Toxic Contagion – Funds, Food and Pharma

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Theme: Law and Justice, Poverty & Social Inequality

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In 2014, the organisation GRAIN revealed that small farms produce most of the world's food in its report Hungry for land: small farmers feed the world with less than a quarter of all farmland. The report Small-scale Farmers and Peasants Still Feed the World (ETC Group, 2022) confirmed this.

Small farmers produce up to 80% of the food in the non-industrialised countries. However, they are currently squeezed onto less than a quarter of the world's farmland. The period 1974-2014 saw 140 million hectares – more than all the farmland in China – being taken over for soybean, oil palm, rapeseed and sugar cane plantations.

GRAIN noted that the concentration of fertile agricultural land in fewer and fewer hands is directly related to the increasing number of people going hungry every day. While industrial farms have enormous power, influence and resources, GRAIN's data showed that small farms almost everywhere outperform big farms in terms of productivity.

In the same year, policy think tank the Oakland Institute released a report stating that the first years of the 21 century will be remembered for a global land rush of nearly unprecedented scale. An estimated 500 million acres, an area eight times the size of Britain, were reported bought or leased across the developing world between 2000 and 2011, often at the expense of local food security and land rights.

Institutional investors, including hedge funds, private equity, pension funds and university endowments, were eager to capitalise on global farmland as a new and highly desirable asset class.

This trend was not confined to buying up agricultural land in low-income countries. Oakland Institute's Anuradha Mittal argued that there was a new rush for US farmland. One industry leader estimated that $10 billion in institutional capital was looking for access to this land in the US.

Although investors believed that there is roughly $1.8 trillion worth of farmland across the

US, of this between $300 billion and $500 billion (2014 figures) is considered to be of "institutional quality" – a combination of factors relating to size, water access, soil quality and location that determine the investment appeal of a property.

In 2014, Mittal said that if action is not taken, then a perfect storm of global and national trends could converge to permanently shift farm ownership from family businesses to institutional investors and other consolidated corporate operations.

Why this matters

Peasant/smallholder agriculture prioritises food production for local and national markets as well as for farmers' own families, whereas corporations take over fertile land and prioritise commodities or export crops for profit and markets far away that tend to cater for the needs of more affluent sections of the global population.

In 2013, a UN report stated that farming in rich and poor nations alike should shift from monocultures towards greater varieties of crops, reduced use of fertilisers and other inputs, increased support for small-scale farmers and more locally focused production and consumption of food. The report stated that monoculture and industrial farming methods were not providing sufficient affordable food where it is needed.

In September 2020, however, GRAIN showed an acceleration of the trend that it had warned of six years earlier: institutional investments via private equity funds being used to lease or buy up farms on the cheap and aggregate them into industrial-scale concerns. One of the firms spearheading this is the investment asset management firm BlackRock, which exists to put its funds to work to make money for its clients.

BlackRock holds shares in a number of the world's largest food companies, including Nestlé, Coca-Cola, PepsiCo, Walmart, Danone and Kraft Heinz and also has significant shares in most of the top publicly traded food and agriculture firms: those which focus on providing inputs (seeds, chemicals, fertilisers) and farm equipment as well as agricultural trading companies, such as Deere, Bunge, ADM and Tyson (based on BlackRock's own data from 2018).

Together, the world's top five asset managers – BlackRock, Vanguard, State Street, Fidelity and Capital Group – own around 10–30% of the shares of the top firms in the agrifood sector.

The article Who is Driving the Destructive Industrial Agriculture Model? (2022) by Frederic Mousseau of the Oakland Institute showed that BlackRock and Vanguard are by far the biggest shareholders in eight of the largest pesticides and fertiliser companies: Yara, CF Industries Holdings K+S Aktiengesellschaft, Nutrien, The Mosaic Company, Corteva and Bayer.

These companies' profits were projected to double, from US$19 billion in 2021 to $38 billion in 2022, and will continue to grow as long as the industrial agriculture production model on which they rely keeps expanding. Other major shareholders include investment firms, banks and pension funds from Europe and North America.

Through their capital injections, BlackRock et al fuel and make huge profits from a globalised food system that has been responsible for eradicating indigenous systems of production, expropriating seeds, land and knowledge, impoverishing, displacing or proletarianizing farmers and destroying rural communities and cultures. This has resulted in poor-quality food and illness, human rights abuses and ecological destruction.

Systemic compulsion

Post-1945, the Rockefeller Chase Manhattan bank with the World Bank helped roll out what has become the prevailing modern-day agrifood system under the guise of a supposedly 'miraculous' corporate-controlled, chemical-intensive Green Revolution (its much-heralded but seldom challenged 'miracles' of increased food production are nothing of the sort; for instance, see the What the Green Revolution Did for India and New Histories of the Green Revolution).

Ever since, the IMF, the World Bank and the WTO have helped consolidate an export-oriented industrial agriculture based on Green Revolution thinking and practices. A model that uses loan conditionalities to compel nations to 'structurally adjust' their economies and sacrifice food self-sufficiency.

Countries are placed on commodity crop production treadmills to earn foreign currency (US dollars) to buy oil and food on the global market (benefitting global commodity traders like Cargill, which helped write the WTO trade regime – the Agreement on Agriculture), entrenching the need to increase cash crop cultivation for exports.

Today, investment financing is helping to drive and further embed this system of corporate dependency worldwide. BlackRock is ideally positioned to create the political and legislative framework to maintain this system and increase the returns from its investments in the agrifood sector.

The firm has around $10 trillion in assets under its management and has, according to William Engdahl, positioned itself to effectively control the US Federal Reserve, many Wall Street mega-banks and the Biden administration: a number of former top people at BlackRock are in key government positions, shaping economic policy.

So, it is no surprise that we are seeing an intensification of the lop-sided battle being waged against local markets, local communities and indigenous systems of production for the benefit of global private equity and big agribusiness.

For example, while ordinary Ukrainians are currently defending their land, financial institutions are supporting the consolidation of farmland by rich individuals and Western financial interests. It is similar in India (see the article The Kisans Are Right: Their Land Is at Stake) where a land market is being prepared and global investors are no doubt poised to swoop.

In both countries, debt and loan conditionalities on the back of economic crises are helping to push such policies through. For instance, there has been a 30+ year plan to restructure India's economy and agriculture. This stems from the country's 1991 foreign exchange crisis, which was used to impose IMF-World Bank debt-related 'structural adjustment' conditionalities. The Mumbai-based Research Unit for Political Economy locates agricultural 'reforms' within a broader process of Western imperialism's increasing capture of the Indian economy.

Yet 'imperialism' is a dirty word never to be used in 'polite' circles. Such a notion is to be brushed aside as ideological by the corporations that benefit from it. Instead, what we constantly hear from these conglomerates is that countries are choosing to embrace their entry and proprietary inputs into the domestic market as well as 'neoliberal reforms' because these are essential if we are to feed a growing global population. The reality is that these firms and their investors are attempting to deliver a knockout blow to smallholder farmers and local enterprises in places like India.

But the claim that these corporations, their inputs and their model of agriculture is vital for ensuring global food security is a proven falsehood. However, in an age of censorship and doublespeak, truth has become the lie and the lie is truth. Dispossession is growth, dependency is market integration, population displacement is land mobility, serving the needs of agrifood corporations is modern agriculture and the availability of adulterated, toxic food as part of a monoculture diet is feeding the world.

And when a 'pandemic' was announced and those who appeared to be dying in greater numbers were the elderly and people with obesity, diabetes and cardio-vascular disease, few were willing to point the finger at the food system and its powerful corporations, practices and products that are responsible for the increasing prevalence of these conditions (see campaigner Rosemary Mason's numerous papers documenting this on Academia.edu). Because this is the real public health crisis that has been building for decades.

But who cares? BlackRock, Vanguard and other institutional investors? Highly debatable because if we turn to the pharmaceuticals industry, we see similar patterns of ownership involving the same players.

A December 2020 paper on ownership of the major pharmaceuticals companies, by researchers Albert Banal-Estanol, Melissa Newham and Jo Seldeslachts, found the following (reported on the website of TRT World, a Turkish news media outlet):

"Public companies are increasingly owned by a handful of large institutional investors, so we expected to see many ownership links between companies — what was more surprising was the magnitude of common ownership… We frequently find that more than 50 per cent of a company is owned by 'common' shareholders who also own stakes in rival pharma companies."

The three largest shareholders of Pfizer, J&J and Merck are Vanguard, SSGA and BlackRock.

In 2019, the Centre for Research on Multinational Corporations reported that pay outs to shareholders had increased by almost 400 per cent — from $30 billion in 2000 to $146 billion in 2018. Shareholders made $1.54 trillion in profits over that 18-year period.

So, for institutional investors, the link between poor food and bad health is good for profit. While investing in the food system rakes in enormous returns, you can perhaps double your gains if you invest in pharma too.

These findings predate the 2021 documentary Monopoly: An Overview of the Great Reset, which also shows that the stock of the world's largest corporations are owned by the same institutional investors. 'Competing' brands, like Coke and Pepsi, are not really competitors, since their stock is owned by the same investment companies, investment funds, insurance companies and banks.

Smaller investors are owned by larger investors. Those are owned by even bigger investors. The visible top of this pyramid shows only Vanguard and Black Rock.

A 2017 Bloomberg report states that both these companies in the year 2028 together will have investments amounting to $20 trillion.

While individual corporations – like Pfizer and Monsanto/Bayer, for instance – should be (and at times have been) held to account for some of their many wrongdoings, their actions are symptomatic of a system that increasingly leads back to the boardrooms of the likes of BlackRock and Vanguard.

Prof Fabio Vighi of Cardiff University says:

> "Today, capitalist power can be summed up with the names of the three biggest investment funds in the world: BlackRock, Vanguard and State Street Global Advisor. These giants, sitting at the centre of a huge galaxy of financial entities, manage a mass of value close to half the global GDP, and are major shareholders in around 90% of listed companies."

These firms help shape and fuel the dynamics of the economic system and the globalised food regime, ably assisted by the World Bank, the IMF, the WTO and other supranational institutions. A system that leverages debt, uses coercion and employs militarism to secure continued expansion.

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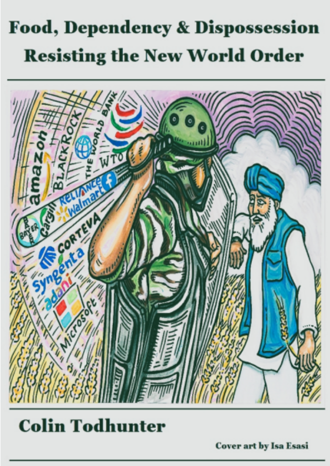

Read Colin Todhunter's e-Book entitled

Food, Dispossession and Dependency. Resisting the New World Order

We are currently seeing an acceleration of the corporate consolidation of the entire global agri-food chain. The high-tech/big data conglomerates, including Amazon, Microsoft, Facebook and Google, have joined traditional agribusiness giants, such as Corteva, Bayer, Cargill and Syngenta, in a quest to impose their model of food and agriculture on the world.

The Bill and Melinda Gates Foundation is also involved (documented in 'Gates to a Global Empire' by Navdanya International), whether through buying up huge tracts of farmland, promoting a much-heralded (but failed) 'green revolution' for Africa, pushing biosynthetic food and genetic engineering technologies or more generally facilitating the aims of the mega agri-food corporations.

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