

Feeding Profits, Starving People:

How Food Financialization
Is Eating The Planet



SID

Society for International Development

AUTHORS (ALPHABETICAL ORDER)

Andrea Baranes, President of the Finanza Etica Foundation

Nicoletta Dentico, Director of the Global Health Justice Programme, Society for International Development (SID)

Sabrina Masinjila, Senior Programme Officer, Agroecology, Food Justice and Sovereignty, Society for International Development (SID)

The authors would like to thank Stefano Prato, Flora Sonkin and all those who have reviewed this document for their valuable feedback and comments.



Society for International Development (SID) thanks Brot für die Welt for the financial support provided. This publication or parts of it can be used by others for free as long as they provide a proper reference to the original publication. The content of the publication is the sole responsibility of the Society for International Development (SID) and does not reflect the position of Brot für die Welt.

Feeding Profits, Starving People: How Food Financialization is Eating the Planet

TABLE OF CONTENTS

List of acronyms	4
Executive Summary	5
1. Introduction	7
2. What do we mean by financialization?	9
3. Financial institutions as breeders of food financialization	11
4. Food caught in the machinery of finance	14
5. How speculations work: the consequences for food availability and accessibility	17
6. Derivatives: the main instruments of food speculation	19
7. Oligopolies and the fusion between finance and agribusiness	21
8. The textbook case of the 2007 financial bubble: speculation, price surges and consequences	24
9. Impacts on prices	28
10. The financialization of climate and impact on access to food	29
11. Agribusiness and land grabbing	32
12. Tackling food speculation	33
13. Reforming the financial markets	35
14. Towards a de-financialization of food	37
15. Conclusions: changing paradigm	39

List of acronyms

Acronym	Full Name
CFS	Committee on World Food Security
COP	Conference of the Parties
ETC	Exchange Traded Commodity
ETF	Exchange Traded Fund
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
IAASTD	International Assessment of Agricultural Science and Technology for Development
IMF	International Monetary Fund
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IPES	International Panel of Experts on Sustainable Food Systems
OTC	Over The Counter
SAPs	Structural Adjustment Programs
SEBI	Securities and Exchange Board of India
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UPF	Ultra-Processed Food
US	United States of America
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organization

Executive Summary

Global food insecurity, hunger and malnutrition have worsened in recent years, driven by intersecting crises – including the COVID-19 pandemic, the war in Ukraine, climate change disasters and ecological degradation. These shocks have exposed the fragility of global food systems and driven up food prices. While governments are striving to address these crises, they overlook a deeper structural issue: the unprecedented concentration of corporate power in the food system, fuelled by the financialization of agriculture.

Financial markets now shape all aspects of food production and distribution – from the speculative trading of agricultural commodities to the dominance of agribusiness models rooted in mass production, standardisation, and agrochemical dependency. This transformation has turned food into a global commodity and financial asset, disconnected from local ecosystems, cultures and food traditions. Financialization, rooted in neoliberalism, operates by converting essential sectors – including food – into profit-generating assets through privatization, market integration and corporate consolidation. This dynamic has extended into essential services and goods, such as healthcare, transport, education, and of course food, where financial motives now shape production, distribution, and access.

The global financial system, reliant on standardisation, reshapes land and food systems through large-scale investments. Land, increasingly being treated as a financial asset, enables practices such as collateralization and land grabs, often at the expense of local communities. International financial institutions, like the International Monetary Fund (IMF) and the World Bank (WB), have played a central role in this process, imposing neoliberal conditionalities and austerity measures that have deeply integrated local economies into global markets. In many developing countries, debt cycles have pushed governments to prioritize export-oriented industrial agriculture to earn foreign currency, accelerating the commodification and financialization of food systems. This shift has led to the erosion of smallholder control over land (often ancestral lands), natural resources, food prices, and overall policy agency.

The financial system has detached from its social and economic functions, evolving into a self-perpetuating mechanism aimed at generating profit from speculation – particularly in essential goods like food. Hedge funds and other speculative actors bet on the price of staples such as wheat and corn, or any other commodity, exacerbating food price volatility and undermining global food security. The liberalization of agriculture markets and the expansion of food futures and derivatives (financial contracts whose value derives from that of an asset such as securities, indices, commodities or other) have further embedded food into a lucrative financial asset. Crises and uncertainty – whether climatic, geopolitical, or economic (market instability) – are now essential to profit-making.

A powerful fusion of agribusiness and finance – with a handful of multinational corporations and financial institutions – now controls both the physical and agricultural assets and financial markets. Corporations like Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus—who dominate up to 90 percent of the global cereal trade— and banks like Citibank, JP Morgan

Chase, Goldman Sachs, and Bank of America control agricultural production and derivative markets. These oligopolies leverage insider knowledge to speculate on food, reinforcing their power through dividends and further entrenching corporate and financial dominance at the expense of food system equity and stability.

Climate change has become another key driver of food price volatility, and its intersection with financialization is deepening inequality and insecurity in global food systems. Carbon markets, introduced as part of the international climate policy, have enabled a new frontier of commodification that often displace communities and degrade ecosystems in the Global South, reinforcing a neocolonial dynamic in climate governance. At the same time, land grabs for biofuels, carbon offsetting and export-oriented agriculture expel local communities from their land, undermining food sovereignty and livelihoods. The result is a vicious cycle in which land and food are stripped of their social and ecological value and absorbed into speculative markets, further entrenching the financialization of food and exacerbating global food insecurity.

To counter these trends, political will and systemic reform are essential. While many proposals have been tabled, lobbying by financial actors has largely stalled meaningful change. Proposed measures include regulating food speculation through transparency, limiting derivatives access to qualified traders, and restoring finance towards serving public goods. International initiatives such as the UN resolution on tax cooperation and financial reform, mark a crucial step toward challenging the current architecture of "casino finance." Ultimately, reversing the financialization of food requires structural reform across global trade, finance and agriculture. Institutions such as the IMF, WB and WTO have entrenched corporate interests that undermine biodiversity, sovereignty, and local food systems. A paradigm shift, away from industrial agriculture is urgently needed towards territorial agroecological food systems that prioritize self-sufficiency, diversity and resilience. Reclaiming democratic control over food and finance requires building counter-narratives, enforcing capital controls, and confronting the market failures of the dominant neoliberal model. Food, just like health, is a fundamental human right. As such, it must be restored as a public good, not a speculative asset.

1. Introduction

Food insecurity was already an intractable challenge before the COVID-19 emergency, with hundreds of millions still starving and undernourished. The pandemic has dramatically worsened food instability, with an extra 161 million people forced to face hunger due to the economic and societal disruptions driven by it¹. By November 2022, around 349 million people were facing acute food insecurity, including 49 million people on the verge of acute famine and 45 countries in dire need of external food assistance². By early 2023, global food commodity prices had dropped back to November 2021 levels³, yet this meant no respite for the populations affected by food insecurity. While malnutrition continues to grow, food prices remain historically high and outstrip general inflation rates. This phenomenon fuels the increase of debt levels in countries, with a fierce impact on low-income countries that have been particularly strained by the COVID-19 pandemic and the economic disruptions stemming from the Russian invasion of Ukraine⁴.

The reality is that the global food system is in a deep crisis. The climate catastrophe and ensuing ecological degradation, widespread economic conflicts and the recent resurgence of international warfare have exposed key structural vulnerabilities in how the world produces, distributes, and consumes food. While governments claim that they intend to address these intersecting crises, they typically overlook another decisive factor – the unprecedented concentration of corporate control in the global food system driven by contemporary processes of financialization⁵.

Over the past forty years, the ability of global finance to intersect and influence aspects of everyday life has grown at an unprecedented rate. The world of food bears vivid testimony to this phenomenon, as witnessed through the scars opened by the 2008 world food price crisis, the iron fist of retailing giants that occupy the supply chain and the unsustainable ecological footprint left behind by global production monopolies. Recent research has revealed the extent to which the financialization of agricultural goods has impacted food security globally, with more considerable negative consequences on developing countries compared to developed ones⁶.

This policy briefing aims to address a starkly unpalatable reality: the commodification and corporatization of food have scaled up to the extent that we seem to have forgotten one core truth. There is no life without food. Its transformation into a commodity and into a thriving

¹ FAO (2021). *Impacts of COVID-19 on Food Security and Nutrition: Developing Effective Policy Responses to Address the Hunger and Malnutrition Pandemic*. HLPE Issue Paper, September 2021. <https://openknowledge.fao.org/server/api/core/bitstreams/0b6045e6-ebe8-4569-b383-eafdc51b27f8/content>

² IPES-Food (2023). *Breaking the Cycle of Unsustainable Food Systems, Hunger and Debt*. March 2023. <https://ipes-food.org/report/breaking-the-cycle-of-unsustainable-food-systems-hunger-and-debt/>

³ <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

⁴ IPES-Food, *op. cit.*, p. 6.

⁵ Russi, L., (2013). *Hungry Capital: the financialization of food*. Zero Books, London, 2013.

⁶ Managna, R.L., and Kilkarni N., (2024). "Does the financialization of agricultural commodities impact food security? An empirical investigation." In *Borsa Istanbul Review*, [Volume 24, Issue 2](https://doi.org/10.1016/j.bir.2024.01.001), March 2024, pp. 280-291. <https://doi.org/10.1016/j.bir.2024.01.001>.

financial asset stems from the introduction of the agribusiness model⁷ – an industrial food paradigm based upon mass production, economies of scale, ever-increasing standardization, and massive use of agrochemicals such as fertilizers, pesticides, and herbicides intoxicating the soil and driving diseases. The idea behind agribusiness is that food must follow the same rules that regulate the exchange of any other industrial product in the market economy. This includes the financial imperatives exerted on food at different levels, from the direct use of edible commodities as an object of speculation to the complex food chains set up by manufacturers and supermarkets.

This template for agriculture and food production has been imposed and universalized in direct opposition to small-scale and family farming, which are the widely practiced and ecological-friendly approaches that favour short supply chains and promote cultural and dietary food diversity and biodiversity. As a result, the last four decades have been defined by an expanding role of international food markets and trade over local and territorial markets, with many traditional food-producing countries turning into net importers of food. In parallel, food prices have become disconnected from local supply and demand. Having become a mere commodity, food has grown increasingly uprooted from local ecosystems, traditions, and cultures.

The ever-increasing financialization of food is grafted onto this unsustainable agribusiness model. Several researchers point out that financialization, at least in the forms and dimensions we know today, has developed hand in hand with the affirmation of neoliberal economic doctrines, and it is therefore difficult to separate the two phenomena: "financialization corresponds to financial neoliberalism which is characterized by the domination of the macro economy and economic policy by financial sector interests"⁸. What we know for sure is that the introduction of industrialised processes in agriculture has profoundly impacted food production and has long-lasting implications, particularly for the weakest segments of the world population. The negative externalities of the monstrous agribusiness Leviathan model must be analyzed not only in terms of food access, but more broadly from the perspective of social justice, the environment, and democratic space.

⁷<https://corporatefinanceinstitute.com/resources/commercial-lending/agribusiness/>

⁸ Palley, T., (2021). *Financialization revisited: the economics and political economy of the vampire squid economy*. Working Paper 2110. P.3, Post-Keynesian Economics Society, June 2021. <https://www.elgaronline.com/view/journals/roke/9-4/roke.2021.04.02.xml>

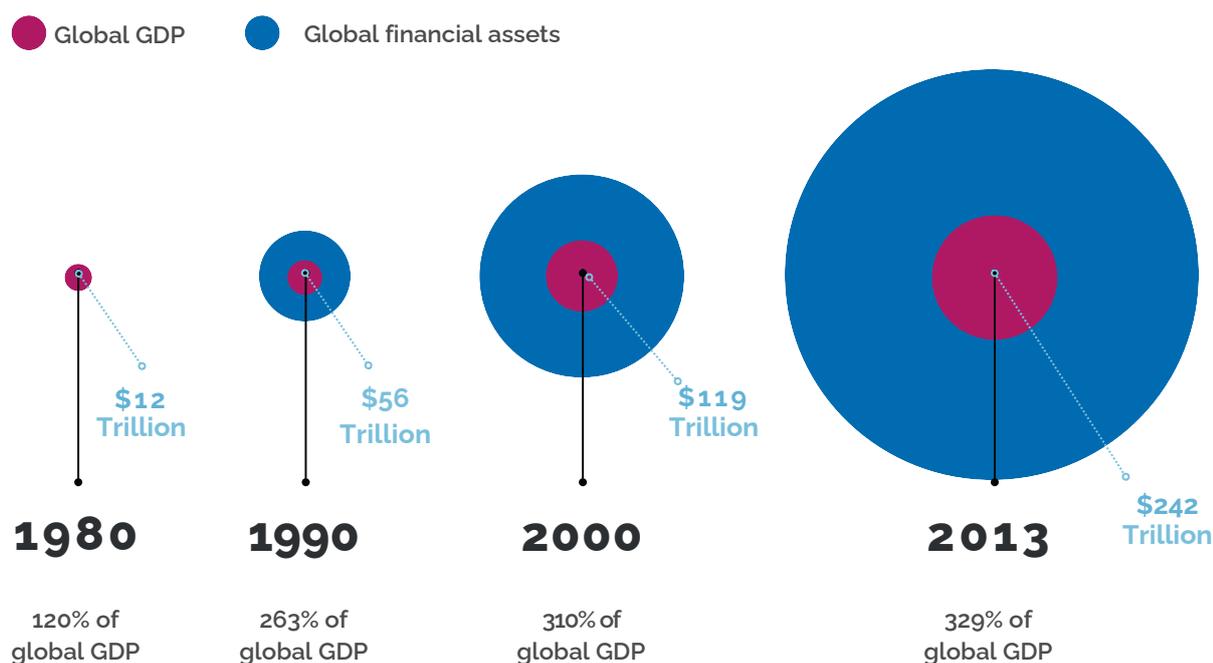
2. What do we mean by financialization?

Some basic information on the functioning of finance and financial markets is necessary to explain the processes that have allowed such a considerable shift in the food arena. To understand the mechanisms of transformation of physical assets into financial assets – land is no exception in this regard – we must understand what financialization is. By the term “financialization” we mean the progressively expanding weight of finance on the economy. A more rigorous definition describes financialization as “a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production”⁹. Another definition insists on “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies”¹⁰. Regarding the financial motives, a good example is the so-called “spread,” that is the yield on public securities, currently taken today as an indicator of the health of entire nations. It is evident also how many countries have been, and still are, forced to make heavy cuts in public welfare spending due to the threat of negative reactions from financial markets, only to reflect the fact that the *wellbeing of finance* stands well above that of public education, public health, and other essential services.

Beyond the many definitions, financialization may be summarized as an expansion of finance along a vertical and a horizontal line; the constant growth of finance in the realm of the economy and the constant quest for new activities to be financially colonized, respectively. The vertical line is indeed characterized by a hypertrophic growth of finance compared to what is generally referred to as *the real economy*. As shown in Fig. 1 below, from the post-war period to the beginning of the 1980s, the financial system had a size comparable to the Gross Domestic Product (GDP) of the Earth, i.e., all the productive activities in one year. Since the early 1980s, a severe disconnect between finance and economics started to unfold. In 1990, financial assets were worth 263 percent of global GDP. In 2000, they were worth 310 percent. Due to recurring financial crises (such as the dot-com bubble, the subprime mortgages, etc.), this incremental growth has occasionally slowed down, but it has never stopped. In recent years, the financial system is worth 330 percent of the Earth's GDP.

⁹Thomas P., (2021), *op. cit.*

¹⁰Epstein G.A., (2004). *Financialization and the World Economy*. Edward Elgar Publishing, Cheltenham, UK and Northampton, 20, p.3. <https://www.e-elgar.com/shop/gbp/financialization-and-the-world-economy-9781843768746.html>



Sources: Deutsche Bank, 2013; Transnational Institute, 2018

Figure 1: Global GDP Vs financial assets

To sustain itself, this vertical growth requires an equally determined horizontal expansion. For the financial system to support its increasing burden, new domains and activities must constantly be conquered, so they can be transformed into profitable assets and markets. Ranging from key services such as healthcare, transport and education to embracing essential goods like food and water, there is literally no sector or productive activity that may be excluded from this financial invasion. Privatization, together with the ever-increasing scale of corporations, creates opportunities for financialization. As we witness, even police functions (ranging from private guards to prisons) and national security services (with groups of contractors who increasingly support or replace armies in war zones) have been privatized and financialized.

The more essential an activity is, the more attractive it becomes for profit-seeking financial actors. We could reasonably give up most of the consumer goods we are accustomed to, but everyone has the right to education, and everyone must seek healthcare, sooner or later in life. Turning public and essential services into financial assets creates the condition for an increasingly burdensome and unsustainable financial system. It is in this context that the transformation of food from an essential good for all into a financial asset caught in the oligopolistic hands of a few multinationals and speculators needs to be examined. Most essential of all human activities, we all must eat. Access to food is a matter of life or death, making the consequences immense.

3. Financial institutions as breeders of food financialization

Since the beginning of time, food has been traded on territorial markets. This means that a certain degree of food commodification has always existed throughout human history. However, it was only with the intensification and industrialization of production that food started being provided and traded beyond local market needs, and began travelling the globe. This expansion generated scale and standardization, the two pillars of financialization. Global finance can only engage on standardized scale, this being the productive dimension that requires massive financial investments in production capacity, logistics and management. That is how the increasing role of financial actors in food production decisions started, reinforcing each other in a systemic process of corporatization of land and food that international financial institutions have strongly pushed in recent decades. Land grabs became an integral component of these processes, in different phases too. The first generation of land grabs was related to the intensification of production. It was a predatory practice of industrial food systems over local ones. The financialization of the industrial system led to land increasingly being viewed as an asset that could have alternative and even multiple uses (i.e., solar energy) for collateralization.

The IMF and the WB, created with the Bretton Woods agreement at the end of the Second World War, were particularly purposed with providing loans and aid to the countries of the Global South. To obtain such support, though, lower-income countries had to accept a drastic package of conditionalities, the notoriously known Structural Adjustment Programs (SAPs)¹¹. The underlying assumption was that a country was “poor” and “underdeveloped” because it did not yet participate in the global market. In real economy terms, SAPs imposed market liberalization policies that pushed developing economies to specialize in the export of primary commodities, in the context of a very precise global division of labour. This had profound implications on these economies' structures, such as de-industrialization and premature tertiarization, etc.). On the other hand, this trend led to the emergence of very small local economies, highly integrated with and dependent on the global economy. Developing countries' economies – being very small, and with their export sector mostly linked to tax-exempt foreign direct investments (FDI) – had hardly any domestic resource mobilization capacity. This condition easily prompted their higher propensity to borrow.

This is where the debt cycle starts. To repay debts contracted through the IMF and WB's loans, low-income countries had to implement specific cuts on state expenditures. First, governments receiving IMF loans were asked to introduce significant cuts on public spending on healthcare, education, and other essential social services. So-called fiscal consolidation (or austerity) measures were imposed to ensure social spending was reduced, for the debt to be repaid. Moreover, countries had to liberalize their economies and prioritize export-led growth in sectors like agriculture to earn foreign exchange that could be used to repay debts

¹¹ For an analysis of the Structural Adjustment Programs and their impacts on Global South see for instance Shah A., (2013). “Structural Adjustment – a major cause of poverty.” In *Global Issues*, March 2013. <https://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty>

and pay for imports. These liberalization policies have failed to translate into broad-based development and sustainable public finances, while critically undermining food security in many of the world's poorest countries. The fact that the debts are contracted in dollars, and that countries must sell their products on international markets to be paid in that currency, imposes orienting agricultural production towards industrialized monocultures for export as a structural condition to enable governments from the Global South to repay the loans contracted with the international financial institutions.

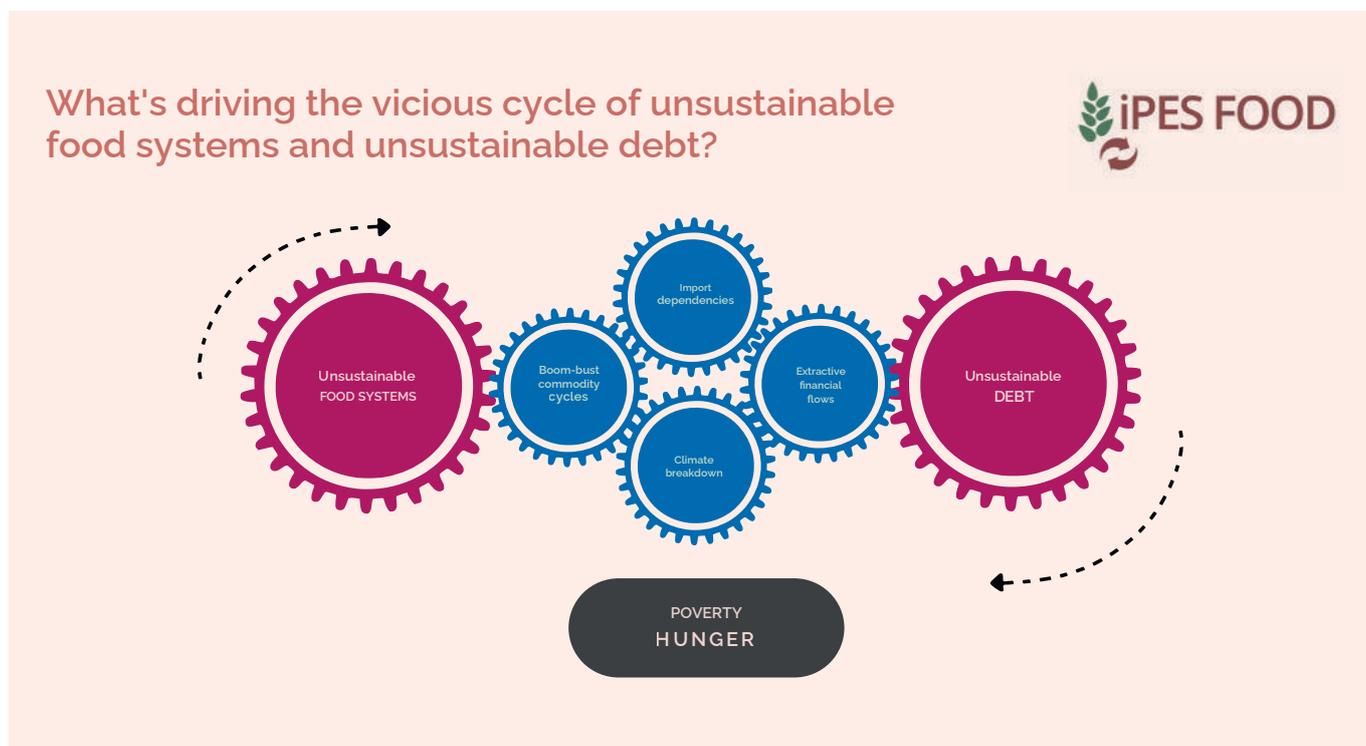
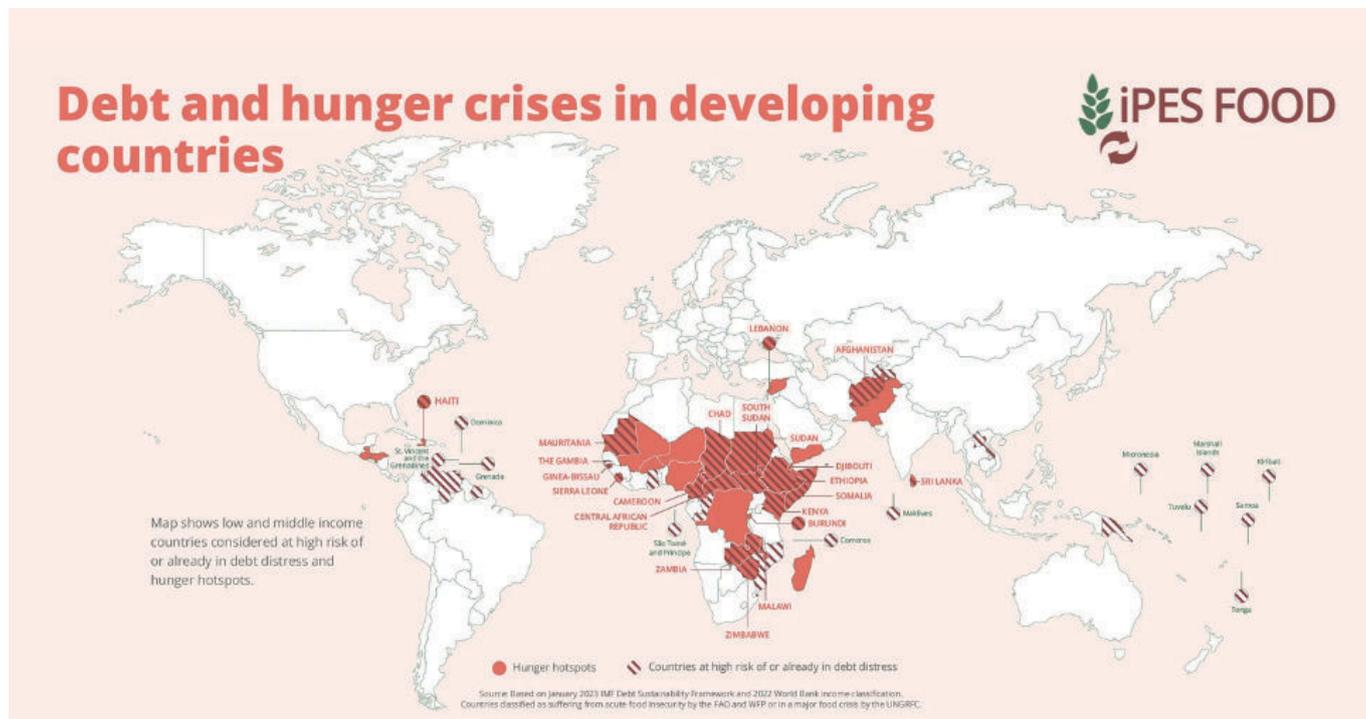


Figure 2: Debt and hunger crises in developing countries¹²

¹² <https://ipes-food.org/report/breaking-the-cycle-of-unsustainable-food-systems-hunger-and-debt/>

This vicious cycle compels countries not only to lose any currency sovereignty, but also to prioritize their agricultural production towards exportable products (coffee, cocoa, sugar, cotton, etc.), instead of prioritizing food production for domestic use and supporting the priorities and needs of small-scale and subsistence farmers; a scenario dramatically reducing food sovereignty and food security, increasing risk of environmental degradation and dependency on global markets in developing countries.

This unregulated, never-ending process has disastrous consequences for people, while furthering the commodification and financialization of crops and foods. It has also led to a progressive loss of control by small-scale farmers over their (often ancestral) lands and natural resources, on the price of food and on their overall policy agency nationally.

4. Food caught in the machinery of finance

Financialization's tightening grip has permeated every aspect of food production and trade, with its impact intensifying for farmers especially after the 2007-2008 financial crisis. As pointed out by Ryan Isakson, there are at least four axes along which financialization has profoundly transformed the entire food supply chain:

"(1) the line between finance and food provisioning has become increasingly blurred in recent decades, with financial actors taking a growing interest in food and agriculture and agri-food enterprises becoming increasingly involved in financial activities; (2) financialization has reinforced the position of food retailers as the dominant actors within the agri-food system, though they are largely subject to the dictates of finance capital and face renewed competition from financialized commodity traders; (3) financialization has intensified the exploitation of food workers, increasing their workload while pushing down their real wages and heightening the precarity of their positions, and (4) small-scale farmers have been especially hard hit by financialization, as their livelihoods have become even more uncertain due to increasing volatility in agricultural markets, they have become weaker vis-à-vis other actors in the agri-food supply chain, and they face growing competition for their farmland"¹³.

In other words, profits are transferred from the food supply chain to finance by a double passage. Firstly, the market for many raw materials is defined by a bare handful of multinational companies in a dominant position¹⁴. In particular, the increasing market concentration across the global food system shows how the corporate players dominate key nodes in the global food systems such as seed and agrochemicals, farm machinery, fertilisers, agricultural production, basic processing and trade, processing and packaging and retail¹⁵. Furthermore, the major shareholders of these same multinationals are in most cases gigantic financial entities. The result is a solidly structured oligopoly which guarantees maximum extraction of profits from land and food on the one hand, and these profits' re-routing towards the hypertrophic financial system on the other. To illustrate this in greater detail,

"these profits are extracted into financial markets via dividend payments and share buybacks if corporations are listed. If they are privately owned, dividend payments benefit a single or small group of high-wealth individuals. For listed as well as non-listed corporations, some of these profits are also extracted through interest payments and fees for financial services. Major shareholders benefitting from dividend payouts are large asset managers and hedge funds, and increasingly also institutional investors such as sovereign wealth funds, insurance companies and pension funds. Corporate and investment banks further benefit not only as shareholders but also as providers of financial services"¹⁶.

¹³ Isakson S.R., (2014). "Food and finance: The financial transformation of Agro-Food Supply Chains." In *The Journal of Peasant Studies*, University of Toronto, September 2014, p. 2. https://www.researchgate.net/publication/266150903_Food_and_Finance_The_Financial_Transformation_of_Agro-Food_Supply_Chains.

¹⁴ See discussion further below on Oligopolies and the fusion between agribusiness and finance.

¹⁵ Jennifer C., (2024). "Concentration and Crisis: the vulnerability of the food industry." Youtube. Uploaded by Paris School of Economics. https://www.youtube.com/watch?v=fg_IDqZuqEw

¹⁶ Van Huellen S. and Ferrando T., (2023). "Who is profiting from the food crisis?." Study commissioned by Martin Schirdewan, MEP, Co-president of the Left in the European Parliament, 2023. https://left.eu/content/uploads/2023/12/Food-Crisis-Web-RGB-1_compressed-1.pdf

As we can see in Figure 3, two of the biggest food companies are owned by investment advisors and hedge funds. For both companies the single main shareholder is Blackrock, the largest asset management company in the world.

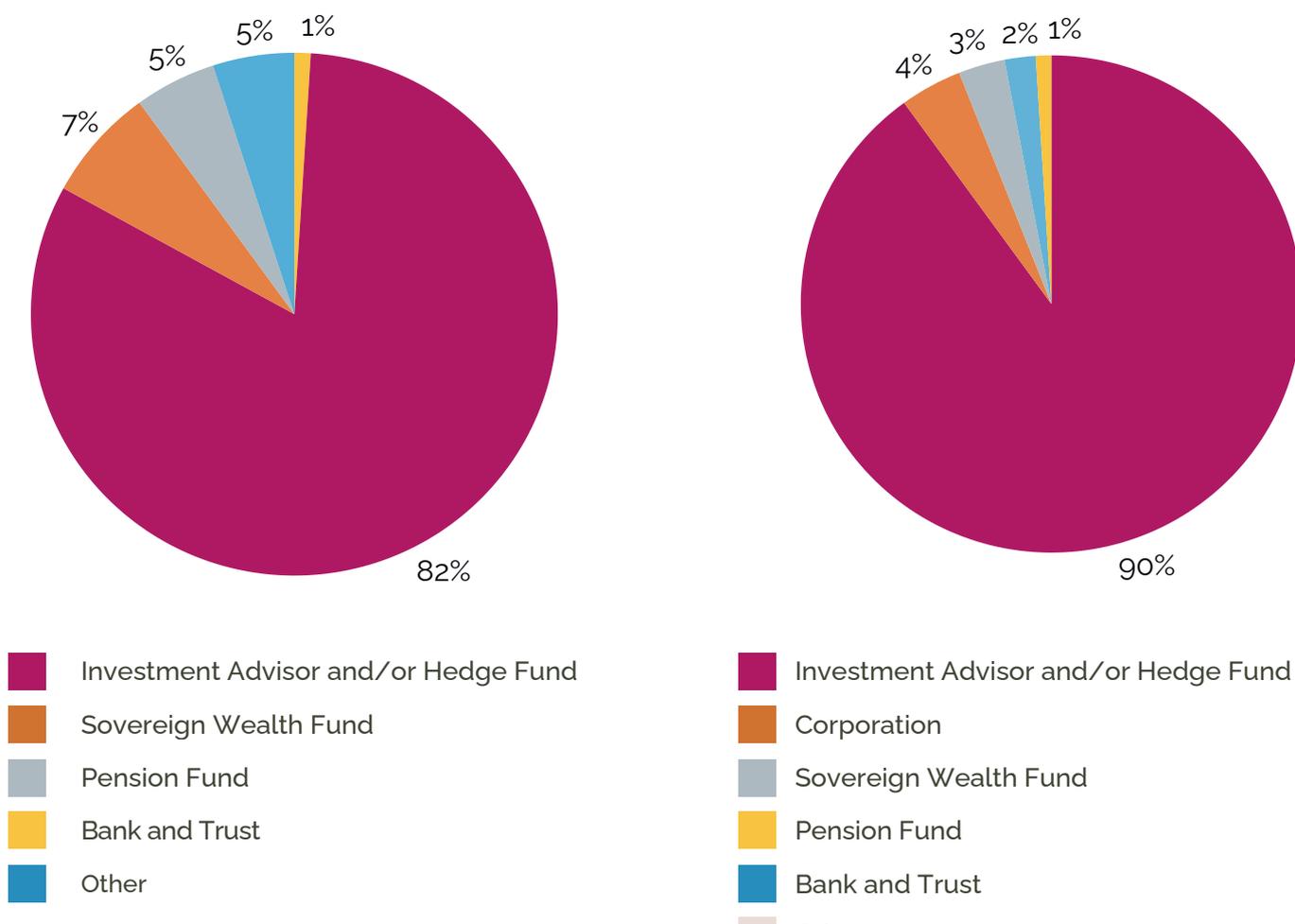


Figure 3: Owners of non-restricted shares outstanding by Nestle and Danone¹⁷

An exasperated quest for maximum profit extraction becomes, inevitably, the sole purpose of such financialization trends, to the detriment of any food supply chains' priorities, from decent wages for workers to the protection of biodiversity or health. With the rise of Ultra-Processed Foods (UPFs)¹⁸ increasingly becoming the mainstay of 'globalized diets', which is systematically the destination of corporate-industrial agri-food system driven by profit-making agenda, the multiple toxic impacts of the ultra-processed food industry are an evident case in point as highlighted in Box 1.

¹⁷ Van Huellen S. and Ferrando T., *op. cit.*

¹⁸ Ultra Processed Foods (UPF's) are defined as products made from industrial processes using ingredients not typically found in household kitchens. They do not contain any whole foods and are rather constructed from cheap, mass-produced and reconstituted ingredients (salt, sugar and oils) and chemical additives. It is important to note that not all processed products are UPFs, and the NOVA system classifies edible substances into four groups based on the extent and purpose of processing applied to them. See https://acbio.org.za/wp-content/uploads/2024/08/Fact-Sheet-10_fin.pdf for more information.

The Ultra-Processed Food Industry and its Implications in Africa

The Ultra-Processed Food (UPF) market is “dominated by corporations, with the most powerful manufacturers being mega multinational companies like Nestlé, PepsiCo, Unilever, Coca-Cola Co, Danone, Mondelez, and Kraft Heinz Co, from the Global North. These multinationals held 53 percent of the UPF market in 2019, generating profits from multiple global regions through their own and franchised infrastructure. [...] The excessive profits made in UPF are then converted into predatory marketing campaigns to drive demand and influence the policy and regulatory environment. As the UPF market grows, it is also increasingly financialised. Most of the profit is distributed to large institutional shareholders, like BlackRock, Vanguard, Capital Group, State Street, and Norway’s sovereign wealth fund. These investors are then able to influence UPF corporations’ business strategies to deliver more short-term returns, further marginalising and imperilling social and environmental considerations.

Since consumption of UPF in highly industrialised countries has reached about 50 percent or more of total consumed dietary energy, and as these markets stagnate, mega-corporations have turned their gaze to Africa. The rapid penetration of UPF into Africa’s food system is of grave concern, as many African countries already face the double burden of malnutrition and food insecurity. UPF consumption ramps up the risk of non-communicable diseases, the treatment of which often falls on already under-capacitated national health systems. It also deepens the stranglehold that food corporations have on the food system and can orient it towards a profit-generating bundle of commodities.

The direct and indirect influence of UPF corporations in Africa will influence supply chains, market consolidation, and the types of crops grown, as UPF uses a small number of commodity crops to create their products. In turn, it will displace traditional dietary patterns, further deplete the diversity of agrobiodiversity on the continent, and constitute a serious impediment to a just transition towards agroecology based on the principles of food sovereignty”¹⁹.

¹⁹ Swanepoel S. and Mayet M., (2024). Dictatorship of UPF food companies over African diets and food markets, 3rd paper of the series “Ultra-processed food in Africa.” African Centre for Biodiversity, February 2024. <https://acbio.org.za/wp-content/uploads/2024/02/UPF-Africa-3-Dictatorship-of-companies-over-African-diets-food-markets.pdf>

5. How speculations work: the consequences for food availability and accessibility

To grasp the concept of finance, consider it akin to a marketplace for money. In a conventional market, a farmer offers apples (supply) and consumers seek them (demand). Similarly, financial markets connect those who have savings (money supply) with those who need funds for projects and activities (money demand). With the money deposited by customers, banks can provide credit to households and companies, while financial managers (investment funds, pension funds or others) will use the capital to finance states (which issue government bonds) or companies (which issue shares and bonds). Clearly, finance has a central role within our economic and production system.

Yet, two important considerations arise. Firstly, finance is not neutral. Crucial questions arise concerning the use of money. Once channelled into financial circuits, savings are bound to produce consequences both socially and environmentally, which can be either positive or negative. Does our money finance the local economy or is it channelled into some tax haven? Do savings support initiatives that generate a positive impact on people and communities, or do they contribute to enhancing inequalities, pollution, and violations of fundamental rights?

The other aspect we need to consider is that most finance today does not really support any business or productive activity. The financial system has completely lost sight of its social function as a mechanism to serve the economy, and it has turned into a self-legitimizing goal, its ultimate purpose being the production of money out of money. Speculative trends have become predominant, and they chase maximum profits in the shortest possible time. Hedge funds and other financial actors bet on the price of wheat, corn, or any other food commodity. By doing so, they heavily influence food prices and the lives of billions of human beings²⁰. We are indeed confronted with a scenario that gravely affects the most fundamental conditions for human dignity and well-being.

Speculating involves betting on future scenarios. Typically, this entails buying an asset at a certain cost, wagering its value will rise so as to then sell at a higher price, making a profit. In this venture, the more prices vary – and the faster they do so – the greater the opportunities for profit. While the classic strategy dictates buying at a low valuation and selling at a high one, current financial markets also permit gains from asset depreciation, such as through the strategic placement of capital against a security's anticipated collapse. If the price of any given asset does not fluctuate over time, no speculative profit can be extracted. This means speculation inherently feeds on price instability. Crises and volatility are thus not a side effect, but the very foundation for making money from financial predictions. The perverse dynamic of the current financial system is that speculation itself creates and exacerbates the price instability it thrives upon. The more capital is wagered on a security, the more its price fluctuates, increasing the potential for short-term gains and attracting further speculative interest. This self-perpetuating spiral leads speculators to target assets naturally prone to price fluctuations, with their betting further amplifying these movements, making the activity even more profitable.

²⁰ <https://unearthed.greenpeace.org/2023/04/14/ukraine-wheat-food-price-crisis-speculation/>

Food and raw materials are intrinsically subject to an array of uncertainties and price fluctuations. These are driven by natural causes like droughts or rainfall patterns, as well as economic and geopolitical factors, such as unpredictable market trends and the recent disruption to wheat supplies following the war in Ukraine. While such goods have historically faced some forms of market manipulation, including ancient grain hoarding and 19th-century futures speculation, their current pervasive role as financial assets is unprecedented. As UNCTAD explains, "over the past few decades, the structure of food speculation has become more complex. Two parallel forces have driven this shift: the maturing of speculation in financial markets on the one hand, including using derivatives; and the liberalization of agricultural markets on the other"²¹.

These changes occurred after the implementation of the neoliberal economic thinking and the subsequent deregulation. When it comes to food in particular, a major step was the US approval of the "Commodities Futures Modernization Act" in 2000. This measure opened the agricultural markets to financial actors, removing most of the existing limits on the derivatives market. Something similar occurred in parallel in Europe, during the same period. The Paris Stock Exchange, the biggest in Europe today regarding food commodities, grains and cereals in particular, did not introduce future markets until 1992²². Things changed when the liberalization of agriculture and the expansion of food financial markets came to be pushed through the Structural Adjustment Programs of the IMF and the WB²³.

The development and liberalization of food derivatives, and particularly of the futures – the main derivatives instruments associated with food and other commodities – acted as *the* game changer in transforming food into a financial asset. As food responds to the most basic universal human need, it ends up being perfect for venturing the expansion of finance. On the other hand, because of the natural volatility of food and food prices (due to climatic, geopolitical, economic, and social factors), these very assets have become the ideal hunting ground for speculators.

²¹ UNCTAD, (2023). *Trade and Development Report 2023: Growth, Debt and Climate – Realigning the Global Financial Architecture*, Chapter III, p. 77. https://unctad.org/system/files/official-document/tdr2023_en.pdf

²² Fontefrancesco, M.F. (2020). "Food Commodity Market: History and Impact of Food Trading Toward SDG2." In Leal Filho, W., Azul, A.M., Brandli, L., Özuyar, P.G., Wall, T. (eds) *Zero Hunger. Encyclopedia of the UN Sustainable Development Goals*. Springer, Cham, January 2020. https://link.springer.com/referenceworkentry/10.1007/978-3-319-95675-6_13

²³ Regarding the role of the IMF and the World Bank in food financialization, see Sonkin, F., (2020). "Recipe for disaster: the IMF and World Bank's Role in the Financialization of Food and Agriculture," *Bretton Woods Project*, April 2020. <https://www.brettonwoodsproject.org/2020/04/recipe-for-disaster-the-imf-and-world-banks-role-in-the-financialization-of-food-and-agriculture/>

6. Derivatives: the main instruments of food speculation

Derivatives are financial contracts whose value derives – hence the name – from an asset (securities, indices, commodities or other) called *underlying*. Derivatives are originally conceived as risk-hedging instruments: they allow something to be bought, sold, or exchanged at a future date, at a predetermined price. They are therefore instruments with an insurance purpose, namely insurance against price fluctuations. Today, derivatives exist on practically any underlying asset and product, from agricultural to mining materials, from securities to currencies, from interest rates to others, turning any asset or commodity into an instrument of financial speculation.

As previously explained, derivatives should act as insurance against price fluctuations. In the so-called real economy, however, it is not possible to insure an asset one does not own. It would be unthinkable to buy insurance on the theft of our neighbours' car and hope to make a profit if it is stolen, nor could we buy 1,000 insurance policies and then resell them if their price goes up. However, such limits of simple common sense do not exist for derivatives. It is possible to bet on the price of wheat even without being a farmer who grows it, or a baker who uses it. Betting on the price of wheat is possible even if we are completely uninterested in the underlying asset. In fact, speculative traders almost never hold the derivative to maturity and do not want the underlying to be delivered, be it grain or be it shares. The derivatives market is increasingly disconnected from the real economy, and lives by its own rhythms, trading and operators whose only aim is to maximise profit in the short term. Derivatives have themselves become the object of speculation. It is possible to buy derivatives that have other derivatives as their underlying. If the derivatives themselves become financial assets, there will be those who want to bet on their future price. A derivative on a derivative on food prices. This is akin to a Chinese box game.

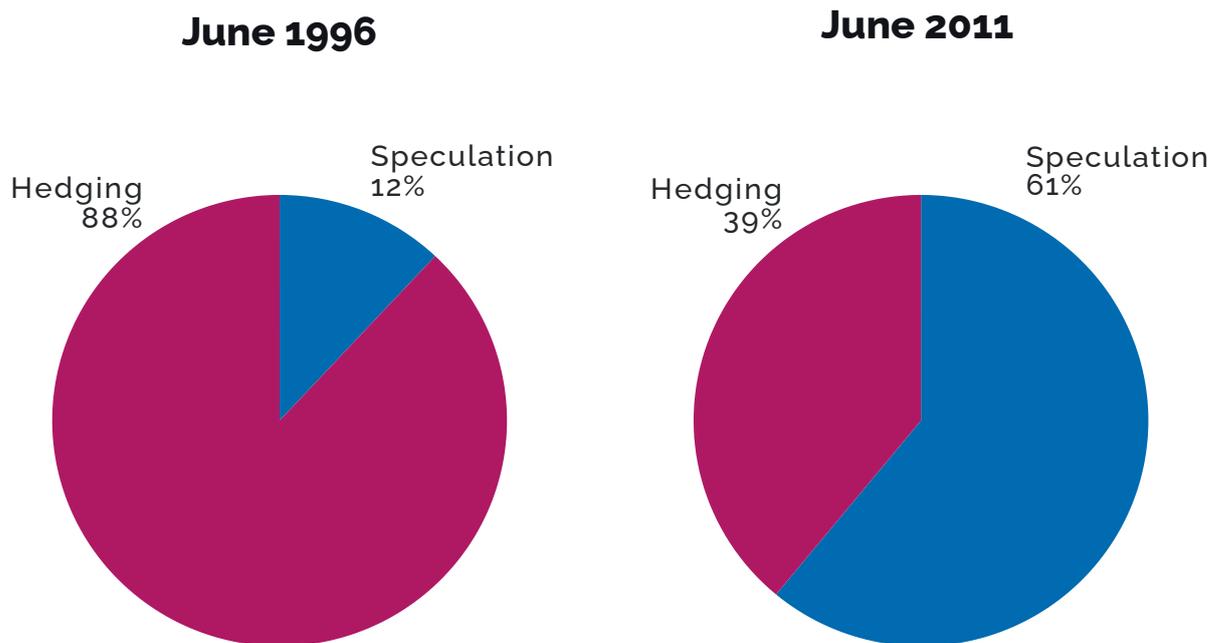
The price of a derivative on a commodity may go up or down because the price of the underlying commodity (wheat, corn or other) does so. For instance, if during the time covered by the derivative contract the demand for the given commodity in the markets increases, the value of that derivative will tend to rise as there will be more bets on contracts linked to the price going up. However, derivatives can gain or lose value for a variety of other reasons: geopolitical news, market turbulence, the decision by a major player to enter or exit a particular financial market, and beyond. For instance, the price of derivatives on wheat or any other commodity may collapse due to a crisis or simply a lack of confidence in the financial markets. These prices' decrease means that at maturity wheat will be available at a lower price, which causes the price of wheat on the market to fall.

Derivatives for speculative purposes have grown enormously in the last years, and notably after the outburst of the subprime crisis in 2007. Regarding food derivatives, between 1996 and 2011 speculation has changed from being little more than marginal to becoming predominant (Figure 4)²⁴.

²⁴ A similar trend occurs for any commodity and raw material, even for the biggest in market size or with the most important geopolitical aspects. In 2022, it was estimated that derivative contracts exceeded real oil trades by a factor of 13 to 1. See Juhasz, A., (2022). "Why are gas prices so high? These obscure traders are partly to blame." In *The Guardian*, 28th April 2022. <https://www.theguardian.com/environment/2022/apr/28/gas-prices-why-are-they-so-high-traders>

In 2011 the estimate was that the quantity of wheat traded on the Chicago Stock Exchange alone amounted to more than 4,400 million tonnes. That same year, the global annual harvest was only 670 million tonnes²⁵.

Market share of speculators in futures markets



Source: WDM (2011), Broken Markets, p. 13

Figure 4. Hedging Vs Speculation on Food Derivatives 1996-2011²⁶

²⁵ CNCD et al., (2013). "Speculation sur les matières premières agricoles la complicité des banques belges dans la speculation sur l'alimentation," June 2013, p. 23. https://www.cncd.be/IMG/pdf/2013-06_rapport_speculation_alimentation.pdf

²⁶ CNCD et al., *op. cit.*

7. Oligopolies and the fusion between finance and agribusiness

The companies that form oligopolies in international food trade and the commodity markets are the same that are positioned at the forefront of derivatives gaming. By holding a dominant position on any given raw material, they have the advantage of accessing in advance reliable market intelligence to profit in a timely manner from food price fluctuations in the financial markets. According to research published soon after the 2007 subprime crisis, a few multinationals controlled the international agricultural commodities market. Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus were reported to account for nearly 90 percent of the global cereal market²⁷. As Oxfam put it, "current regulations allow these 'commercial actors' to speculate on agricultural markets, both for their own account and for the account of third parties. These multinationals even have an exceptional advantage over other speculative players because their knowledge of the sector gives them access to privileged information. Thus, over the last twenty years, Cargill has set up no less than five financial subsidiaries in order to carry out speculative activities on agricultural markets"²⁸.

The 2023 UNCTAD Trade and Development Report unveils how the lack of financial sector regulation enables these actors to drive speculation beyond any oversight or control:

"unregulated financial activity significantly contributes to the profits of global food traders. [...] Corporate profits from financial operations appear to be strongly linked to periods of excessive speculation in commodities markets and to the growth of shadow banking – an unregulated financial sector that operates outside traditional banking institutions. Specifically, during periods of heightened price volatility, certain major food trading companies gain amplified profits in the financial markets. Like a non-bank financial institution, food trading companies take positions and function as key participants in financial markets. This shadow banking function is not regulated in the current financial system"²⁹.

While large corporations and oligopolies controlling the markets of several raw materials launch themselves into the derivatives' speculative gambling, banks and other key financial players increasingly seek to invest in physical agricultural assets with the aim to control them. As is the case for agribusiness multinationals, an organized cartel of banking groups controls the bulk of derivative trading. Four US banks – Citibank, JP Morgan Chase, Goldman Sachs and Bank of America – control 90 percent of the US market for swaps, a type of derivatives. A complete fusion between agribusiness and big finance is progressively unfolding³⁰. As mentioned

²⁷ Murphy, S. et. al., (2012). *Cereal Secrets. The world's largest grain traders and global agriculture*. Oxfam Report, August 2012. <https://issuu.com/oxfam/docs/rr-cereal-secrets-grain-traders-agriculture-300820?mode=window&background-color=percent23222222>

²⁸ Oxfam, (2011). "Not a game: Speculation versus Food Security. Regulating financial markets to grow a better future," October 2011. <https://www.oxfam.org/en/research/not-game-speculation-vs-food-security>

²⁹ UNCTAD, (2023), *op. cit.*, p. 75.

³⁰ Greenberger, M., (2018). "Too Big to Fail U.S. Banks' Regulatory Alchemy: Converting an Obscure Agency Footnote into an 'At Will' Nullification of Dodd-Frank's Regulation of the Multi-Trillion Dollar Financial Swaps Market." In *New Economic*

earlier, food multinationals that operate in oligopoly regimes – and play with derivatives in this position – often have international finance giants among their major shareholders. When food trading giants make windfall profits through derivatives' speculation, these gains are then absorbed by financial giants in the form of dividends, which further reinforce them. Overall, the financial sector's grip on food is suffocating:

"financial investors seek exposure to food markets through (i) direct investment in food commodities (crops) and food-affiliated assets (such as land, land-based derivatives and food derivatives), and (ii) investment in non-financial corporations who are engaged in the trade, processing, production, and sale of food. In the former case, investors typically invest in food derivatives (futures and options) or food-affiliated derivatives (fuel and fertiliser) that are traded on international commodity exchanges rather than buying the physical product"³¹

Access to Credit: A Risky Luxury for Farmers

Access to credit and financial services is a human right, but the absurdity of today's reality is that while financial instruments such as derivatives allow investors to place their bets on the price of wheat, just as an example, farmers who produce the wheat often hardly have access to finance themselves, when needs arise.

The most marginalized peasant groups are obviously the hardest hit by the impacts of the financial crises and the roller coaster of prices due to food speculations. To make things worse, price volatility and the instability caused by speculations make loans extremely risky for small farmers, whereby receiving credit from banks gets even more complex and more expensive.

Difficult access to a range of financial services represents a very significant problem for small-scale food producers. Agriculture is a seasonal activity, which means that the possibility of accessing credit and financial services is of fundamental importance both for organizing the production and for ensuring a decent response capacity in the event of natural calamities, especially at times of climate change.

Financial tools are key to secure a reliable degree of resilience and standard of living in between one harvest and another, in the face of mounting ecological uncertainties. Even when farmers do succeed in accessing credit, they are often asked prohibitive conditions, both in terms of interest and guarantees. If the only guarantee available is arable land, a single failed harvest may result in unsurmountable difficulties, including the very loss of such land.

The paradox is that the financial instruments available are rather designed to respond to the whims of global finance (scale, standardization) than to real-life production needs. In most cases, food derivatives are no longer used as insurance: their prevalent use for price betting makes them too expensive, uncertain, or unsuitable to comply with their original purpose. Primarily designed to protect

Thinking, Working Paper No.74, June 2018. https://www.ineteconomics.org/uploads/papers/WP_74.pdf

³¹ Van Huellen, S. and Ferrando, T., (2023), *op. cit.*

food producers against price fluctuations, derivatives have become the main driver of those fluctuations, as we have seen. A study conducted by the Banque de France³² unequivocally concludes that "these financial instruments, which should play a shock absorber role [regarding prices], have on the contrary become one of the causes of excessive movements."

Financial Tools for Investing in Raw Materials

Finance itself can have a deep impact in the formation of food prices not only through speculation with derivatives but also with other instruments. A significant part of the resources that have been invested in the commodity market in recent years comes from funds specialized in investing in baskets of raw materials.

The Exchange Traded Funds (ETF) and the Exchange Traded Commodities (ETC) are relatively recent instruments. These are funds that purchase shares of other funds or commodities respectively. Their success derives from the fact that anyone can buy an ETF or an ETC share, like buying a bond or another financial instrument, and that buy and sell commissions for these instruments are lower than for traditional investment funds.

For many institutional investors, purchasing ETC shares has nothing to do with an interest in the commodities. Investing in raw materials often serves to diversify a portfolio. Commodity markets are also seen as an effective way to hedge against increases in inflation, as inflation tracks with commodity prices. If institutional investors think there will be an increase in inflation they can invest in ETC or similar products reserved for institutional investors such as commodity index funds.³³

In addition, an almost ubiquitous feature in ETC is the weight of oil in the commodity basket on which it is based. A characteristic that transposes the volatility of oil onto that of food commodities. If the price of oil rises, the value of the ETC share rises, which subsequently also raises the price of the other assets contained in the investment basket – to show once again how it is finance driving food prices, ultimately.

In short, such investments create a kind of additional artificial demand for wheat or other food products, and this increase in demand tends to push up prices. According to UNCTAD, "a major new element in commodity trading in recent years is the massive presence of investors who treat goods like any other asset. The fact that market participants do not trade on the basis of supply and demand, and that, on average, they hold very long positions in the commodity market, can have a significant influence on the price formation of these products."³⁴

³² Goetz, E., (2023). "Les marchés des matières premières passés à la loupe par la Banque de France." In *Les Echos*, 30th June 2022. <https://www.lesechos.fr/finance-marches/marches-financiers/les-marches-de-matieres-premier-passees-a-la-loupe-par-la-banque-de-france-1732550>

³³ Global Development Institute, (2022). "Inflation: how financial speculation is making the global food price crisis worse," 7th December 2022. <https://blog.gdi.manchester.ac.uk/inflation-how-financial-speculation-is-making-the-global-food-price-crisis-worse/>

³⁴ UNCTAD, (2009). *Trade And Development Report 2009*. Chapter II: "The financialization of commodity markets. United Nations. New York and Geneva." <https://unctad.org/publication/trade-and-development-report-2009>

8. The textbook case of the 2007 financial bubble: speculation, price surges and consequences

Concrete examples to illustrate the impact of speculative phenomena on food prices are unfortunately numerous. One is particularly dramatic though, and it refers to what happened after the 2007 outbreak of the subprime mortgage bubble in the US, the worst financial crisis in recent history. In no time, the outburst spread globally and culminated in the collapse of Lehman Brothers, one of the world's largest banks. After this unprecedented implosion, many of the biggest banking groups came to be rescued only thanks to governments' pumping of massive public finance.

Financial markets tend to move in herds. When the price of an asset starts to rise, investors are overall enticed to buy it. The increased demand drives up the asset's price, attracting new investors who create new demand and so on. In this way, a financial bubble inflates until prices end up being hugely overvalued. When this scenario materializes, even a limited negative event can push investors to sell, in waves of financial moves that cause asset prices to plummet. With the collapse, new investors want to sell and the bubble bursts. That is how, in effect, markets proceed between waves of euphoria and panic, through the creation and bursting of financial bubbles.

In a series of anticipating events throughout 2007, panic broke out in the financial markets. Gigantic amounts of capital fled from traditional investments in shares and bonds, in search of safe havens (so-called *flight to safety*). The first such safety asset in the event of a crisis is gold, but due to derivatives other commodities – among which agricultural products in particular – were hit by the wave of fleeing capitals. While the financial bubble was exploding, a symmetrical bubble on commodity prices started to inflate. The more the prices of shares collapsed and those of commodities soared, the more capitals frantically flew from one market to the other, and the more the trend self-reinforced itself.

Indeed, as shown in Figure 5, the price of wheat (but also maize and other basic foods) doubled in the span of a few months in early 2008. The fundamental point to be made here is that such a sudden increase took place in the absence of droughts or other natural events occurring. Neither was it triggered by an unpredicted change in the diet of emerging countries, or by biofuels' production growth or climate change, all of which are long-term phenomena. Enormous capitals escaping from traditional financial markets after the eruption of the subprime bubble literally flooded the raw materials markets, driving up prices.



Figure 5: International wheat price trends between January 2007 and December 2008³⁵

Overall, the price of all 25 major food (wheat, corn, rice, soy) and non-food (minerals) commodities rose during 2008³⁶. This increase in unison was more unique than rare, and even more unjustifiable in a period of crisis following the bursting of the subprime bubble. The speculative wave ultimately determined whether millions would have enough to eat or face starvation, as wheat had become a fiche to influence the course of a global casino on the financial markets. After the bubble burst, and the fall in incomes linked to the global crisis, soaring food prices increased the number of chronically malnourished or undernourished people by 40 million in 2008³⁷, including because millions of people had to give up their fruit, vegetables, dairy, and meat products in order to at least ensure the consumption of cereals and rice. The dietary shift to less nutritious products and less varied patterns caused enormous health problems, especially for women and children. Moreover, millions were forced to sell their few possessions. Many farmers were forced to sell their only available asset, arable land, which ushered the increase of phenomena such as land grabbing³⁸.

As highlighted above, one of the consequences on the financial markets was the sudden increase in the prices of wheat and corn. A similar trend affected rice, too, despite being a very

³⁵ Source: own elaboration from Macrotrends.net. <https://www.macrotrends.net/2534/wheat-prices-historical-chart-data>

³⁶ World Development Movement, (2010). *The Great Hunger Lottery – How banking speculation causes food crises*, July 2010. https://www.globaljustice.org.uk/wp-content/uploads/2014/12/hunger_lottery_report_6.10.pdf

³⁷ World Food Programme and FAO, (2009), *The State of Food Insecurity in the World 2009*. Rome, 2009, p. 8. <https://www.fao.org/3/i0876e/i0876e.pdf>

³⁸ SOMO, (2010). *Financing Food: Financialization and Financial Actors in Agriculture Commodity Markets*. April 2010. <https://www.somo.nl/wp-content/uploads/2010/04/Financing-Food.pdf>

little traded commodity on international markets, for which derivatives trading is marginal. The bulk of rice production is for domestic consumption, and international trade represents a mere 6-7 percent of global production. Yet the price of rice quickly rose, in fact more than other raw materials, during the 2007-2008 crisis³⁹: this circumstance is often used as an argument by those who still insist that there is no direct correlation between price trends and the intervention of financial actors.

The reality is very different. In some countries, wheat and rice are the two basic foods for most of the population. Their consumption is closely correlated. Depending on their respective prices, an increase in rice consumption leads to a reduction in wheat consumption and vice versa, as exemplified in the case of India. Here, in the two years following the subprime mortgage crisis the average import price of a ton of wheat climbed from US\$220 to US\$370, and imports plummeted from 5 million tonnes in 2007 to 700,000 the following year⁴⁰. This decline in imports obviously had immediate effects on rice consumption. And it is no coincidence that wheat prices rose particularly towards the end of 2007, while the price of rice started to ascend at the beginning of 2008. Research shows that there is a direct causal relationship between these two trends. According to FAO, "the rice demand shock was largely generated by the demand to balance the lack of available grain"⁴¹. Against this backdrop, several rice exporting countries like India, Vietnam and Thailand imposed limitations or outright bans on rice exports, with the intent to try and protect their citizens, which further reduced the availability of rice on international markets. Households and traders began stockpiling rice to safeguard themselves from a further price increase, while effectively contributing to it. Speculations mostly occurred *upstream* of the increase in rice prices, though, which reveals the argumentative weakness of those who blamed the protectionism imposed by some countries instead, through limits on rice exports, to explain rice price escalations. These protectionist measures did probably contribute to the increase in rice cost, but they proved justified, indeed necessary, as the effects of speculation threatened the very survival of millions of people in the nations concerned.

The surging of food expenditure led to a significant income loss, and the abrupt erosion of resources available to secure essential services like health or education in countries almost completely deprived of any social protection or welfare state. Poor or no access to medical care, combined with poorer diets, entailed consequences that will continue to affect the most vulnerable people, primarily children, for years to come. In the context of escalating crises and price volatility, the most exposed populations – notably farmers in the Global South – experience the most severe repercussions. On average, in industrialised countries, the percentage of income spent on buying food ranges between 10 percent and 15 percent. This rate can escalate to 50 to 90 percent for the poorest households in several countries of the South⁴².

³⁹ Timmer C.P., (2009). *Did speculation affect world rice prices?* ESA Working Paper No. 09-07. Agricultural Development Economics Division. FAO for the United Nations. April 2009. <https://www.fao.org/3/ak232e/ak232e00.pdf>

⁴⁰ UN Comtrade Database. <https://comtradeplus.un.org/>

⁴¹ FAO (2011). *The Food Price Crisis of 2007/2008: Evidence and Implications*. Rome, 2011. <https://www.fao.org/3/ak341e/ak341e13.htm>

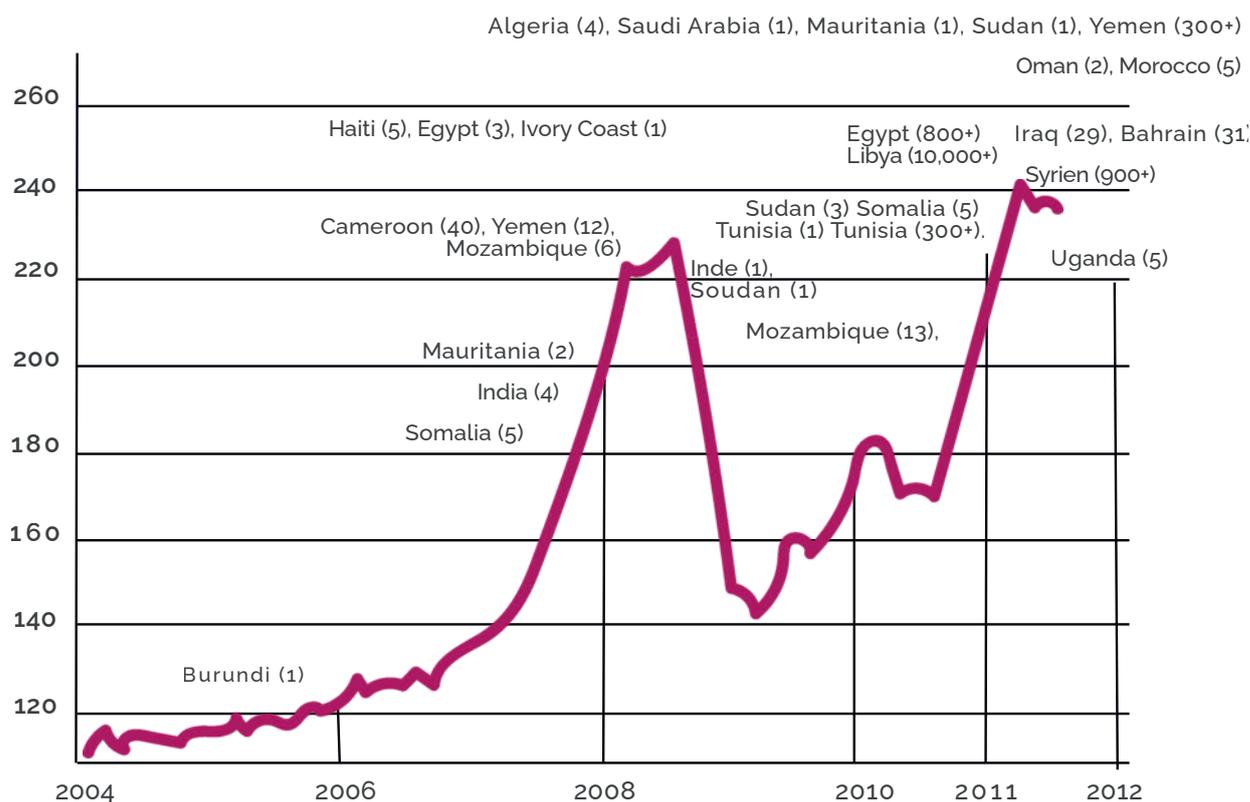
⁴² International Monetary Fund, (2008). *Food and Fuel Prices - Recent Developments, Macroeconomic Impact, and Policy Responses*. Prepared by the Fiscal Affairs, Policy Development and Review, and Research Departments, <https://www.imf.org/en/Publications/Policy-Papers/Issues/2016/12/31/Food-and-Fuel-Prices-Recent-Developments-Macroeconomic-Impact-and-Policy-Responses-An-Update-PP4280>

The sudden dramatic increase in food prices inevitably led to the outbreak of hunger riots causing thousands of victims in many low-income countries, a correlation clearly illustrated in Figure 6.

A first spike in the food prices can evidently be identified here right after the shock of the 2007 subprime crisis, while a second wave of price increase occurred after the sovereign States' crisis in 2010.

Food Price Index and Hunger Riots (FAO from January 2004 to May 2011)

Food Price Index



The numbers in parentheses indicate the number of victims during the riots. Source: Laç al. 2011, *The Food Crises and Political Instability in North Africa and the Middle East*, Nex

Figure 6. Food Price Index and Hunger Riot

9. Impacts on prices

Another example of the weight of speculation on food prices comes from the Paris cereal market, the largest in Europe. As recently as 2018, approximately one in four food contracts were estimated to be speculative in nature. In just a few years, and particularly with the outbreak of war in Ukraine and the resulting uncertainty over grain prices, contracts of a speculative nature amounted to three-quarters of those negotiated⁴³. According to recent research, hedge funds gained some \$1.9 billion on grain due to the price spike associated with the Ukraine war. The shortfall in global exports caused by the Russian invasion amounted to around 7 million tonnes – less than 1 percent of the global crop – yet grain prices soared by at least 50 percent. Based on the research, the explanation lies in “the effect of the speculation: the financial markets, the hedge funds, etc. Their fear, their panic, their algorithms caused the price to spike. It didn’t reflect real world supply and demand, real world readjustment to find new supply routes, real world concerns – it reflected the needs, desires and function of the financial market”⁴⁴.

The examples of the 2007/8 crises and the Ukraine war show the huge implications of food speculation. It is evident that the financialization of food markets has transformed essential food commodities into assets that can be speculated, and this has implications especially to access and availability of food and therefore global food security. Indeed, speculation has turned financial markets into mechanisms that prioritize profit making. The increase in food costs have dire implications and exacerbate hunger and malnutrition, particularly in the Global South. Speculation further fuels volatility and has devastating consequences for the world's most vulnerable populations.

⁴³ Girard, L., (2022). “Financial speculation exacerbates wheat price variations.” In *Le Monde*, 7th June 2022. https://www.lemonde.fr/en/economy/article/2022/06/07/wheat-prices-variations-exacerbated-by-financial-speculation_5986009_19.html

⁴⁴ Harvey, F., (2023). “Top 10 hedge funds made £1.5bn profit from Ukraine war food price spike.” In *The Guardian*, 14th April 2023. <https://www.theguardian.com/world/2023/apr/14/hedge-funds-profit-ukraine-war-food-price-surge>

10. The financialization of climate and impact on access to food

Speculation is just one of the key drivers that influence the prices of food or other raw materials. As hinted earlier, speculation feeds on instability and focuses on those goods characterized by high uncertainty and volatility. Climate change is one of the factors affecting such price uncertainty. Let's consider this: a multiplicity of phenomena lies behind the expression "climate change." Among them, the increase in extreme atmospheric events, forced migrations, desertification of entire areas, biodiversity loss, acidification of soils and waters, and more. Such catastrophic circumstances are already producing enormous consequences on food production and on small-holder farmers, especially in the planet's most fragile areas. At the same time, as a "response" to climate change, biofuels (such as ethanol, made from corn or sugarcane) production is growing to replace traditional fossil fuels on the one hand, and traditional agricultural productions on the other. Attempting to appear sustainable while preserving the current development model, the production of these fuels has increased enormously in recent years, taking land and productions away from food. Simply put, feeding cars instead of humans.

The links between climate change and food are numerous, and these are once again impacted by the invasiveness of the financial system. The international community's main response to climate change has resulted in the creation of a carbon market for CO₂ emissions. This decision can be traced back to the beginning of the COP process, the summits where the international community defines and decides the climate agenda, and particularly at COP 3 in Kyoto in 1997. If the Kyoto Protocol and the underlying principles may be considered a milestone in the international community's action to tackle climate change, the reality is that the COP 3 summit has geared the climate commitment towards a somewhat evil-intentioned direction, by choosing to set emissions targets and then allowing the buying and selling of equivalent CO₂ shares on a newly created market. In practice, each nation, and subsequently each company, get a certain quantity of emissions assigned. Whoever emits less than the allotted amount can sell the difference. On the contrary, those who do not reach the objectives and pollute more than expected can purchase the excess quotas on the market, thus compensating for the greater emissions⁴⁵.

This system immediately presented several problems linked, among other things, to how many emissions to assign, how to set prices, with issues of double counting, reporting methods and others. While the following COPs have been trying for over twenty years to improve the mechanism and make it work, the idea itself of basing climate commitments on market mechanisms has never been called into question, despite the lack of evidence

⁴⁵ If a company or a country has set itself certain objectives on climate-changing gas emissions that it is unable to achieve, it can purchase "equivalent CO₂ quotas" on the market. Such allowances can be sold by companies or states that go beyond their objectives, or much more frequently by purchasing shares in projects that have a positive impact on the climate. Typically, projects ranging from reforestation to the development of renewable energy and others. The analysis of this issue would go well beyond the scope of this paper. For further information on the links between finance and climate, see Baranes, A., (2023). *O la Borsa o la Vita*. Ponte Alle Grazie, Florence, 2023.

of its contribution to reducing emissions. Based on this approach's validation, the decision to build a new coal power plant does not depend on scientific evidence. If the profits of the operation are enough to cover the costs and the compensations for the emissions, the project can go forward. With the creation of such a market, the principle that "whoever pollutes pays" has been shifted to "whoever pays can pollute." The climate emergency, and our life itself on the planet, have been reduced to a calculation of economic convenience and profits. A financialization of the climate crisis, in other words.

There is a direct connection between carbon markets and food. It is not uncommon for projects implemented in Southern countries following transactions on the carbon credit market to have devastating effects on local communities, and even on the environment. Analysts have referred to a colonial approach adopted by rich countries which have imposed schemes and conditions on lower-income countries where their climate-related projects are being developed⁴⁶.

⁴⁶ The Oakland Institute, (2023). "Green Colonialism 2.0: Green Plantations and Carbon Offsets in Africa" <https://www.oaklandinstitute.org/green-colonialism-two-carbon-offsets-africa>

Emissions Trading and the Impact on Food and Communities' Rights

One instance of the consequences of the emissions trading market comes from the dam built in Alto Maipo, Chile. While hydroelectricity is considered one of the most important sources of renewable energy, it is also associated with heavy social and environmental impacts (such as those deriving from the creation of the reservoir with flooding of land and vegetation) that are often not taken into consideration. In this case, the diversion of the Maipo river for tens of kilometres has caused enormous damage to local communities, who lost their main sources of livelihood, both fishing and agriculture. Despite this, the project is registered under the Clean Development Mechanism, which allows companies to obtain carbon credits to offset their emissions⁴⁷.

Research concerning the French company TotalEnergies and its commitment to zero emissions provides yet another paradigmatic example. Among its offsetting operations, TotalEnergies financed a giant acacia plantation in the Republic of Congo for 40,000 hectares, four times the size of Paris, with the aim of sequestering over 10 million tonnes of CO₂. The problem is that almost five hundred farmers, mostly from the indigenous Pygmy people, lived in the same region cultivating cassava. In November 2021, these farmers were removed from their lands to make room for acacias.

The lands were rented, and the owner decided to sell everything to Forest Neutral Congo, a local branch of TotalEnergies, with the intermediation of the government. In a press release, the French company claimed that "assessments are underway to finalize the mapping of the actors and propose measures that allow them to be co-beneficiaries of the project," and promises to offer them "alternatives." Meanwhile, cassava flour is becoming scarce in the region and its cost is increasing⁴⁸, directly impacting people's food security and sovereignty.

An increasing number of offsetting and compensation projects based upon monoculture tree-planting are accused of having devastating consequences in terms of local food production, biodiversity, acidifying soils, accelerating wildfires and more. The emblem of what it means to leave the task of protecting a Global Public Good such as climate in the hands of market mechanisms. As stated in a recent article, "ecosystems like the Amazon and Congo basin are being reduced to their carbon value"⁴⁹.

⁴⁷ Center for International Environmental Law, (2017). "Alto Maipo Hydroelectric Project: A Threat to Chile's Environment," February 2017. <https://www.ciel.org/project-update/alto-maipo-hydroelectric-project-threat-chiles-environment/>

⁴⁸ Chatterjee, P., (2023). *TotalEnergies Carbon Offset Scheme in the Congo Displacing Local Farmers*. Corpwatch, 23 January 2023. <https://www.corpwatch.org/article/totalenergies-carbon-offset-scheme-congo-displacing-local-farmers>

⁴⁹ Greenfield, P., (2023), "Tree-planting schemes threaten tropical biodiversity, ecologists say," The Guardian, 3rd October 2023. <https://www.theguardian.com/environment/2023/oct/03/carbon-tree-planting-schemes-threaten-tropical-biodiversity-aoe>

11. Agribusiness and land grabbing

Biofuels and emissions markets exemplify how food production is increasingly threatened through the use of land rampantly skewed to processes of commodification and financialization. Land becomes an asset which is more and more taken away from farmers through land grabbing⁵⁰, i.e., the sale of enormous areas of land to third parties, companies, or governments of other countries without the consent of the communities that live there and/or use that land to grow and produce their food. In the last twenty years, 91.7 million hectares of land have been grabbed, which amounts to the combined surface of Italy and France⁵¹. According to Oxfam, land grabbing has grown by 1,000 percent since the outbreak of the financial crisis in 2008⁵², and demand for land continues to soar. Investors look for areas where to grow food for export, for biodiesel, or simply to make a profit. Land purchase often entails the expulsion of entire communities, leaving them without land, without their livelihoods, and without a future. "Promises of compensation often do not materialize. Land that once provided food and shelter for many is fenced off even if at times it remains unused"⁵³. The ever-increasing competition for agricultural land's use makes land availability scarcer and its value constantly higher, a vicious circle that enhances land as an attractive asset for financial appetites and speculations. These phenomena are inextricably grafted on one another, ushering to a completely uncontrolled commodification and financialization of food.

⁵⁰ For further information on land grabbing, see Trans National Institute, (2013). *The Global Land Grab – A Primer*, February 2013. <https://www.tni.org/files/download/landgrabbingprimer-feb2013.pdf>

⁵¹ FOCSIV, (2022). *I padroni della Terra*. Rome, July 2022. <https://www.focsiv.it/i-padroni-della-terra-2022/>

⁵² Oxfam Italia, (2017). "Cos'è il land grabbing: uno scandalo in continua crescita," Rome, 22nd September 2017. <https://www.oxfamitalia.org/scandalo-land-grabbing/>

⁵³ *Ibidem* (Italian original, translation by the author).

12. Tackling food speculation

Changing directions and trends in today's casino finance is ultimately a question of political will, not of technical risks. A wide array of wise proposals has been tabled and discussed for decades, yet they usually come up against the compounded effect of the financial lobbies' wall and the multilateral institutions' inability to restore the role of finance as a societal as well as relational tool, and not an end in itself. Some of the proposed solutions are directly aimed at addressing derivatives and speculations on raw materials and food. Others entail a deeper and badly needed reform, which *de facto* would lead to a severe slimming of the financial system in the economy through regulations and a range of public control measures.

In recent years, much of the debate regarding derivatives has hinged on the proposal of introducing so-called "position limits." In simple terms, position limits are measures that would impose a ceiling on how many derivatives a single operator can hold on to a specific raw material. The intent of the position limits is to try and control speculative activities on agricultural markets and excessive volatility, preventing a single intermediary from having enough weight to distort a specific market. However, position limits do not exclude the possibility of venturing on food prices through derivatives. According to UNCTAD, "position limits imposed on market actors are supposed to ensure that derivatives markets work for the commercial producers, and not for purely financial operators with no intrinsic interest in the commodities themselves. Importantly, this means that industrial and financial market participants are to be treated differently"⁵⁴. The position limits notion appears altogether largely insufficient, not only because the few oligopolistic operators can continue unchallenged to control any given market. Even more problematically, the interference of financial speculators on food systems is by no means addressed and resolved in this way⁵⁵, which is why some analysts call for the creation of a register listing entities that are allowed to purchase derivatives on raw materials, to ensure that those who do so have a genuine interest in the raw materials⁵⁶.

The same criticism applies to the proposal of the "obligation to deliver the underlying asset" (on which a derivative's price is based). Knowing the value of the underlying asset helps determine the appropriate action with the derivative: a wheat derivative would be purchased to obtain the corresponding quantity of wheat at maturity, not to bet on its price. This approach would define a clear and common-sense limit for any insurance policy in the "real economy," but it also comes up against the wall of financial lobbies.

The European Economic and Social Committee recently identified several proposals to curb food speculation⁵⁷. It recognized that food "should not be treated as a financial asset as it is not a commodity like many others" and demanded policymakers, among other things, "to

⁵⁴ UNCTAD, *op. cit.* p. 88.

⁵⁵ Corporate Europe Observatory, (2023). "No political will to curb food speculation." Brussels, 25th July 2023. <https://corporateeurope.org/en/2023/07/no-political-will-curb-food-speculation>

⁵⁶ <https://www.foodwatch.org/en/campaigns/food-speculation>

⁵⁷ European Economic and Social Committee, (2022). *Food price crisis: the role of speculation and concrete proposals for action in the aftermath of the Ukraine war*, December 2022. <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/food-price-crisis-role-speculation-and-concrete-proposals-action-aftermath-ukraine-war>

deal with concentration in food chains and financial ownership." Acknowledging the highly concentrated nature of the global physical grain trade, the Committee stresses that "Exchange Traded Funds (ETFs) and index-based mutual funds, including those specifically linked to food and agriculture, represent new and extensively used avenues for financial investment and profit." It finally requests to address "the financialization of the food sector as massive money-making off the backs of people, e.g., by introducing windfall taxation on excess profits before dividends of corporations and a food speculation tax to curb high frequency trading and breaking oligopolies at all levels of the chain and financial interests"⁵⁸. In relation to the derivatives market, while recognising a possible positive role in hedging against price volatility, the Committee highlights that the most compelling measure given the current speculative landscape is regulating the futures market, for instance by "introducing strict price movement curbs and daily position limits as soon as trading activities on the commodity futures markets show abnormalities; limiting access to derivative/hedging to qualified and knowledgeable investors and traders who are genuinely concerned about the underlying agricultural commodities, introducing short/medium/long term contract obligations to add stability"; and incentivising "withdrawal of financial speculation in food commodities by banks and fund companies"⁵⁹.

A major challenge with food derivatives follows from the fact that most of them are traded in the so-called Over The Counter (OTC) markets. Of the two separate and different markets that exist for derivatives, one is well regulated by supervisory bodies and a central compensation platform whereas the other is the OTC market, where non-standardized, tailor-made financial instruments are traded. The OTC market is largely unregulated and non-transparent, although it carries the bulk of speculative activities. It is a major challenge to even have access to reliable statistics on this market's overall size and trends. Ultimately, even if we wanted to recognize a possible hedging role for the instruments and initiatives proposed in this section, it would be indispensable in such an unfavourable scenario to preliminarily bring all food derivatives back to regulated and non-OTC markets.

⁵⁸ *Ibidem*.

⁵⁹ *Ibidem*.

13. Reforming the financial markets

The OTC derivative issue opens to the need for a wider reasoning on the lack of transparency in financial markets. A dramatic infusion of transparency criteria is needed both regarding the instruments - such as OTC vs regulated derivatives - and the actors that operate on these same markets. As hinted earlier, food trading multinationals are *de facto* operating as "shadow banking" entities on the derivative markets. The expression "shadow banking system" is used to indicate the vast array of companies that carry out tasks or offer financial services comparable to banks', but without being subject to the same regulation. The shadow banking system has grown to exceed the size of banks and represents a major threat to global financial stability. This evolving business model of nonbanks, which attempts at circumventing rules in the banking sector, deeply undermines regulatory strategies while "extra profits come at the expense of systemic stability, thus creating a threat of future calamities"⁶⁰.

Being intentional about addressing the shadow banking system implies a reflection on the regulation of global finance overall. We have repeated it several times: derivatives could be useful tools against price fluctuations if they were exclusively used as intended in their original mission. Recognising that the problem lies in a flawed financial system that has been disfigured into a massive casino should drive our common sense of priority towards squashing speculations' negative externalities and the State-society relations in dealing with the supervision of finance and rule circumventions⁶¹.

Any discussion on alternatives to financialization – and food financialization for that matter - presupposes a wider and deeper reflection on a comprehensive reform of the entire financial architecture, as advocated by civil society organizations, academia and the United Nations⁶².

A most significant step in this direction was undertaken by the United Nations' Member States in November 2023 with the adoption of a UN resolution aimed at start negotiations on a framework convention on international tax cooperation to make it fully inclusive and more effective⁶³.

The resolution text adopted by the UN includes texts on external debt, global climate and poverty eradication, which makes it a true "beacon of hope for developing nations," to echo the words of the Nigerian delegation introducing the text on behalf of the Africa Group.

⁶⁰ Thiemann, M., (2018). *The Growth of Shadow Banking: A Comparative Institutional Analysis*. Cambridge University Press, 2018, p. 3.

⁶¹ *Ibidem*, pp. 13-16.

⁶² United Nations, (2023). *Our Common Agenda, Policy Brief 6, "Reforms to the International Financial Architecture,"* May 2023. <https://www.un.org/sites/un2.un.org/files/our-common-agenda-policy-brief-international-finance-architecture-en.pdf>.

⁶³ See in this regard the UN Press Release dated 22nd November 2023. <https://press.un.org/en/2023/gaef3597.doc.htm>, and the text of the resolution at <https://documents.un.org/doc/undoc/ltd/n23/356/75/pdf/n2335675.pdf>.

We *do* know which direction to go to change and improve things. A good many proposals have been examined and discussed for years, such as:

- a tax on financial transactions to combat speculations;
- the separation between commercial and investment banks to prevent large groups from wildly betting with our savings;
- global action to contrast tax havens and
- restructuring external debt

in the face of the mounting global debt crisis repeatedly diagnosed by the WB⁶⁴ and further exasperated by the war in Ukraine.

⁶⁴ <https://www.cadtm.org/The-World-Bank-saw-the-debt-crisis-looming> and also <https://www.youtube.com/watch?v=U6C2642hLvg>.

14. Towards a de-financialization of food

Several organizations and international networks work to “make finance serve society”⁶⁵. Regarding the price fluctuation of food products, which as previously noted is totally detached from the real economy, the food derivatives market is so out of control, and derivatives’ use for speculative purposes is so predominant, that we probably need to take a further step and consider banning derivatives on agricultural raw materials altogether. This proposal is not completely new. The supervisory body of the Indian financial markets, SEBI, introduced in December 2021 a one-year suspension on futures and options on seven agricultural commodities, including basmati rice, soybeans, and wheat⁶⁶. The decision was triggered by concerns about rising inflation, but the Indian approach shows that such possibilities exist and are viable, if there is political will to proceed. At the same time, there are alternative insurance mechanisms for farmers. The experience of Fair Trade provides possible alternatives in this direction, from the minimum guaranteed price to the pre-financing of production to others.

The reflection on the links between finance and food should go further. Dealing with financial regulation in this field should not be limited to the rules for the specific financial actor, be it a bank or a pension fund but – even more so – to the specific food-related activity. Once we recognize that food is an essential good and not a commodity, we must acknowledge that it should not be reduced to an asset at the mercy of this uncontrolled financial system. Moreover, although hardly recognized by policymakers in international circles, today’s unsustainable and deeply inequitable global food systems are a key driver of the spiralling debt crisis. The IPES-Food special report reminds us that there are four ways in which food systems contribute to deepening the debt crisis:

1. Import and dollar dependencies
2. Extractive financial flows
3. Boom-bust cycles and corporate aggregation and consolidation
4. Climate breakdown

The same IPES-Food report highlights that unrepayable debt leaves countries critically exposed to shocks – as we have seen during the COVID-19 pandemic – and jeopardizes their ability to invest in climate-resilient food production and food security⁶⁷. The UN Global Crisis Response Group has illustrated this unpalatable scenario in alerting that “just as a family may skip a meal to pay for a minimum of electricity, a country may be forced to reduce food imports if their currency devalues, or debt service payments increase”⁶⁸. Several countries defaulted

⁶⁵ For further information on how financialization works and on its impacts, see Bello, W., (2023). “Understanding the Global Economy: Finance and Financialization.” In *Focus on the Global South*, 11th August 2023. <https://focusweb.org/decodingglobalfinance/>.

Regarding the European Union, several proposals for financial reforms are put forward by Finance Watch, a network of more than 70 civil society organizations. For further info: <https://www.finance-watch.org>

⁶⁶ Iyengar, S.P., (2021). “SEBI Bans Derivatives Trade in 7 Agri-Commodities.” In *The Hindu Business Line*, 20th December 2021. <https://www.thehindubusinessline.com/markets/commodities/sebi-bars-launch-of-new-derivative-contracts-for-wheat-other-commodities/article37994633.ece>

⁶⁷ IPES-Food, *op. cit.*, p. 4.

⁶⁸ *Ibidem*, p. 6.

on their sovereign debt between 2020 and 2021 – among them, Lebanon, Sri Lanka, Suriname and Zambia – triggering concerns for other countries in similar positions. By February 2023, Ghana had urgently demanded debt restructuring, while Pakistan's foreign reserves had reportedly gone dry, leaving food shipments stranded at ports, and the government teetering on a tightrope of emergency negotiations with the IMF⁶⁹.

For this reason, we should discuss what boundaries to the expansion of finance are deemed indispensable for sustainable development. Which activities are legitimate, and which are not, to this end. For this reason, academic debates concerning the role of the state as regulator should not be limited to reasoning whether to introduce position limits on derivatives trading. States can do much more to address the unbearable systemic linkage between foreign debt accumulation, capital concentration, and food production. An international debt restructuring mechanism should be established to tackle and break the lock of financial dependencies that prevent low-income countries from diversifying their food systems and economies, in compliance with the basic principle of food sovereignty. This structural reform is even more urgent given that the escalating climate crisis is decimating harvests and livelihoods, in fact adding a new layer of precarity and instability in countries that are least culpable for the new planetary landscape. With climate finance failing to become a reality, repaying debts and investing in climate-resilient food systems end up being an impossible mission.

⁶⁹ <https://www.rfi.fr/en/business-and-tech/20230115-pakistan-s-economy-grinding-to-a-halt-as-dollars-dry-up>.

15. Conclusions: changing paradigm

The IMF and the WB, as interpreters of high-income creditor countries' interests, bear a significant responsibility for the perversity of the current financial and food paradigms. Yet, international financial institutions are not the only multilateral bodies that have played a key role in promoting food financialization. Reversing course also calls into question several of the agreements normatively enshrined at the World Trade Organization (WTO): one example is the financialization of seeds and agricultural processes impacting biodiversity through the intellectual property rights monopolies enshrined in the Trade Related Intellectual Property Rights (TRIPS) Agreement⁷⁰. The same applies for the system of unfavourable trade regimes that keep paving the way to new rounds of import and dollar dependencies in food systems, which calls into question a wide range of bilateral and multilateral agreements on investments⁷¹.

Parallel to this, an overall transformation of food systems, and a conversion away from industrial agriculture is as necessary as ever, as acknowledged by the FAO, the Committee on World Food Security (CFS), landmark reports from the Intergovernmental Panel on Climate Change (IPCC), Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the WB and UN-led International Assessment of Agricultural Science & Technology for Development (IAASTD), and countless scientists and civil society groups. Food system transformation would release key benefits for countries of the Global South, but this is a paradigm shift that cannot be ignored by countries in the global North either, if sustainability is to be achieved in some future time. The planet urgently needs to cut down on crippling food, unhealthy fertilizers, continued dependencies on fossil energy and misleading renewable energy solutions. Further to this, the dependence of global food value chains because of globalization of food systems, has led countries particularly in the Global South to often rely on imports of a limited range of commercially cultivated, calorie-dense staple crops⁷². This dependency can ultimately undermine traditional diets and local agricultural diversity. To mitigate this reliance, it is essential to develop localized and territorial food systems that prioritize self-sufficiency, shorter supply chains, and direct relationships between producers and consumers⁷³. Strategies include supporting regional food hubs that assist small farms in reaching local markets. Additionally, fostering local food processing industries can reduce import dependence and stimulate economic growth, where food processing constitutes a significant portion of manufacturing employment. Emphasizing local markets and shorter supply chains not only bolsters resilience but also supports small-scale producers and preserves cultural food practices.

Like for health, the discourse on the financialization of food – health and food being two fundamental human rights – entails relaunching a global political initiative to discuss the

⁷⁰ See in this regard: <https://www.emerald.com/insight/content/doi/10.1108/00070700410531598/full/html>, as well as the more recent <https://medium.com/@intellectualpropertylawclub/intellectual-property-in-the-food-business-69654069de0f>.

⁷¹ <https://arxiv.org/abs/1407.2677>

⁷² IPES-Food, (2024). *Food from Somewhere: Building Food Security and Resilience through Territorial Markets*. <https://ipes-food.org/wp-content/uploads/2024/06/FoodFromSomewhere.pdf>

⁷³ *Ibidem*.

need for controls on capital movements. Faced with today's dire intersection of global crises, the core challenge entails recovering spaces of international democracy and national self-determination that have been swamped by the logics of financial speculation in every human activity, even those most essential for human dignity and survival on the planet. To start such a path, a fundamental step is then to create awareness with the aim to create a counter-narrative, and a desperately needed counter-lobby, which is so, to the dominant one in the financial world.

Neoliberalism is based on the idea of "efficient markets." Today, the financial sector holds and manages a lot more money compared to the economy it serves. Meanwhile, it fails to deliver and to provide credit and financial services to those who need them. Supply and demand for money do not meet, yet another symptom of structural dysfunction. Through the lenses of the very economic thought that has shaped the last forty years, today' financial sector is extremely ineffective and inefficient. A market failure.

The most paradoxical aspect is that the main purpose of this failed ideology is to bend the rules of democracy and shape the whole of society to its own determination. Food is probably the most emblematic and at the same time the most intractable case in point. Today's speculation dominates finance, finance controls the economy, the economy decides the lives of millions of people. What we need to do is simply read the previous sentence backwards and implement the new order of things.

About us



SID

Society for International Development

The Society for International Development (SID) is an international network of individuals and organizations founded in 1957 to promote socio-economic justice and foster democratic participation in the development process. It celebrates its 65th anniversary in 2022.

Through programmes and activities at national, regional and global levels, SID strengthens collective knowledge and action on people-centered development strategies and promotes policy change towards inclusiveness, equity and sustainability. SID has approx. 3,000 members and works with local chapters, institutional members and partner organizations in more than 50 countries.

SID's activities are facilitated by an International Secretariat with offices in Rome (headquarters) and Nairobi. The Development Journal (published by Palgrave Macmillan) has been SID's flagship publication for 65 years and enjoys broad readership within the development community.

SOCIETY FOR INTERNATIONAL DEVELOPMENT

VIA DEGLI ETRUSCHI, 7

00185 ROME (ITALY)

WWW.SIDINT.ORG