



## Larissa Packer: green capitalism, agribusiness and the environmental crisis

Source: Interview conducted by Fernanda Alcântara and edited by Solange Engelmann (MST) and re-edited by Capire. Revised by ROOTS.

The environmental crisis of this century is directly linked to the agribusiness model, based on large estates and commodity monoculture. The intensive and predatory production that is advancing in the countryside is practically anchored in the deforestation of the Amazon and the Brazilian Cerrado, two of the most biodiverse regions on the planet. In the era of growing concern about climate change and sustainability, the green economy, green capital, and the carbon market are emerging as 'concepts' in the search for environmentally responsible and 'viable' solutions.

The website of the [Landless Workers' Movement of Brazil \(MST\)](#) interviewed [Larissa Ambrosano Packer](#) to discuss the dynamics between agribusiness and the environment, bringing up aspects of the new capitalist technologies in the organization of agriculture and the expressions of the financialization of the



economy in agrarian and environmental dynamics. Packer is a socio-environmental lawyer with a master's degree in Philosophy of Law and a member of Grain's Latin America team.



Photo: Selma Farias

**MST: Does the green economy, which seems to be "in fashion" today, offer solutions to the problem of the global environmental crisis?**

Larissa Packer: This relationship between capital markets, agribusiness, and the environment is part of the trend towards institutional investors managing billions of dollars around the world, seeking the highest possible returns for the "rentier elites", both individuals and companies. I am talking about BlackRock, Vanguard, State Street, and Global Advisors, which manage trillions of dollars, sometimes much larger than the GDP of the United States and China. These professional institutional investors, faced with capital market fluctuations, inflationary movements, and falling interest rates, look



for physical assets, tangible physical goods such as real estate, transportation infrastructure, ports, airports, and precious metals such as gold, farmland, and natural resources in general.

This alliance of institutional investors in the capital market and these physical, tangible assets are very much a part of times of crisis, both as a strategy to protect money against inflation and to place this over-accumulation of money on some physical basis that guarantees a safer long-term return than traditional financial assets such as shares or government bonds. This is part of the rush for gold, land, and real estate, which has been intensifying over the last 15 years, since the 2008 mortgage crisis in the United States, which also generated a huge volume of financial capital with no ballast to land on, and which ended up leading to more or less three major movements.

### **What are these movements?**

Grain documented that there was an increase in international land deals from 2008 to 2009, from 4 million hectares to 45 million hectares. This has been called land grabbing in the literature, this race for agricultural land which in 2011 was also endorsed by the World Bank.

In 2012, for example, there were several institutional investors looking for companies that manage agricultural land in the United States to acquire and put this super-accumulation of capital into a limited land market. And this led to stratospheric prices in land values, up to 67,000 dollars per hectare in Wisconsin. To give you an idea, these so-called real assets - which are the real estate, commercial, and residential markets - in 2021 corresponded to 51% of the total circulating assets in the world, representing 290 trillion dollars.

The second largest market is debt instruments, which is less than half that amount (123 trillion dollars) and the third largest market is gold. It is also a highly sought-after asset in times of crisis, providing greater security and protection against the corrosion of money in times of inflation, and is a market worth 12 trillion dollars.

According to AGBI Real Assets, a real asset manager, rural real estate represents more than 35 trillion dollars, which is roughly 6% of the world economy's assets. In the last 20 years, farmland has appreciated by 300%.



Combined, these real estate funds that invest in commercial, residential, and rural real estate add up to more than 320 trillion dollars, which is roughly four times the world's GDP in 2020. So the alliance between financial investors and agribusiness and natural resources is part of this moment of intensifying financial crises, seeking protection against the corrosion of money against inflation and also greater profitability, distribution of dividends to investors and rentier elites.

### **How does this race for capital impact the land and common goods of countries?**

This mainly affects countries that have agricultural land and natural resources. This over-accumulation of capital is shifting to these other geographies in the global south, which have abundant land and natural resources. Many institutional investors pursue an overvaluation of these assets, increasing the price of land and agricultural commodities, which ends up impacting the value of food, access to land, and the common goods that are provided by lands, such as water, biodiversity, indigenous vegetation, and environmental quality and integrity, which are human rights linked to the dignity of life and health, both for humans, animals and the planet.

At a time of financial crisis, these financial investors take advantage of this environment of over-concentration and scarcity to introduce previously common goods into the legal system of private property and, even worse, into the financial system. They bring these common goods closer not only to the legal regime of merchandise but also to the financial assets themselves. They subordinate previously common goods, such as land, water, and natural resources, to the dividend distribution interests of fund investors. This means that the greater the expansion of agribusiness, producing few commodities of low nutritional quality for export, with more deforestation, land and water grabbing, the higher the price of these real assets that become financial assets, and the greater the distribution of dividends to these asset managers and global rentier elites. This ends up subordinating common goods and the interests of the population to the financial gain strategy of a few families, and a few super-rich people in the world.



## Is this the so-called green economy?

The green economy is yet another slogan to legitimize or popularize a class interest, restricted to a small rentier elite and those financial agents who work for them. So you involve class interests and put them forward as if they were a global, greater interest for everyone.

The hegemonic narrative claims to want a green economy in which these investors help the planet, and help all populations to raise funds for low-impact environmental projects. But it says this precisely to cover up the fact that this is an economy of the rentier, the capitalist, the financial investor, who increasingly wants greater profitability based on increasing the value of land and the value of commodities and food.

The result is a minority of landowners and a majority of people without access, without a roof over their heads, and without land, so this access increasingly becomes part of the composition of the value of these assets, increasingly becoming part of the interest of these investors in greater profitability.

As much as it is said that these resources will be used for the 'good of the planet', the search for greater profitability is intrinsic to the dynamics of financial investments. Higher profitability is linked to deals where land is bought at a low price and sold at a high price.

It's no wonder that there are many accusations of the involvement of these land asset managers, including pension funds, who buy very cheap land in Matopiba [an acronym for a Brazilian region including the states of Maranhão, Tocantins, Piauí, and Bahia], which is cheap precisely because its entire chain of ownership is contaminated with vices and fraud due to the grabbing of public and collective land. After a few years, it goes from being degraded pasture land to soy monoculture, degraded for other reasons, to produce commodities for export. This increases the value of the land and, when it is sold, the profits are distributed to a few financial investors.

There is a whole dynamic of greater pricing or appreciation of these lands and those who do not have the money are forced to sell the land. There is a concentration of these lands, expulsion of the population and of small farmers, traditional peoples and communities, greater deforestation and so on. When you really follow the phenomenon of capital linked to what is called the green



economy, what you see is a brown economy, an economy that leads to great violence against people and the environment.

In 2008, with the over-accumulation of capital without a ballast to land on with the mortgage crisis in the United States, there was a flight of capital and a search for new markets, new assets, safer for these trillions of dollars to land on. And there have been more or less three phenomena: land grabbing, with a global race for land in the world, especially in the countries of the global South; financial speculation on agricultural commodities, with a concentration by a few funds of futures contracts for the purchase and sale of soybeans and corn, etc., generating a boom in the food price index; and autonomous economic valuation, referring to the value of land and environmental values.

There used to be environmental quality or integrity, which belonged to the legal regime of common goods. These were not owned by a single person and could not be traded like any other commodity, precisely because they were intended for everyone, present and future generations. Now, there is an economic valuation for the private property regime, authorizing some actors to issue a property title over what they are beginning to call environmental services or ecosystem services.

### **Can you explain more about how this works?**

This is now a principle of environmental law, but in reality, a whole buying and selling market is being built up based on pricing and authorization for contracts and the circulation of new commodities around environmental goods, which are now considered real assets and can be part of exchanges like any other commodity, especially in the environment of financial assets.

In Brazil, the environmental reserve quota (CRA), which represents one hectare of native vegetation at any stage of regeneration, does not have to be a primary or secondary forest, it can be a degraded area or one that is regenerating there. It is providing an environmental service of carbon sequestration with growth, letting that area regenerate and grow.

From these territories, you can issue financial securities traded on the stock exchange and organized over the counter. In the same way, the Nasdaq and the California Stock Exchange have also included water as a financial asset, which



is also traded on the exchanges and priced - from then on, we talk about water quotas.

We are seeing common goods that used to belong to everyone being transferred to private ownership and, what's more, becoming a financial asset. This can induce deforestation. Placing environmental management within the logic of supply and demand, within the logic of market pricing, can generate very dangerous speculative movements against the environment. The logic is that, the bigger the fire outbreaks in California or the Pantanal, and the smaller the amount of water available and the scarcer it is, the higher the value of the quota on the stock exchange will be. Those who hold these shares will see a higher return and will buy and sell these shares at a higher price on the secondary market. In the same way, environmental reserve quotas in places where mining and agribusiness are expanding, with monocultures of soybeans, cotton, and corn, will have less forest or native and protected vegetation, and the value of the quotas will be higher. This has nothing to do with environmental protection. We are talking about financial economics, which has nothing green about it.

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