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Joint Statement by independent United Nations human rights experts warning of the threat that financial speculation poses to the enjoyment of a range of human rights

GENEVA (19 October 2021) – A group of independent United Nations human rights experts issued the following joint statement, in order to highlight the serious negative impact that financialisation has on the enjoyment of the human rights to safe drinking water and sanitation, as well as a range of other human rights, including the rights to food, adequate housing, development and a healthy and sustainable environment, among others.

The experts expressed their concern about the gradual encroachment of financial speculators into new domains, in particular trading in certain commodity derivatives that are essential for the enjoyment of human rights, especially of those marginalized, indigenous peoples, Afro-descendant and peasant communities, persons with disabilities and persons living with Albinism, as well as those living in conflict contexts. The experts pointed out that financialisation has a disproportionate impact on the enjoyment of their rights by women and girls who form half of the world population, and are systematically victims of discrimination. The impact on older people was also highlighted.

As pointed out by the former Special Rapporteur on adequate housing^[1], in recent years massive amounts of global capital have been invested in housing as a commodity, as security for financial instruments that are traded on global markets, and as a means of accumulating wealth. The 2008 global financial crisis, the effects of which still resonate today, was precisely triggered by the overconfidence of the financial services actors in mortgage-backed securities. When the financial housing bubble burst, many individuals and families, whose houses had suddenly lost much of their value, were made homeless overnight. In the United States of America, there were an average of 10,000 foreclosures per day in 2008, and as many as 35 million persons were affected by evictions over a five-year period. In Spain, more than half a million foreclosures occurred between 2008 and 2013 resulting in over 300,000 evictions. There were almost 1 million foreclosures between 2009 and 2012 in Hungary. In the Global South, financialisation is experienced differently - informal settlements in Southern cities are regularly demolished for luxury housing and commercial development such as shopping malls and other high-end services intended for the wealthiest groups of the population; a process of financialisation of development itself. These financialisation trends have been reinforced during the Covid-19 pandemic. Firms such as Blackstone have aggressively entered into the purchase and grabbing of social housing, while playing a key role in triggering evictions.

Regarding the markets for agricultural commodities,^[2] with the deregulation of global financial markets at the end of the 20th century^[3], and particularly after the adoption in the United States of the Commodity Futures Modernization Act of 2000, banks and institutional investors entered the food futures markets and identified them as a promising way to diversify their investment strategies. While the above-mentioned real estate bubble was about to burst in 2008, the same big banks responsible for the global financial crisis invested billions of dollars in food futures, generating an increase in the prices of raw materials such as wheat, corn and soy-bean, which doubled and even tripled in a few months, in what was a new speculative bubble, this time in food. As a result, in a very short time, according to the World Bank, between 130 million and 150 million more people were pushed into extreme poverty and hunger, mainly in low-income countries depending on food imports to feed their

populations.

The financialisation of housing and food has exacerbated inequalities and exclusion, affecting disproportionately heavily indebted households and low-income earners. Applying speculative logic to the management of assets that are essential for the life and dignity of people violates the human rights of people in poverty, exacerbates gender inequality and aggravates the vulnerability of marginalized communities. It also puts the economy off balance, replacing the logic based on supply and demand with a financial logic based on speculation. The perverse impacts of this shift, as has been proven in the succession of speculative bubbles that have been generated and burst over the last decades, will contribute to destabilising rather than strengthening the global economy, which is still under the pressure of external debt and struggling to recover from the COVID-19 pandemic.

For centuries, ecosystems and nature have been increasingly managed as property and commodities to be used and exploited by humans. Recent decades have seen the growing monetization and commodification of ecosystem services, such as carbon storage. This management approach threatens the sustainability of ecosystems, marginalizes natural and cultural values that have no apparent economic value, and weakens the control of indigenous peoples and local communities over their territories. The right to pollute and destroy nature is legitimized and commercialized. As is happening with water, there is a serious risk that the commodification of ecosystems and nature will be exacerbated by financial speculation. For example, addressing the climate emergency through weakly regulated futures markets on emissions and energy raw materials, could allow large banks and institutional investors to follow a strict profit-maximisation logic, ignoring both the impacts on people in poverty of pricing policies, and the, climate mitigation objectives, undermining human rights and the livelihoods of the poorest people. Decisions made in distant boardrooms could result in the eviction of indigenous peoples from forests, their home for millennia, or the replacement of complex old growth forests with monocultures of fast-growing non-native tree species. On the other hand, this trend towards the "financialisation of nature" is one of the factors fuelling the growth of extractivism with its serious social and environmental impacts.

Recently, water futures were offered for trading on Wall Street futures markets under the pretence that speculative practices will help to better manage the expected water scarcity resulting from climate change by shaping prices in advance (known as "price discovery") and stabilising them. In fact, these are the very same arguments that justified the development of speculation in the food futures markets at the turn of the century. However, far from stabilising prices, the aforementioned food bubble was triggered and price volatility soared, with disastrous consequences. The experience over the last two decades with the management of basic foodstuffs under the speculative logic of futures markets is a cautionary reminder to be taken into account on how speculation on goods essential for life such as food affects human rights.

Futures markets have traditionally been spaces in which contracts were negotiated between producers of raw materials and large traders and consumers, assuming commitments for the future. Although such markets often suffered from asymmetries and biases that perverted pricing, producers and traders were able to reduce the risks associated with price volatility. However, everything changed when, at the end of the last century, financial actors such as investment funds and banks entered into these markets. The fact that these large corporations neither produce the goods nor have an interest in consuming or marketing them means that they only pursue short-term speculative objectives, in some cases manipulating the market thanks to their enormous financial power, leading their bets about future price increases to become self-fulfilling prophecies. Under the force of these speculative strategies, they end up producing abusive price rises and speculative bubbles, ignoring the real signals of the market and ignoring, of course, the most basic needs of the most impoverished sectors and their human rights.

In 2010, the United Nations General Assembly recognized the human rights to safe drinking water and sanitation. Beyond supplying ourselves with the water we need to drink, water and sanitation services are the basis for the hygiene we need to guarantee public health, as demonstrated by the vital role these services play today in the fight against the COVID-19 pandemic.

On the other hand, just a few days ago, the UN Human Rights Council recognized the human right to a clean, healthy and sustainable environment. In fact, the lives of billions of impoverished people, families and communities depend on the good condition of rivers, wetlands, lakes and aquifers, not only for the supply of drinking water but also in the production of food through agriculture, livestock and fishing. For all these reasons, water and aquatic ecosystems hold essential and even sacred values in indigenous worldviews that are related to the demands of today's sustainability paradigm. The benefits of safe, sufficient water and healthy aquatic ecosystems for all of humanity are incalculable.

Indeed, with the climate crisis becoming more and more evident, large sectors of humanity, and especially those living in poverty and marginalisation, depend more than ever on the sustainability of aquatic ecosystems. This is incompatible with treating water as a speculative asset.

The commodification of water and speculation in futures markets contributes to the vulnerability of the poorest and most marginalized, and to increasing environmental degradation. When we talk about water, we are talking about human rights and vital values for our societies, which the logic of the market - and even less the logic of speculation - neither recognize, nor can adequately manage.

The lessons learned from the 2008 housing and food crises should be seen as a warning: if the entry of water into futures markets is not stopped, progress on the realisation of the human rights to safe drinking water and sanitation will be much more difficult.

Treating housing, food, the environment and water as assets to be traded upon by hedge funds and other financial actors in financial derivatives markets represents a direct attack on people's exercise and enjoyment of human rights such as the right to housing, to food, to a healthy environment, or to drinking water and sanitation.

The UN human rights experts recalled that in 2015 states adopted the Sustainable Development Goals with the aspiration to leave no one behind. To achieve that, States should, among others, implement effective economic and social reforms to ensure that the benefits of growth are equitably distributed to all segments of the population in order to reduce inequalities and achieve the fulfilment of human rights. The financialisation of water, the environment, housing or food contradicts these goals.

Concerned about this growing threat that financialisation poses on the exercise of human rights, the human rights experts joining this statement call on States:

- To ensure an adequate regulation of the financial services industry to prevent the negative impacts resulting from the growth of markets for derivatives based on goods, services and resources essential to the enjoyment of human rights.
- With a view to guaranteeing the right to adequate housing, to take urgent legal measures to control the entry for the purpose of speculation of large financial corporations into housing, real estate and associated sectors, and to impose anti-speculative measures such as rent control, price capture, tax measures, price stabilization, usurious profit margin or anti-flipping taxes.
- With a view to guaranteeing the right to food, to ensure that only qualified investors who deal with such instruments on the basis of expectations regarding market fundamentals, rather than by speculative motives, can deal with food commodity derivatives.
- With a view to guaranteeing the right to a clean, healthy and sustainable environment, to prevent the degradation, pollution (especially toxic) and ensure the health and sustainability of aquatic ecosystems by speculative operations and promote national and international legal measures that guarantee the ecological health of rivers, lakes, wetlands, and all other water bodies.
- With a view to guaranteeing the human rights to safe drinking water and sanitation, to adopt urgent legal measures to prevent water, as a public good, from being managed as a financial asset in futures markets under the speculative logic that presides over these markets, promoting democratic governance of water and sanitation services under a human rights approach.
- To prevent environmental injustices, and prevent actions that jeopardize rights of indigenous peoples, Afro-descendant and peasant communities to the lands, waters, ecosystems and biodiversity that are the foundation of their cultures and livelihoods.
- To recognize, in law, the land and water titles, tenures, rights and responsibilities of indigenous peoples, Afro-descendant and peasant communities, enabling them to apply customary laws, traditional ecological knowledge and their own governance systems to the sustainable stewardship of water, land, ecosystems and biodiversity in their territories of life over and above commercial and speculative interests and strategies.

The statement has been made jointly by the following UN Special Procedures mandate-holders:

Mr. Pedro Arrojo-Agudo, [Special Rapporteur on the human rights to safe drinking water and sanitation](#)

Mr. Balakrishan Rajagopal, [Special Rapporteur on the right to adequate housing](#)

Mr. Michael Fakhri, [Special Rapporteur on the right to food](#)

Mr. David R. Boyd, [Special Rapporteur on human rights and the environment](#)

Mr. Olivier De Schutter, [Special Rapporteur on extreme poverty and human rights](#)

Mr. Saad Alfarargi, [Special Rapporteur on the right to development](#)

Mr. Livingstone Sewanyana, [Independent Expert on the promotion of a democratic and equitable international order](#)

Ms. Attiya Waris, [Independent Expert on foreign debt and human rights](#)

Melissa Upreti (Chair), Dorothy Estrada Tanck (Vice-Chair), Elizabeth Broderick, Ivana Radačić, and Meskerem Geset Techane, [Working Group on discrimination against women and girls](#)

Ms. E. Tendayi Achiume, [Special Rapporteur on contemporary forms of racism](#)

Ms. Isha Dyfan, [Independent Expert on the situation of human rights in Somalia](#)

Mr. Yao Agbetse, [Independent Expert on the situation of human rights in Central African Republic](#)

Mr. Vitit Muntarbhorn, [Special Rapporteur on the situation of human rights in Cambodia](#)

[1] [A/HRC/34/51](#)

[2] See [Special Rapporteur on the right to food, Food Commodities Speculation and Food Price Crises. Regulation to reduce the risks of price volatility](#), Briefing Note 2 (23 September 2010).

[3] http://www.srfood.org/images/stories/pdf/otherdocuments/20102309_briefing_note_02_en_ok.pdf

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