Financialization and the Green Economy: Strategies for NGOs

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I would like to thank the Foundation for this opportunity to think again about strategy. It is particularly nice to be able to do so here in the company of some old friends. Barbara and I have known each other for at least 20-25 years and used to work on issues related to the environment in Thailand. I have also known Heike for quite a long time, again through our mutual work in Thailand.

I'm going to be following up what Barbara talked about, and particularly want to talk about strategy for NGOs in the face of the financialization of nature and the Green Economy. But let me begin with the current economic crisis. Alejandro Nadal mentioned in a paper that he sent around just this morning on Rio+20 how extraordinary it is that the 600-page UNEP report that Barbara mentioned not only does not analyze the current crisis, which is the worst in at least 80 years. It also does not even acknowledge that we are ***in*** a crisis, or try to analyze the causes or how they might connect to financialization and the Green Economy.

This crisis, which we have been experiencing since the 1970s, has cyclical elements, but does not seem to be resolvable. There are many conventional indicators of the kind of profitability crisis in which the old capitalist economies in Europe, US, Japan and so forth find themselves caught: declining GDP growth, declining labor productivity, declining profits. At the same there is a lot of cash flowing around the world, a lot of liquidity looking for a home. Where do you put your cash if there is no profitable place to put it anymore? This is a big problem.

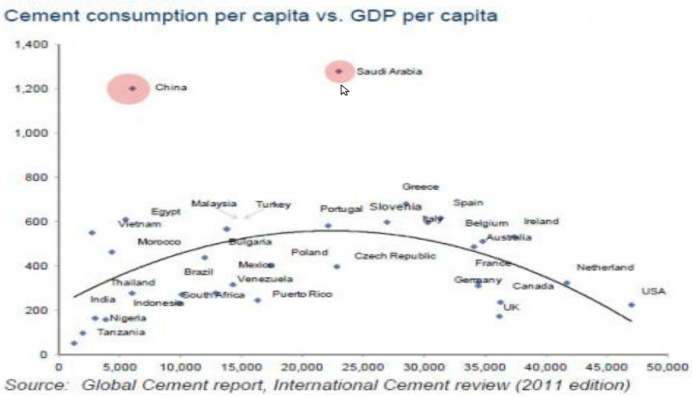
What are the responses to this crisis? Let me mention a few. First, a response that's particularly important to the climate change problem: protect fossil fuel use at all costs. Why is this so important? We have to remember the meaning of fossil fuels for capitalism, which can perhaps be summed up in the figure of this laboring girl from the 19th century. Fossil fuels are all about labor productivity, getting the most surplus out of your workers. And of course nowadays fossil fuels are also about creating markets for those goods, obtaining cheap raw to manufacture them, and getting the goods to those new markets.

I'm supposed to be provocative today, so let me say one provocative thing at the beginning, which is that the costs of dealing with climate change for business are infinite. It is just unacceptable to leave fossil fuels in the ground from a business point of view, and this will remain the case for a long time. If we are thinking about strategy, we have to acknowledge that fact at the very beginning so that we know what we are up against. I should mention, of course, that there are many proposals for ***substituting*** for fossil fuels, but the reality is that there ***are*** no substitutes for fossil fuels. Fossil fuels are very, very good at what they do in terms of being a concentrated, convenient energy source; there are no substitutes, and particularly no substitutes from the world's living biota.

Crisis response number two: if you can't get your profits through conventional means by making things, by exploiting labor as efficiently as possible, then what you have to do is ***take, don´t make***. You have to steal in much more direct ways. Since the 1970s, for example, there`s been a lot of stealing from labor going on. This is the policy associated with Ronald Reagan, Margaret Thatcher and so forth. Then there is the strategy of stealing from “nature”. One obvious example is the land grabs that have been so evident in the last five or ten years.

But of course there are many other kinds of stealing going on as well, and let me emphasize that stealing is at the absolute center of the global economy today. Look at one of the leading icons of the new economy, Bill Gates. How did Bill Gates get rich? He didn´t really get rich by exploiting labor. Actually, his workers are fairly well-paid (though presumably not his subcontractors'). He also didn´t get rich by making wonderful new products. His software is crap – or, at least, it is no better than the software you can get from the commons for free. How did he get rich, then? Essentially by stealing public knowledge. Slavoj Zizek explained it this way in a recent essay: “Bill Gates effectively privatized part of the general intellect. He was able to assert private property rights over a part of the general intellect and became rich by appropriating the rent that followed.” And of course there are all sorts of other strategies of stealing I can talk about. You know all about them: the free trade agreements, the tax evasion, the offshore jurisdictions, all the rest of it.

A third response (and this is getting even closer to the heart of what we are talking about today): if you can't make profits in conventional ways, then move into finance. In a sense, this is a classic response which has been followed for at least 500 years in times of crisis. If you can´t make profits by making things or by ordinary trading, go to finance. For example, you invest in infrastructure outside your core area. Here's a graph showing cement consumption plotted against GDP per capita. Most countries fall along a pretty neat curve, but in the last few years China's consumption of cement per capita has been so huge that it falls way outside the curve. Saudi Arabia also falls pretty far outside it. This reflects huge investments in infrastructure in China and to a lesser extent in

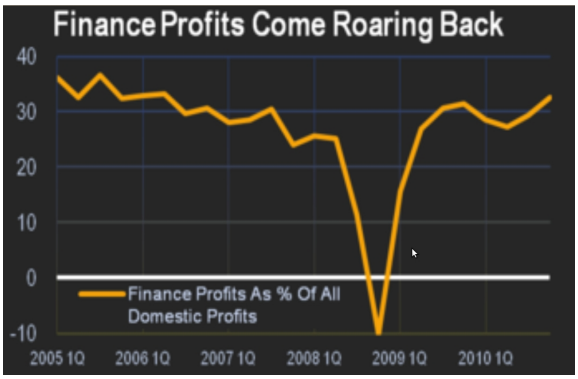


Saudi Arabia. And by the way, we should be clear about what that word “infrastructure” means in social terms. “Infrastructure” is in many ways a code for enclosure and for separating people from their land and from their environment. Infrastructure is closely connected to the process of creating more labor in order to exploit it.

Similarly, if you look at the G20's agenda – and Nancy Alexander`s Boll paper is very useful here – you see plans for all sorts of wonderful new projects. A massive solar array in North Africa to supply Europe with electricity, North-South corridors, hydropower projects: again, infrastructure investment on a massive scale, for what are largely classic reasons..

A further response along similar lines is to turn not only to finance, but also to financial***ization.*** Here your economy becomes dominated by finance, speculative to its very core. For example, you create new financial products – linked of course to new private credit provision. I think probably you all know the figures about how big the derivatives market has become over the last forty years. In 1970 the size of the complex derivatives market was essentially zero. The market did not exist. In 2008, at the time of the climax of the financial crash, there were 600 trillion dollars' worth of nominal outstanding derivative contracts – many, many times larger than the size of the world economy. The economy´s outstanding profit margins were being achieved in that sector. In the US, for example, in 1970 manufacturing profits were still quite a bit larger than financial profits, but the situation was reversed by 2012.

This dominance continues to build even after the financial crisis. Don't listen to anyone who tells you that “regulation is underway; they are trying to deal with it”. Regulation efforts have so far had no effect on the magnitude of the predicament. The darker line here represents financial sector profits, the lighter line non-financial profits. A big gap begins to open up in the 1980s and reaches a peak here, in 2006. Of course financial profits dipped at the time of the crash, so you might think, “oh, OK, maybe the system is correcting itself”. But no, financial profits have come roaring back. The system doesn't know what else to do, and neither do the governments, so the finance sector is now more dominant



than ever. The proportion of profits generated by the financial sector is now bigger than it was during the 2008 crisis and it continues to grow.

Financialization also involves the super-commodification of traditional commodities. It treats food, land and the rest as competitive with financial products What does this mean in practice? Well, if you remember the graph showing the rise in financial-sector profits, that line is exerting pressure on everybody today. Everybody outside the sector has to compete with everybody inside it as well as with everybody else. If you are a farmer, you have to compete not only with other farmers, you have to compete with Goldman Sachs. What does this mean in terms of what we call "nature"? Well, for example in 1955 it took 73 days for a chicken to achieve maturity so you can sell it. Today in Brazil Camila Moreno tells me you have a 28-day-chicken.

[Barbara Unmüssig: This is efficiency!]

Yes. You ***have*** to be that "efficient" in order to compete with Goldman Sachs if you are a chicken farmer. So today we have Fred the Financialized Chicken, who has to grow up in 28 days, otherwise he can't make a profit for you. And here is Sid the Securitized Sheep. Of course, it is not only products like chickens and sheep: infrastructure itself has become a speculative commodity. How much money can you make in the short term by investing in infrastructure? So we get ghost airports in Spain, for example.

[Barbara: In Germany as well!]

This too is part of financialization. Tamra Gilbertson from Carbon Trade Watch, who is sitting in the back, has written a wonderful report – I recommend it to everybody – about the connection between this phenomenon, Spanish energy policy, and the carbon markets. It is available on their website. This is not "financing development" any more; it is more the development of finance. You might have thought companies like Aracruz Fibria in

Brazil or General Electric in the US were manufacturing companies. Not any more. Now they are financial companies too. They have to be. Aracruz, as everybody from Brazil probably knows, was recently embroiled in a scandal because of its huge losses on the speculative financial markets.

Land also becomes a financialized supercommodity. For example, timber companies used to own a lot of land mainly to have a source of raw materials for their factories. Understandable; but then investors and credit rating agencies started asking: you have all this land lying around doing nothing, it's not very mobile, so why don't you sell it off to improve your liquidity position so you can get better credit? And who bought up timberland companies' land? Private equity funds, pension funds, financial speculators. And of course they look at the land in a different way: not primarily as a source of raw material, but as a source of future financial profits or as a hedge and so forth. So the nature of land too changes under financialization.

Another response to crisis: create new commodities. I'm going to skip some historical background because of the limited time and go right to the new ***green*** commodities. These are treated as financial commodities from the outset. Here is an actual brochure advertising a conference of carbon traders and the financial sector held in London in 2008. The caption: "Cashing in on Carbon". The brochure is very explicit: "This conference does not concern itself with climate change. It aims at investment banks, investors, major compliance buyers and it focuses on how can they profit today from an increasingly diverse range of carbon-related investment opportunities."

22nd October 2008, Jumeirah Carlton Tower, London

This conference "does not really concern itself with broader climate change issues … It is aimed squarely at investment banks, investors and major compliance buyers and is focused on how they can profit today from an increasingly diverse range of **carbon-related investment opportunities**. … **Hybrid and complex carbon credit structured products** … how to identify investor demand for them in the US … **derivative/synthetic carbon products** … **carbon linked notes** … for Japanese retail investors … **sub-index arbitrage strategies** … **productising carbon** … **access channels for producers, … speculators, proprietary traders and investors**. … "

I don´t think that I really began to understand what was going on with this kind of thing until five or six years ago, when I was sitting in my office and I suddenly got a phone call from a Wall Street firm called Gerson Lehrman. Actually, although it is a Wall Street firm, it has offices all over the world, and the guy who was calling me was from Mumbai. He explained to me: "We are willing to pay you up to US$1,000 per hour for your time if you will kindly consent to advising our clients on investments in the carbon market."

[Barbara: And did you accept?]

Don't think that I wasn't tempted. But no, I didn't. Anyway, you're spoiling my story. I said to the caller: wait a minute, are you sure you have the right Larry Lohmann? Do you know what kind of work I do? And he said, yes, yes, yes, we know all about that. That's why we think you would be especially useful to advise our clients, who include

high net worth individuals, and also pension funds, hedge funds, and so forth, who really need advice on this new market.

I didn't really understand this at the time, but it began to make more sense to me later. The idea was not only that I would warn investors ***not*** to invest in this or that. They also wanted me to advise, for example, hedge funds, on how to ***bet against*** the carbon market, how to "short" the carbon market or various actors in it. In other words, how to engage in what they call short selling, or gambling against somebody. This too is financialization. As soon as the carbon market came into being, it was financialized in this way. And now, of course, carbon is being bundled together with food and oil in what they call index funds.

Take a look at who is buying pollution rights – for example, UN pollution rights from Brazil. Brazil is one of the top five world exporters of pollution rights – rights that are designed to allow Northern industry to continue business as usual. Pollution rights created here by Thyssen Krupp and other big firms have a market in Europe in particular. But who is buying, exactly? Listed in the table below in blue are firms which actually need the pollution rights so that they can continue business as usual.

E.g., who is buying UN pollution rights from Brazil?

EcoSecurities (UK)
Citigroup
Deutsche Bank
Fortis Bank
Credit Suisse
Japan Carbon Finance
Mitsubishi UFJ Securities
CM Capital Markets
Noble Carbon
Mitsubishi and Morgan
MGM Carbon Portfolio
IXIS
CO2 Global Solutions
IBRD Netherlands
Spain Carbon Fund
Japan Carbon Finance
Inversiones Celco
Carbon Capital UK
Shell Trading Netherlands
NATIXIS
Shell Trading
EDF Trading UK
Essent Energy Trading
Societe Generale
EcoSecurities Switzerland
KfW
Mercuria
Carbon Capital Markets
Santander Carbon Finance
First Climat Switzerland
CM Capital Markets Holding

ABN AMRO Bank
Cantor Fitzgerald UK
IFC Netherlands
Dexia Carbon Capital
J. Aron Switzerland
MIT Carbon Fund Japan
JBIC Japan
Sumitomo UK
Veeolia Proprete
33 Asset Management
Climate Change Investment II
European Carbon Fund UK
Bunge Emissions
3C
Ecoinvestment Global Switzerland
Luso Carbon Fund
Cargill Switzerland
ORBEO

AgCert UK
Electrabel Germany
Energin Enervento Spain
Gas Natural SDG Spain
Thunder Road UK
Gaz de France
Shikoku Electric
Kyushu Electric
Chubu Electric
Tohoku Electric

Palmaille
LaFarge
Spain Natural Gas SDG
Bioenergie Brasilien Germany
Energiegesellschaft Germany
Switzrland
Spain (Proactiva Medio)
Gestamp Eolica Spain
Conestoga Rovers Canada
Canada
Rhodia Energy
Chugoku Electric
Zero Emissions Netherlands
SenterNovem Netherlands
NetherlandsClean
Showa Shell Sekiyu Japan
Electrabel Netherlands
BHP Billiton
Biogas Technology
France
Precious Woods Holding
Switzerland
J-Power Japan
Sweden goernment
Nynas Refining Sweden
Econergy Brasil Switzerland
Government of Canada
Finland
CAF Netherlands
Ecopart Assessoria
Switzerland
Sumitomo and Green Domus

VROM
Norsk Hydro
Norway
BP UK
Desenvolviment
o Switzerland
Toray UK
Essent
Netherlands
Velcan Energy
France
IBRD Canada
Eco-carbone
France
Italy
Mitsubishi

But in black – and there is, as you can see, a large number of actors here – are the buyers of Brazilian-produced pollution rights that are in the financial sector. These are more Wall Street or City of London-type firms. These guys are not really themselves polluting so much, and they are not buying in order to be able continue their own pollution, as the power plant division of RWE (say) might do. Rather, they are buying Brazilian-produced pollution rights in order to play in the financial markets. Again, this is financialization.

A few days ago some of us who follow the carbon markets were wondering why Mercuria, a financial company, had bought a lot of Brazilian pollution rights from the Bandeirantes landfill project. After all, the carbon market has failed and these rights are now almost worthless. But you can always find good reasons to speculate. Mercuria are not interested in using the pollution rights to allow themselves to continue business-as-usual pollution. Mercuria are actually oil traders, formed in 2004 at the high of the financial boom. They have rapidly become the fifth largest oil trader in the world, and also invest in fossil fuels and are bankers for the fossil fuel industry as well as being speculators. They want the credits for more complicated purposes. This is what carbon markets are about: providing a new playground for speculators who have no interest whatsoever in ending the reign of fossil fuels.

Let's move on to the consequences of this discussion for practical NGO strategy. I want to mention two or three.

One of the consequences has to do with feedback mechanisms. Today, as I mentioned, the financial sector dominates the economy. The rules are short-termism, asset-stripping, rent-seeking, stealing, resource-grabbing, forced distribution from poor to rich, accelerated enclosure and all sorts of new swindles perpetrated under the rubric of “shareholder value”. When such objectives become overwhelmingly dominant, this leads to the accelerated degradation of the basic substance – the connective tissue – of society. Not only does it accelerate the degradation of the basis of everything in the commons. It also, for example, discourages the kind of technological breakthrough that in past crises has contributed to the development of new ways of providing cheap food for labor, cheap raw material for industry and so forth. As the example suggests, it is the substance not only of society but of capitalism itself (though I use this extremely slippery word with reluctance) that is being cannibalized through financialization. Financialization accelerates the erosion of capital's own foundations, its own potential, the physical and intellectual reserves it has always needed to call upon. Yet, paradoxically, the more those foundations are eroded, the more you have to turn to finance, because what else is left that can maintain your profits in the way to which you have become accustomed? It's a vicious feedback mechanism.

Interestingly, even a lot of your paradigmatic capitalists are concerned about this – and were concerned about it even before the crisis. One rating-agency high-flier said in 2006, before the crisis: “No one can continue gaining the kind of profits that people are expected to produce.” A manufacturing CEO said, “If financial markets remain kings, I don't see a reasonable outcome.”

A second consequence: overwhelming contradictions. Let me mention climate change in particular. Trying to internalize climate costs through commodification of global carbon-cycling capacity, as I mentioned, changes the climate problem into something that it is not. The end result is that carbon markets are making climate change worse. To innocent observers, this might seem like a paradox. But it is not if you understand the processes and the science and the economics involved. Kevin Anderson at the Tyndall Centre of the Climate Change Research, one of the growing number of scientists who are coming out and speaking about this, noted recently that carbon offsets – and these are only one part of carbon markets – “almost certainly contribute to a net ***increase*** in the absolute ***rate*** of global emissions growth.” Carbon trading, the

Kyoto Protocol, and the Clean Development Mechanism (CDM) are actually accelerating global warming.

[Shocked questioner from the audience: Could you explain that?]

Let me confine myself to offsets for the sake of brevity. Offsets in the Kyoto Protocol – created through the CDM – are designed to allow industrial polluters in Europe and Japan to delay long-term structural reinvestment by providing them with cheap "reduction substitutes" through the short and medium term.

There are several aspects to this that make global warming worse. First, it delays structural change in Europe in precisely those industries whose fossil fuel dependence has to be addressed starting immediately if wrenching dislocations are to be avoided later. It selects for delay in precisely those sectors which are among the worst climate offenders: electricity generators, cement, steel, chemicals, oil and gas and so forth, who are the so-called "compliance buyers" of pollution permits. And in doing so it also selects against the innovation that is required in the long term for a transition away from fossil fuels – an issue Barbara also mentioned. You can't have efficiency in terms of low short-term molecule prices and at the same time have the kind of innovation you need to address climate change. The two pull in opposite directions.

Second, the "reduction substitutes" provided through the CDM are not in fact adequate substitutes at all even in their own terms, because the quantification of offsets is impossible in principle. Even on the (false) assumption that the climate problem can be addressed at the level of molecule reductions, the measurement of those reductions becomes impossible as soon as offsets are equated and aggregated with real reductions. All offsets claim to save carbon that "would have been emitted" in the absence of pollution rights sales. They equate imaginary emissions reductions with the real reductions that would have to take place in the absence of offset trading. For example, they allow a polluting industrial company in India to say, "look, I'm a polluter, sure, but I can argue that I'm not polluting as much as I possibly could pollute, so let me sell carbon permits to Europe that will allow their industries to keep polluting too." And the UN says, "OK". This is despite the fact that it is scientifically impossible to put a number to how much the industrialist "would have polluted" if he or she was not allowed to sell pollution rights. The result is that Europe is allowed to go on polluting and the factory in India can increase pollution too (as long as it is argued to be "less than would have happened otherwise"). Everybody can continue to increase greenhouse gas pollution everywhere. In effect, you are punching holes in the supposed "cap" on European emissions, which was already ridiculously lax anyway, and designed to be such, while doing nothing in net terms to promote alternatives to fossil fuels in the South. Trading can only damage caps and efforts to limit emissions; it cannot enhance them. Industrialists on both sides of the trade can continue with what no one can verify is not business as usual – or worse. Here in Brazil, Thyssen Krupp is an excellent example of how this works. Thyssen Krupp, whose pollution is legendary here in Rio, is not only (astonishingly enough) selling pollution rights to Europe, but is also strengthening its hand here in Brazil by getting subsidies for continuing business as usual. Elsewhere, rich corporations are being given incentives to build new dirty productive capacity just so that they can clean it up later. All of these realities are not "flaws" in the system of carbon offsets; they ***are*** the system.

You can cite many other mechanisms as well by which carbon markets are making global warming worse. As I mentioned before, carbon markets are necessarily based on the false premise that the climate problem is about reducing carbon molecules. Once you accept this unscientific assumption, then it's easy to go on and say, “Well, if tackling global warming is about reducing molecules, let´s reduce them in the cheapest place possible.” And if you accept the unscientific logic of offsets, then you're bound to conclude that the cheapest place possible to “reduce” molecules (or rather to “compensate” for greenhouse gas pollution in the North) is to go to the global South and enclose the carbon-absorption capacity of land and trees there. And here we meet yet another piece of bad science that carbon markets rely on: the assumption that the carbon in the trees and in the land is the same as the carbon from fossil fuels. They are in fact not the same in terms of climatic history. The carbon in fossil fuels, once it enters the aboveground system (the oceans, the air, the vegetation and so forth) can´t go back, leading to net accumulation in the aboveground system. The biotic carbon, on the other hand, continues to cycle aboveground, in the oceans, the air and so forth. An indigenous friend of mine in Thailand once put his finger on one of the implications when he said: “We indigenous people, we tend to scratch around on the surface of the earth – we might cut some forest for a few years to plant crops, and then and let it grow again for twenty years, and so forth. But we don´t do more than that. Have you ever seen an indigenous community drilling an oil well in the middle of their village?”

What does this mean? It means that through what is known as REDD (or Reducing Emissions from Deforestation and Forest Degradation), you are giving a new lease on life to a system that relentlessly transfers fossil fuels out of the ground into the aboveground system. You are saying that “Well, if we have a REDD project here, we can continue to mine fossil carbon from millions of years in the past over there, and put it into the atmosphere and into the oceans and so forth. And this is OK because carbon is carbon.” At the same time, REDD projects also tend to be destructive to well-understood conservation techniques practiced by local people. Plus they provide incentives for governments to accelerate the rate of deforestation so that they can then say that they need to be allowed to sell carbon offsets in order to get the funds to reduce it. So REDD does not only license further digging up of fossil fuels; in many cases it even ends up doing the opposite of what it claims to be doing ***above***ground.

I bring up the REDD case because it is not only an indicator of the type of scientific confusions on which the carbon markets rely, but also of their racism. Finding the “most efficient” methods for manufacturing pollution rights for Europe to avoid its global warming obligations is part and parcel of a new surge in “green racist” and “green neocolonialist” state policy.

There are other absurdities as well connected with carbon trading's premise that prices are an effective mechanism for dealing with global warming. The EU has been very clear recently in saying that we have to ***restrict*** and ***block*** green legislation, for example energy efficiency regulation, ***in order not to interfere with the carbon price***. After all, if regulatory action is taken to reduce emissions, the carbon price will go down. “Heavens!” say Jose Barroso, Jos Delbeke and their cynical friends. “We can't have that! It would destroy our precious market that our bankers could make so much money from!”

As the most recent World Bank report on the state of the carbon market notes, there is already a huge oversupply of carbon permits sloshing around the market today, making carbon prices absurdly low – probably several orders of magnitude lower that you require even for some token replacement of coal with gas, for example – and that oversupply is likely to continue for the next decade, which everybody agrees is crucial for addressing climate change. Yet what is the Bank's solution to this? Well, it says, one way of correcting the oversupply and the low carbon prices would be to encourage the economy to grow faster – and with it demand for fossil fuels – so that there will be more ***demand*** for pollution rights. So, according to the ecosystems market approach to global warming favored by the World Bank, the solution to climate change ends up being … ***more emissions***! Brilliant. Larissa expressed a similar point very clearly in her debate with Achim Steiner the other day.

I want now to mention briefly one final consequence of financialization which is important for NGO strategy. The rise of the "Green Economy", when combined with the characteristic financialization approach of "take-don't-make", leads to the emergence of a very distinctive new kind of technocracy. In this environment, with a growing structural need to steal from ordinary people and their environments, it's important to have a ***clever*** way of doing so. Given the scale of the robbery that is required, you can't just go out with a black mask, a bag and a gun – or even a colonizing army. The nature of the opportunities that are available and that you create for yourself requires that you be more sophisticated than that.

For example, suppose you identify huge opportunities for stealing through carbon markets. In order to act on those opportunities, you need to convince people – including elite environmentalists – that impossible climate commodities are in fact possible. Or at least you have to intimidate them with numbers or make what you are doing so technical and boring and abstract that they look the other way. That requires a new version of what the great US economist John Kenneth Galbraith used to call the "technostructure". Only this time it is a technostructure organized not only around extracting surplus from labor and from nonhumans in a complex planned industrial system, but also around perpetrating out-and-out global swindles of multifarious new and innovative kinds. So in addition to Galbraith's old technostructure – the engineers, the planners, the advertising people who create the consumers and the demand and so forth – we now have a new technostructure populated by highly-educated and sophisticated fraudsters of many kinds.

Actually, I hesitate to use the word "fraudsters" to distinguish the new technostructure. This is not only because in a sense there were also many fraudsters to be found in the old technostructure, as well as many more complex phenomena. It is also, more importantly, because "fraud" is too weak a word to convey the depth, breadth and multidimensionality of the technical swindling that is going on today. We don't yet really have a word for this. It would be a gross oversimplification to fall back on crude, inappropriate concepts like that of "dishonesty", because we're not talking about belief or disbelief here. By and large, the new technocrats – and the politicians and bureaucrats who interface with them – neither believe nor disbelieve in the absurdities they espouse. They mainly just elaborate them, since they function largely through ***being*** elaborate. The famous "quants" on Wall Street – the mathematics and physics PhDs who helped banks learn to mass-produce complex financial derivatives – are one example. To take another example, how do you defend

the reign of fossil fuels at a time of climate change? Not just by waffling about “economic growth” or “sustainable development”, or making cynically pious statements about “relieving poverty”. Today you also need to have a technostructure capable of ritualistically compiling a 300-page Project Design Document full of equations showing how Thyssen Krupp's operations in Brazil are actually saving carbon dioxide molecules, and so forth.

Another example: contract farming. Contract farming is an old phenomenon that people like Heike, with her experience in Thailand, are well versed in. But today companies like Charoen Phokphand have a multitude of clever new strategies for accumulation through trickery as a, if not the, central part of their business model. Forms of swindling for which we have yet to find an adequate name seem to me to have become central to the economy in a novel way, both quantitatively and qualitatively. “Corruption” and “abuse” are other words that are sometimes used, but these terms also conceal this issue of the new technocracy rather than explaining it. Take the example of Richard Sandor, the brilliant, energetic trader and economist who invented interest rate derivatives in the 1970s and later became a leading architect of pollution markets, setting up the Chicago Climate Exchange with philanthropic and environmentalist support and then selling it when it failed, for a personal profit of many tens of millions of dollars. Sandor has indeed faced fraud charges for relatively small alleged infractions, but the question of whether he can be characterized as “corrupt” or not is spectacularly beside the point.

One central feature of this new technostructure that I cannot fail to mention is the systematic undermining of the rule of law. This happens not through any evil intention, but simply because undermining environmental law, constructive regulation and so forth is necessarily part of the technical ***structure*** of the new Green Economy. Jutta mentioned this yesterday during Edgardo`s talk. We can maybe talk about that more later.

A couple of summary messages for NGO strategists. First, the financialization of human and nonhuman nature has underlying cyclical drivers, but this time appears to be terminally self-destructive in the near or immediate term, maybe 20 or 30 years at most. This will not be addressed by narrow technical campaigns about “principles for climate investment”, “safeguard policies” and the like. No regulation or “reprogramming” of the usual institutions will have any practical effect – even one of so-called “damage control” – if it does not form part of a broader decommodification campaign. Nor is financialization, including the financialization of nature, vulnerable in any way to intervention by imaginary “master institutions” like a Green Climate Fund or other “green” funds.

A second observation that I think is critically important for strategy is that the financialization of human and nonhuman nature features particularly extreme and uncompromising opposition to the commons. In her talk, Barbara spoke about the dangers of saying no. Well, financialization says no to the commons in a very, very loud voice.

A lot of you took a tour with us to Magé the other day to talk with fisherpeople in the northeastern area of the Guanabara Bay. What we heard there can maybe help explain some of this thoroughgoing opposition between financialization and the commons.

One thing we know about the commons is that the M-C-M' process, the process of using commodities to make more money, which under financialization is compressed and accelerated into M-M', is not allowed to dominate subsistence. Subsistence for all takes priority. This was expressed by all the fisherpeople we talked to in various ways. They said things you hear everywhere in the commons world: for example, that: “My parents didn´t teach me to get rich. I don’t want to get rich. I want to provide for my family, I want to live. I want to continue the way I am. I want to fish, to continue the way we were when I was a child.” One person told us how she used to go out with her father in their fishing boat. “This is what we learned how to do,” she said. “What do they expect us to do now that the oil has spoiled our mangroves and their pipelines are refrigerating our fish underwater, destroying them? We cannot survive like this.” For such villagers, it would be self-evident that processes of financialization are opposed to their survival.

A second thing we know about the commons – also illustrated during our trip to Magé – is that the nature/society distinction people have grown so accustomed to in middle-class societies, and which is part and parcel of financialized capitalism, is ***always*** resisted by commoners. That´s why I try to avoid the word “nature” whenever possible myself.

Here is a picture of a boat which was used by people in the community to collect crabs and other creatures from the mangroves to use in local dishes. This was part of the commons. It was not monetized, and I assume that if people from outside had come into this area and said “OK, we are going to bring a lot of workers in to harvest

and make a profit out of these crabs on the world market," there would have been a meeting and the local people would have said, "wait a minute".

In this context, the idea that there is some separate "nature" out there is not really something that would make much sense. Here is a picture of what used to be a mangrove forest, near a place the local people called "grandmother's corner" because it was located near a place where a granny had a nursery or creche to take care of children: it was usually the women who would go out and also collect things from the mangroves.

Let me contrast the old mangrove commons on the site with the approach that Petrobrás has taken. This is to say "OK, sure, we destroyed the mangroves that used to be here through our oil spill, but look: we are growing ***new*** mangroves. We have set up a nice mangrove plantation a short distance away and even put a fence around it to make sure it survives." For the local people this is nonsense. For one thing, they pointed out, the oil spill of 12 years ago means that the mangroves still cannot grow. "As soon as you put your seeds in this swamp, the mangroves die. You come and quickly take a picture of the mangroves before they die to put it in your brochure, but what good does that do us?" The company's expedient of putting each little mangrove seedling in a little pot to protect it from the oil-saturated soil only adds to the absurdity, in the eyes of local people. Petrobrás' conception of "nature", in short, as something that is fenced off from village "society" is actively opposed to the fisherpeoples' ecological understanding. For Petrobrás, the idea of a nature/society divide makes perfect structural sense, but for the local people, the idea that "nature" is over here and people over there is ridiculous. You find this kind of conflict everywhere in the world.

An important political lesson of all this is that commoners tend to have the most well-rounded equipment both to understand the implications of the financialization of human and nonhuman nature and to fight it. It is critical for NGOS to engage in support for this fight ***now***, at the beginning of the Green Economy, rather than later. This is a lesson we perhaps should have learned from the history of "sustainable development". As Edgardo Lander has pointed out, in 1992 many activists were willing to give the notion of sustainable development the benefit of the doubt, and to try to work with it instead of opposing it from the beginning. This turned out to be unrealistic. I hope we know better now.

This is also a lesson we should have learned from the experience of carbon trading. Many of us NGO people were very slow to understand that behind the language of "efficient carbon dioxide molecule savings" lay racism, neocolonialism, and a whole lot of climatic and environmental destruction that could have been avoided. Why didn't we see this at the beginning? I include myself; I was very slow to understand all of this stuff. I didn't really understand the counterproductivity of approaching climate change by counting molecules, for example, until just a few years ago. I may not fully understand it even now. In any case, it is important to learn the lessons from carbon trading and not to make the same mistake again; to make alliances with commoners now and not wait until later when the commoners are finally proved correct in a way that the whole world can see.

Some activities which I think would be useful to think about:

- Mutual learning about the threats, together with commoners.
- Popular information materials decoding various kinds of complicated trickery, formulated together with commoners.
- Intercepting and interrogating technocratic middle-class environmentalists, people like Conservation International, Environmental Defense Fund, the Nature Conservancy, WWF and so on – many but not all of which are based in Washington, DC. This is crucial insofar as such organizations, often isolated in capital cities and enmeshed in clientelism, are one of the main sources of political strength for elite movements for further commodification and financialization. Such actors are often to be found helping to craft various components of the new trickery, as well as helping to ensure that the urban middle classes – who by virtue of their social position tend to have less native grasp of ecological ***realpolitik*** than either the grassroots or the capitalist beneficiaries of the Green Economy – accept that trickery.
- Mutual strategies taking advantage of the political weaknesses of financialization's advocates. For example, financialization has an extreme sensitivity to time in terms of repayment of debt and so forth, which can be exploited by activists.
- Making connections with other common struggles in the past and in the present. One example is the alliance being made today between, on the one hand, people who are suffering the effects of REDD in the global South and, on the other, people in the global North who live around the industries to which REDD pollution rights are being sold. Both of these groups are being abused by the same fossil fuel/carbon trading economy. Roughly speaking, the Southerners lose their land and the Northerners lose their air. So we see new alliances being made between black and hispanic communities in California

> on the one hand and, on the other hand, peasants who are falling victims to REDD projects in the global South, places like Chiapas and Acre. Already in 2007, the California environmental justice movement was extending solidarity to communities around the world “in opposition to carbon trading and the continued overalliance on fossil fuels.”

I mentioned Bill Gates at the very beginning, and I think it is also useful to make the connection that many people in Europe are making today between the depredations of intellectual property fanatics and the depredations of landowners and governments in earlier eras of enclosure of the commons. The folk poem excerpted below 15is from 17th century England. Paraphrased, it says: “The police come to arrest us when we take somebody´s goose from the commons, but nobody arrests the rich guys who take the commons away from the goose.” Rewritten for today, the poem might well be about Bill Gates. Bill Gates says we can't use his software unless we pay for it, but nobody arrested Bill Gates when he took away the intellectual commons to make into his company's own private property.

PIRATEN PARTEI

The law locks up the man or woman
Who steals the goose from off the common
But leaves the greater villain loose
Who steals the common from off the goose.

The law demands that we atone
When we take things we do not own
But leaves the lords and ladies fine
Who take things that are yours and mine.