resource itself, oil as well as electricity is affected indirectly through the financialisation of energy companies and utilities. It is important to remember that major energy companies like General Electric and energy trading companies like Enron have been since the nineties highly financialised to the point that their dependence on financial markets and inaccurate speculative strategies led as far as bankruptcy in the case of Enron. As Public Citizens and others have shown, Enron's business model was built entirely on the premise that it could make more money speculating on electricity contracts than it could by actually producing electricity at a power plant. Central to Enron's strategy of turning electricity into a speculative commodity was removing government oversight of its trading practices. Since 1992 Enron was exempt by the US Commodity Futures Trading Commission in its trading of future contracts and then became among the largest beneficiaries of the overall deregulation of energy commodity trading in 2000, thus allowing Enron to exploit deficiencies in unregulated wholesale electricity markets and manipulate prices and supply by withholding electricity and thus creating artificial shortages in order to increase the cost of power.

Financialisation also acts indirectly on energy resources through the financialisation of energy investments. For example both domestic and foreign private equity funds in India have played a key role in listing renewable companies on the stock market through IPOs. The fact that these offers became significantly over-subscribed increased the value of the companies to the benefit of short-term speculators. Similarly several exchange traded funds include some green technology companies, helping to raise their profiles vis a vis short-term speculative investors. The real challenge today is to avoid a new green deal, most of which centres on shifting energy patterns both in consumption and production, that is at its core highly financialised. This risk should not be underestimated.

Coal and metals

In the last decade other hard commodities, including coal, metals and non-metals, have seen a strong influx of speculative capital. Hedge funds have played a major role in financing mining projects and coal companies, such as in the case of the Phulbari coal mine in Bangladesh. The presence of obscure financiers in major mining projects has made life of those opposing these operations on the ground more difficult and requires knowledge of how these new financial actors operate in the City of London and other financial centres in order to expose them and possibly keep them from financing projects.

In the aftermath of the financial crisis, while most listed mining companies have significantly decreased their value and faced difficulties to finance their operations, the gold and silver market skyrocketed, given its role as a safe haven for investors during crises. It is important to recall that the first exchange traded funds were established in 2002 by UBS for gold and today major financial actors, not originally linked to the mining sector, are very active in financing gold mines and taking equity shares in gold mining companies and projects. Banks and other investors are also rushing to build gold storage facilities, as bullion is seen as the best hedge against a plunging dollar and uncertain markets.

As of 2010, hedge funds control about 36 and 27 percent of the gold and silver markets,

respectively, while financial investors dominate more than half of both markets, dwarfing the presence of jewellers or industrial users. Paulson, the New York-based hedge fund with USD 30bn under management, is one of gold's biggest investors. After Paulson netted about USD 6bn by betting on the collapse of the US subprime mortgage market as early as 2005, its strategy has been followed by thousands of institutional and retail investors alike.

Additionally, many significant mining multinationals have used derivative-based trading as a transfer pricing mechanism to avoid paying taxes. The recent scam involving Glencore and its Mopani copper mine in Zambia is quite telling in this regard. A leaked independent audit of the project revealed that the company was using option derivatives to lock in copper sales to a Zug-based subsidiary at below market prices and then the subsidiary was selling at market prices.

It is also telling that major investment banks are developing “structured commodity finance” as a new field of operation, applying all types of financial engineering based on securitisation and derivatives to finance large-scale extractive projects and companies. Unlike traditional financing, which looks to the flow of funds and the sources of the money, structured commodity finance looks to the flow of the goods and their origins, with repayment realised from the export and sale of commodities in hard currency countries. In other words, the lender’s risk assessment is primarily related to the company’s ability to perform, to produce and deliver commodities even under unstable or uncertain political and financial circumstances. For example, lenders can securitise the expected future physical output of a project or company, and not simply the expected cash flows as in traditional project financing, by issuing securities that are then tradable on financial markets. Furthermore the expected physical output of a mine over the project’s expected life time can be used as collateral to enhance credit quality.

Water

As stated recently by chief economist of Citigroup, “I expect to see a globally integrated market for fresh water within 25 to 30 years. Once the spot markets for water are integrated, futures markets and other derivative water-based financial instruments...will follow. There will be different grades and types of fresh water, just the way we have light sweet and heavy sour crude oil today. Water as an asset class will, in my view, become eventually the single most important physical-commodity based asset class, dwarfing oil, copper, agricultural commodities and precious metals.”

This approach goes far beyond the current privatisation of water services and utilities and would require a significant increase in the production of fresh water through desalination, purification and so on, as well as the storage, shipping and transportation of water through a new network of dams and large-scale canal systems to connect different water basins. Such a set-up is needed to create ‘large water trading’, meaning the process of buying and selling water access entitlements, also referred to as water rights. The terms of the trade can be either permanent or temporary, depending on the legal status of the water rights. Water trading is a voluntary exchange or transfer of a quantifiable water allocation between a willing buyer and seller. In a water trading market, the seller holds a water right or entitlement that is surplus to his current water demand, and the buyer faces a water deficit and is willing to pay to meet his water demand. Local exchanges that occur for short durations between neighbours are considered "spot markets" and may operate under rules different from water rights trading markets.

Some western states in the US and countries like Chile, South Africa, Australia and Spain's Canary Islands have water-trading schemes, and other countries are considering following this model. In the case of Chile, it was under Pinochet that the water rights to several rivers and their water flows for industrial use were privatised and remain so till this day. It should be stressed that in the context of “green capitalism”, water is a resource of great economic significance. That water must primarily

be treated as a commodity is the most diffuse conception of water amongst power elites in OECD countries, especially EU Member States.

“Valuing water” was one of the key issues for deliberation at an EU conference on the future of European waters organised last May in Budapest by the Hungarian presidency. Once water is valued and monetised, and its global trading is established via large-scale systems for accumulation, water will easily become a financial asset, whereby merely holding a physical quantity of water would generate financial rent.

This financialisation of water is very much in line with the paradigm of resource-efficient management and the related idea of a “water-efficient Europe” promoted by the European Commission in its ‘Blueprint of Europe's Waters’. Resource efficiency is regarded as the optimal level of return on investment, something that financialisation of the economy in general guaranteed when returns on productive investments were declining in advanced economies.

Financialisation is already acting indirectly on water resources through the financialisation of water utilities, which face significant problems of profitability once markets have been privatised. Additionally many public-private partnership deals are not producing profits and are short of financing. In order ensure enough dividends are distributed, companies become more and more indebted on financial markets through sophisticated bond issuances and the use of derivatives. This subtle and untransparent strategy is locking in privatisation in the long-term and making it harder and harder to reclaim these companies for the public good and to eventually republicise them.

Carbon, forest and new markets commodifying nature

Climate finance is a new and promising territory for financial markets and the speculators who move them. So far most efforts to promote carbon finance have centred on emission trading schemes, in particular at the European level.

Carbon markets deserve specific attention because they can be seen as a deliberate experiment to build new assets from which a financial market can then emerge. Today carbon markets are unable to function well primarily because of the virtuality of the asset that is being traded and as well the absence of reliable mechanisms for pricing carbon. These new markets are a clear example of the challenges in creating a brand new commodity on the basis of market-based environmental and financial regulations: a commodity that itself is a derivative – a bet on avoiding projected carbon emissions against a disputable baseline. Many experts believe that carbon trading and carbon derivatives markets could become larger than credit derivatives markets, at the same time existing financial regulations are inadequate to govern carbon trading, thus creating a potentially huge regulatory gap. In particular, as Friends of the Earth and other groups have noted, there are concerns about “subprime carbon”, risky carbon credits based on unsuccessful offset projects which are already being securitised and resold in secondary markets. Such an approach could easily drive a “carbon bubble”.

Furthermore carbon is also regarded as a commodity that will soon be included in index funds and structured products pooling derivatives based on different commodities. In this way the volatility of carbon prices would easily be transmitted to other commodities, with severe implications. At the same time, the volatility of other commodity prices, primarily oil, will be transferred on to the carbon price.

Within carbon markets, public finance has been given a role to play. Allowances are given for free by governments to market participants, thus inflating or deflating carbon prices. Secondly it is governments and international financial institutions that have been tasked to build financial market

infrastructure to allow these markets to develop, even when there is no demand for them, as in the case of many developing countries that are not bound by emissions reduction targets. Through commitments to buy new carbon credits, governments are bailing out markets in order to guarantee investors' interests that already have a large exposure in these markets.

With the inclusion into existing carbon markets of offset credits that are generated by reducing emissions from deforestation and forest degradation (known as REDD), forests as well face financialisation in the name of the fight against climate change. This can have negative impacts in terms of control over one's livelihood, for instance by indigenous people living in forested areas. This is seen in Indonesia's tropical forests and some REDD+ "readiness" pilot projects that are supported by international financial institutions, where serious human rights violations have been carried out against local communities whose lands and houses have been appropriated in order to give way to such projects.

Carbon trading is just the beginning. Similar to the implementation of the UN climate change convention, the biodiversity convention and related protocol are the subject of proposals to establish a biodiversity market within which biodiversity is established as a commodity that can be traded as a financial asset. The same could be valid for monetised ecosystems more generally, for which a cap and trade system could be established and a set of new tradable commodities created. This leads to what some have defined as the final financial project, "Nature Inc."

There are already legislative frameworks in force for establishing markets for trading species, habitats and ecosystems. Since 1995 California has a conservation banks policy and in the last decade some habitat banks have been approved in areas of the United States. Recently a law on habitat trading was introduced in the UK and soon it might be advanced at the European level. Contrary to the cap-and-trade systems, natural resource credits tend to be site-specific and less fungible, something that calls for a different market-based model. For example, in the case of wetlands mitigation banks in the US, the quality of the wetlands encompassed by the bank affects the value of the credits that can be sold and the ability to use them for a given project. In addition, credits are generally available only for projects in the same watershed as the bank.

As in the case of carbon and forests, such processes would require national and where possible international legislation to create new commodities that could be traded as a financial asset. An example might be commitments and credits for offsetting a preserved habitat or some protected species. In short legislation is needed to produce an enclosure of these commons and produce market scarcity in order to allow commodification and financial trading. It should be noted that these new markets would be based on offset credits generated through projects that are based on the control and conversion of lands, leading to inevitably more competition for this asset. Such competition has already increased in last decade with the shift towards biofuel production.

Preventing the future enclosure of the commons

Today we live in a paradox where after the crisis, financial markets are reinventing themselves and growing deeper despite limited attempts at regulation. At the same time financialisation is displacing public finance and acquiring a larger share in the management and control of natural resources and strategic physical assets. Controlling natural resources offers significant competitive advantages in terms of information asymmetries, arbitrage possibilities, and hedging by moving one sector against another regardless of the environmental, social and economic implications.

It can be claimed that financial markets need to diversify the assets they build upon and that natural resources offer the safest option if their management is framed under a market-based approach that from the outset is set to create new financial assets. The further commodification of the commons

could generate new liquidity that would directly be invested in financial markets, creating new bubbles and crises. In this way restructuring our economies to allow a just transition from finance capitalism will be further delayed and indeed made all the more difficult.

This trend will inevitably push for more natural resource extraction worldwide and higher competition for the control and management of natural resources, within both the private sector and among governments. We will have a renewed attack on the commons and their further commodification to create new “natural” commodities, as in the case of ecosystems. In this context many economies and in particular those in the developing world will be further pushed into natural resources export patterns, relegating themselves into an unfair global division of labour.

The coming years will be crucial to build the consensus and legal and physical infrastructure for a financial enclosure of the commons. States will be asked by corporate interests to produce legislation and financial infrastructure through ad hoc regulations to make this possible. This is evident in sectors like extractives and water, where the agenda of financial market expansion is closely related with the agenda of related physical infrastructure, and the ways in which new mega infrastructure will be built and financed is closely connected with how financial market infrastructure will be structured in order to mobilise the massive amounts of capital needed for the mega-projects that benefit corporate and public interests.

A new wave of financialised public-private partnership is coming, which could lock in privatisation of natural assets and public services in the future, with long-term implications for the strategy to reclaim the commons. This financialisation of the “financing” of natural resources extraction, transport and storage, which is already evidenced by the growing role of private equity infrastructure funds, will offer financial markets new opportunities to grow and deepen, especially in developing countries, enabling the broader financialisation of natural resources.

There are several implications of these trends for civil society struggles against the enclosure and commodification of the commons:

1. Increasing pressure by a variety of investors to extract natural resources and commodify the commons will inevitably put additional risk on the livelihoods of local communities that rely on these resources for their own sustainable and democratic development. So far communities on the ground have yet to fully identify the controversial role these new actors play in project financing and the companies that through new mechanisms aim to cover private profits and discharge risk on governments and citizenships. There is an urgent need to research and clearly explain what is new in this process of the further commodification of the commons, expose the key drivers and actors and open more political space for struggles on the ground. Such a process could help develop a new framework or narrative for gathering different constituencies and struggles and mutually reinforcing a common agenda.
2. The creation of new asset classes through new and virtual commodities based on natural resources (as in the case of carbon, habitat, species and ecosystems more generally) has consequences for land acquisition and the control and change of destination in land use. This is emerging as a key problem in offset projects related to carbon trading and also under the new REDD mechanism. However the creation of these new asset classes requires the establishment of ad hoc legislation in each country, and in particular at the European level like with the ETS regional climate system. This would be a major opportunity to build institutional resistance to this new and controversial market-based approach to management of the commons and to propose alternative legislation to protect them and their responsible management in the public system. In addition to the specific regional case of the EU, such a work could be implemented both in advanced economies

and developing countries, given that legislation needs to be introduced primarily at the national level.

3. Trends in financialisation should recontextualise the work on international institutions and decision-making fora like the G20 and international financial institutions. These actors are being tasked by key governments to lend support in deepening financial markets in developing countries by building the infrastructure for the construction and consolidation of capital markets that are not yet well developed. This involves “advice” by influential governments and institutions to deregulate subsectors of the financial system, like pension systems in which most public and private pension funds are not allowed to invest in risky, long-term operations and heavily structured financial products. To date civil society has not understood in detail the new role IFIs and influential forums like the G20 play in financialisation, nor has it built on previous work carried out on financial regulation and investment agreements. More research and analysis is needed and key policy processes identified and pressured e.g. the new role of the G20 to promote a global investment agenda in infrastructure and agriculture in the name of “development”.

4. The financialisation of emerging and developing economies will necessarily bring serious macroeconomic and macrofinancial implications that so far have not been understood in details even by governments and which will inevitably and severely impact development processes. A broader international civil society front and sustained narrative that questions both the micro and macro impacts of this trend could open up new political space for democratising and reclaiming development processes: in particular by asking from the local level which projects and infrastructure, for whom and for what, as well as which form of financing are needed in order to mobilise domestic resources for self-reliant development of communities and promote existing and new alternative projects and processes.

5. Civil society should focus its action on advancing alternative approaches to public finance as a key avenue for shrinking the expansion of financial markets and promoting global public goods and collective enjoyment and management of the commons. Too much attention has been focused on international public financing and only limited attention to national and local public finance mechanisms. Renewed interest by some governments and media for a green economy and a green new deal to avoid another recession, as well as the ongoing debate about how to finance climate mitigation and adaptation measures and a just transition at the international level beyond the pattern of aid flows, offer significant political opportunities to flag innovative proposals for financing the protection of the commons outside market-based mechanisms and by redefining public finance beyond existing fiscal and investment mechanisms.

It should be stressed that reclaiming and redefining public finance is just one part of a much larger strategy for definancialising natural resources management and reclaiming the commons from further commodification. This strategy entails promoting existing and new non-financial alternatives to share risk in a socially-acceptable and democratic manner for any economic process, as well as to promote public interest policies for any segment of society, to reduce the exclusive role of financial markets in addressing social needs. For example, a housing policy for the poor in the US would have meant that there was no need to generate sub-prime mortgages.

To conclude, this highly controversial scenario opens new opportunities to bridge civil society struggles both at the micro/community level, macro/national and international level under a unifying global campaign framework that could be an evolution from the “our world is not for sale” approach that animated many struggles against the global free trade and investment agenda in past years.