Unraveling the Fallacy of Natural Monopolies

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by **Michael Matulef**, *Mises Institute*
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> *Most cartels and trusts would never have been set up had not the governments created the necessary conditions by protectionist measures. Manufacturing and commercial monopolies owe their origin not to a tendency immanent in capitalist economy but to governmental interventionist policy directed against free trade and laisser-faire.*
>
> —Ludwig von Mises, *Socialism*

The concept of natural monopolies has often intrigued economists and policymakers, serving as a cornerstone for proponents of statism. They argue that certain industries naturally lead to a dominant firm, impeding competition and requiring government intervention. However, closer inspection reveals that these "natural monopolies" are illusions caused by harmful government interference.

To understand the fallacy of natural monopolies, we must first grasp the essence of a truly free market. In an unhampered market economy, multiple firms compete for consumers' favor with innovative products and competitive prices. Market forces, like consumer preferences and business efficiency, shape resource distribution and ensure optimal outcomes. Monopolies fundamentally contradict this natural order.

Debunking the Fallacies

Critics argue that certain industries, particularly those dealing with infrastructure or network services, possess inherent characteristics that facilitate the emergence of monopolistic entities. These critics contend that high infrastructure costs or network effects, where the value of a service increases as more users adopt it, create insurmountable barriers to entry, enabling a single dominant player to establish its supremacy. However, a closer examination reveals that these characteristics alone do not guarantee monopoly formation. It is the interference of the government that tilts the scales in favor of consolidation and stifles competition.

The Telecommunications Case

Telecommunications, with its significant infrastructure demands, has been frequently labeled as an industry prone to natural monopolies. Proponents of state intervention argue that the costs associated with establishing and maintaining the necessary infrastructure make it impractical for multiple firms to compete effectively. However, this assertion fails to recognize the dynamic and innovative nature of free markets. In the absence of government-imposed barriers and licensing requirements, entrepreneurial ingenuity flourishes and finds ways to overcome what initially appears as insurmountable obstacles.

Free markets, unencumbered by government interference, incentivize entrepreneurs and businesses to seek alternative technologies and creative solutions. This entrepreneurial drive could lead to the emergence of wireless or satellite-based communication systems, offering consumers viable alternatives to traditional infrastructure-dependent services. By introducing competition and innovative approaches, these alternative technologies can disrupt the assumed inevitability of a single dominant firm.

The key insight lies in understanding that the government's intervention itself creates an environment conducive to monopolistic dominance. Regulatory barriers and excessive red tape hinder the entry of new competitors, stifling innovation and limiting the potential for alternative solutions to emerge. By erecting such barriers, the government inadvertently perpetuates the conditions necessary for a monopolistic market structure to prevail.

Emphasis must be placed on the importance of dynamic competition as the driving force behind economic progress. The absence of government intervention allows for spontaneous order and market processes to unfold naturally, leading to a constant stream of entrepreneurial activities and innovative responses to market demands. In the realm of telecommunications, the potential for multiple firms to develop and implement alternative technologies arises precisely from this entrepreneurial discovery process.

Moreover, it is crucial to recognize that the cost considerations associated with infrastructure development are not static. Entrepreneurs and businesses are incentivized to seek more cost-effective and efficient solutions in a competitive environment. Through trial and error, these entrepreneurs and businesses find ways to reduce infrastructure costs, optimize resource allocation, and improve service delivery. These market-driven cost reductions create opportunities for new entrants and increase the feasibility of competition in the telecommunications industry.

The Fallacy of Network Effects

The assertion that network effects inherently lead to monopolistic outcomes is misguided. While it is true that network effects can contribute to the value of a service as more users adopt it, this does not preclude the existence of competition and multiple firms within the market.

In a genuinely free market, entrepreneurial competition thrives, driving firms to differentiate themselves and offer unique user experiences. The case of social media platforms like Facebook, Twitter, and Instagram provides a compelling example. Despite operating within the same broad industry of social networking, each platform has successfully carved out its own niche and attracted distinct user bases.

These platforms continually engage in fierce competition to capture users' attention and secure advertising revenue. They do so through constant innovation and the introduction of unique features that differentiate their services. This competitive landscape not only allows for the coexistence of multiple firms but also ensures that no single platform holds a monopoly on social media.

This outcome is not surprising. The dynamic nature of the market, driven by consumer preferences and entrepreneurial creativity, ensures that competition persists and prevents monopolistic domination. Firms must continuously adapt, innovate, and provide superior value to consumers to thrive in such an environment.

Furthermore, the role of consumer choice cannot be overlooked. In a free market, consumers have the power to select the platforms that best align with their preferences, needs, and desires. This diversity of choice acts as a powerful antidote to monopolistic tendencies. If a platform fails to meet the evolving demands of consumers, they are free to switch to a competitor that better satisfies their requirements.

In contrast to the notion of natural monopolies is the market process, a spontaneous order driven by the decentralized decisions of individuals pursuing their own interests. This process fosters competition, innovation, and entrepreneurial discovery. Network effects, far from being an insurmountable barrier to entry, become an opportunity for entrepreneurs to devise new ways of offering value and attracting users.

The Role of Government Intervention

Monopolies, in their truest form, are products of government intervention and involvement in the marketplace. Through regulations, barriers to entry, and artificial privileges granted by the state, monopolistic tendencies arise.

Government-imposed regulatory barriers, like licensing requirements, red tape, and complex compliance standards, hinder the free operation of markets. Licensing requirements restrict entry into industries by creating hurdles for new entrants. The burdensome process of licensing deters competition and allows existing firms to maintain dominance. Excessive red tape and compliance standards divert resources away from productive activities, hampering innovation and competitiveness. These barriers distort market signals, discourage entrepreneurs, and limit consumer choice, thereby stifling market competition.

Intellectual property laws, such as patents, copyrights, and trademarks, are intended to encourage innovation and reward creators. However, these laws can unintentionally hinder competition and foster monopolistic tendencies. Intellectual property laws grant exclusive rights to inventors and creators, but they also create barriers to entry. When these exclusive rights become overly broad or extended, they enable patent and copyright holders to maintain dominance for longer periods, stifling potential competitors and limiting competition.

The complex and expensive process of obtaining and enforcing intellectual property rights further disadvantages small entrepreneurs and start-ups. Large corporations with resources and legal teams can strategically use these laws to deter competition, consolidating power in a few dominant players. It’s important to understand that innovation thrives in an environment of open competition, where ideas are freely shared and firms are motivated to continuously improve and differentiate their offerings.

Government interventions through subsidies, tax breaks, and preferential treatment disrupt the market balance by favoring certain industries and creating an uneven playing field. This distorts signals for entrepreneurs and undermines competition. Subsidies provide unfair advantages, allowing subsidized firms to gain market power and potentially lead to monopolistic tendencies. Tax breaks and preferential treatment further skew the economic landscape, hampering innovation and resource allocation. These interventions also perpetuate the misallocation of resources, hinder efficiency, and discourage new competitors and innovative solutions. Moreover, they promote rent-seeking behavior, diverting resources away from productive activities and undermining economic growth.

Conclusion

Regarding monopolies, Ludwig von Mises wrote in *Human Action*:

> *The great monopoly problem mankind has to face today is not an outgrowth of the operation of the market economy. It is a product of purposive action on the part of governments. It is not one of the evils inherent in capitalism as the demagogues trumpet. It is, on the contrary, the fruit of policies hostile to capitalism and intent upon sabotaging and destroying its operation.*

The illusion of natural monopolies disappears upon scrutiny, revealing the role of government intervention and market distortions. Free markets—without constraints—foster innovation and competition, preventing monopolistic dominance. Government interference through regulations and protectionist policies perpetuates the myth of natural monopolies.

As proponents of economic freedom, it is our duty to expose fallacies, restore free markets, and promote competition for a prosperous future that empowers entrepreneurship, safeguards consumers, and drives growth. Let us rejoice in the wonders of competition and embrace its boundless potential.

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You Don't Like It? Leave! The Telling Sophistry of Tax Apologists

You Don't Like It? Leave! The Telling Sophistry of Tax Apologists

by **Jason Montgomery**, *Mises Institute*
May 4, 2023

What better way to "celebrate" tax season than to talk taxes? Stop me if you've heard this one: Taxation is not theft. It's just the law of the land. You want to live in this country, you pay the long-established, constitutional, customary tax. If you're not okay with that, there are plenty of other countries to choose from whose customs and edicts you may find more agreeable. Just go live there, and best of luck to you! So as long as you have that right of exit, the taxes confiscated from your income do not represent any initiation of force, coercion, or violation whatsoever.

This is a valuable argument, to be sure. Not only is it completely wrong but its underlying premise reveals a certain sensibility that is, at the very least, intriguing. If we peel back the layers of this statement, we can see the speaker’s potential to grasp some sort of entry-level morality and maybe even economics, confirming our suspicions that he knows what’s right and is purposefully evading it. A hint of insight is on display here, if only unconsciously, that liberty itself depends on private property rights as he’s desperately trying to frame this “right of exit” nonsense as a private property argument.

Let’s run through a few scenarios here:

- I’m having a costume party. To attend, you must dress up as something. You will not be admitted otherwise. If you refuse, due to some personal objection to donning a costume, then enjoy your night someplace other than my costume party. No harm, no foul.
- I don’t allow shoes to be worn in my house. If you wish to visit, bare your feet at the door. If you insist on wearing your shoes, then happy walking, but not into my house. No harm, no foul.

Ready for one that’s not so easy to stomach?

- In my restaurant, no one of German descent is allowed to dine. Anyone wishing to eat here must first present genealogical proof of no German ancestry. Any hint of German in your background, or refusal to produce the appropriate documentation, no problem. Just get your corndogs someplace else. No harm, no foul.

So this is what's presented in the taxation argument:

- In this country, we pay our taxes. You don't want to pay up? Leave! And if you don't and you continue to live, work, and trade in this country, you've given your tacit consent to abide by the tax code and render unto Caesar accordingly. To stay put, enjoying all of the fruits of taxation and yet continuing to whine about it and alleging some infringement of your "rights" is just a hypocritical childish plea to have your cake and eat it too.

If this is really what's being put on the table, then let's look at what they're saying.

What do each of the above "policies" have in common? They're enacted by the *rightful property owner*. What makes them such? They obtained the restaurant/house/party headquarters through purchase, trade, inheritance, gift, original appropriation, or some other VOLUNTARY arrangement. Their possession and ownership came about by the only true measure of legitimacy—absence of coercion, force, or fraud. Their power to set the rules for admittance or exclusion comes from that ownership.

So to buy this "right of exit" premise, one would have to accept the notion that the federal government is the rightful owner of the United States, the entire landmass. Likewise, one would somehow have to surmise that, at the same time, there are overlapping property claims held by the state, city, and local governments of the further subdivided parcels. This is no small matter as it means that we the people, in effect, own nothing. Every house, building, lot of land, business, vehicle, animal, vegetable, and mineral within the national borders (and some without) is the government's property, which we're all simply renting from them.

Anything you or I have is at their discretion and whim. They allow us the privilege of possessing these things only as long as they see fit. These are the only terms under which the above reasoning holds. If the government can demand my payment on pain of expulsion from the country, then it all must be theirs.

But what’s the original source of any property claim at all? Technically all land title chains originate with the US government. Things admittedly get a little tricky here, though not on the issue at hand. Was the founding of the USA a legitimate acquisition of property in the first place? If so, did that make the federal government the de facto original owner? If so, then they would have no more continued control over it once it’s left their hands than the previous owner of your house does over your domestic choices.

If not—and the country was stolen by aggressive conquest, thus never properly claimed by any of our ancestral invaders—well, that’s a can of worms beyond this article. But I will ask you this: Would that justify continued payment and deference to the organization that perpetrated the invasion?

One may claim that the government is not acting as a property owner but merely a trading partner. They offer certain benefits and services in this geographical location—namely, the infrastructure that makes the production and earning of your own property possible—so the choice is yours: If you want to take up space here and soak up your share of these benefits, then you have to pony up your fair share. If you don’t, then you’d better remove yourself from the service zone, you freeloader!

This is really the same argument from a different angle. Under what auspices do they offer said benefits and services? By a forceful declaration that they are to be the sole and exclusive proprietors within the demarcated region. The consent of you, the residents, their “customers,” is irrelevant. If you’re caught on their self-proclaimed turf attempting to either provide or receive these services on any other terms, men with guns will come talk to you.

So once again, it's simply a coercive property grab, this time for more commercial purposes and in no sense a bona fide economic transaction. You can call it many things, but you can't call it trade, you can't call it choice, and you can't call it voluntary.

"But this is a democratic system, where the state is only acting as a proxy of the people, so the government isn't asserting universal ownership, but merely *managing* the property of the people at large." This argument is deluded, evasive, and telling. It provides an interesting study in fallacious reasoning and behavioral science and invokes a whole new way to be divested of your property. The government will only seize it by force once your neighbors and countrymen have voted it away from you. Whatever happens is up to the caprices of the 50.1 percent. Imagine the bizarre, macabre dystopia painted here, where no property, no moral ideology, and indeed no rights exist at all. But once again, it is beyond the scope of this article.

And lastly, I would be remiss not to point out that there is no *right* of exit. I hate to tell you, but if you show up at the airport with nothing but your luggage and boarding pass in hand, ready to find out if Ukraine is as nice as people say this time of year, you ain't goin' nowhere! This should truly be all you need to do to "just leave" if there really were a such an option. But, of course, you've got to have that little magic book, the one that's obtained through the prescribed qualification process of, plus payment to, those on high to be granted their *permission* to leave the country.

This is the very definition of *not a right*. Sure, you may say it doesn't matter that you're compelled to ask because they almost always say yes, so it's *practically* a right. What if I show up with a passport that expired last week? I mean, it's *practically* still valid. Amazing how so much semantic leeway is granted to those who allow us none.

So there you have it. If "pay up or get out" is really a legitimate proposition to live under, it must be because nothing is ours. Everything around us, including you and me, belongs to the state. At best we have possession of some of what we earn, produce, or are given, until and unless the supposed rightful owner no longer approves and wishes to reclaim it. So the next time someone poses this slogan to you, be sure to remind them of its full meaning. If they don't want to accept that reality, they can always "just leave."

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Disinformation and the State: The Aptly Named RESTRICT Act

Disinformation and the State: The Aptly Named RESTRICT Act

by **Ryan Turnipseed**, *Mises Institute*
April 21, 2023

The RESTRICT Act (Restricting the Emergence of Security Threats that Risk Information and Communications Technology Act) has recently been making the rounds in the media, and rightfully so. The act is truly terrifying, but more than the open tyranny that it would further, the act illustrates a very clear problem from the perspective of the state.

In previous eras, either formally or informally, the state exercised a great deal of control over the information available to the wider population. This is no longer the case in the present day. With the advent of the internet and the resulting decentralization of media and other channels of information, the state has had increasingly fewer options at its disposal to control information. It is very obviously afraid of losing its position as the controller of information, and the RESTRICT Act is a desperate attempt to reassert itself as such.

What's in the Act?

At this point, most people who have been paying attention should recoil upon seeing a large acronym under the consideration of Congress. After the USA PATRIOT Act, normal people recognized that these bills of massive overreach were, to put it lightly, misnamed. But in a move of honesty, the RESTRICT Act does exactly what it says it will do should it be enacted and enforced. The Senate's website is remarkably up-front, saying:

> *Vendors from the U.S. and allied countries have supplied the world's information communications and technology (ICT) for decades. In recent years, the global ICT supply chain has changed dramatically; a number of prominent foreign vendors—many subject to the control of autocratic and illiberal governments—have gained significant market share in a variety of internet infrastructure, online communications, and networked software markets. . . . The RESTRICT Act comprehensively addresses the ongoing threat posed by*

> *technology from foreign adversaries by better empowering the Department of Commerce to review, prevent, and mitigate ICT transactions that pose undue risk, protecting the US supply chain now and into the future.*

Thankfully, the state is going to defend us from information and communications technology from "autocratic and illiberal governments," as if our own states, which locked us in our own homes, were democratic and liberal. What specifically is being targeted in the broad category of information and communications technology?

As the act has been publicly marketed, this is a move against the popular social media platform TikTok. The US government's reasoning is simple: TikTok, and similar platforms, are owned by foreign states, and these foreign states can distribute or facilitate information that is contrary to the narratives pushed by our state.

This is an existential threat to the US government. Seeing as the goal of a state is to maintain control, as articulated by Marray Rothbard in his book *Anatomy of the State*, having rival states present alternative narratives to the population harms your legitimacy. This legitimacy is necessary for the state to exist. As Rothbard says of people supporting the state:

> *This support, it must be noted, need not be active enthusiasm; it may well be passive resignation as if to an inevitable law of nature. But support in the sense of acceptance of some sort it must be; else the minority of state rulers would eventually be outweighed by the active resistance of the majority of the public.*

The state, therefore, must maintain its legitimacy to survive, and the US government is attempting just that by trying to retake control over the country's media. As mentioned earlier, the internet rendered most of the state's old methods of control obsolete, which is why for the last few years the US government has been on the defensive, using covert means to influence channels of information (as can be seen with the Twitter Files).

The fact that the state has had to openly announce its direct censorship and control signals the state's weakness. If it were stronger and bolder, as it was in most of the last century, it would have just acted already and passed the action off as a mundane matter of governance. If it were on surer footing, it would have just continued its policy of covert influence. The state is threatened. It's afraid!

In the media and wider US society, a false debate has arisen. One side is in support, and the other side rejects the RESTRICT Act as terrifyingly evil because it is consolidating power in parts of the executive branch. According to the act, the executive branch will now have the authority to

> *address any risk arising from any covered transaction arising from any covered transaction by any person, or with respect to any property, subject to the jurisdiction of the United States that the Secretary determines . . . poses an undue or unacceptable risk to the national security of the United States.*

The popular opposition is claiming that this is tyrannical because the secretary of commerce is appointed only by the president and reports only to the president, making the secretary unelected and subject to no congressional oversight. This objection is approaching the truth, but it's not quite there. This act is not bad because the person who gets to determine what is an "undue or unacceptable risk" is unaccountable and undemocratic.

The act is far worse because the state should not be deciding what is an "undue or unacceptable risk." Should this go through, the United States will have its own censor under whom no ray of light, from wherever it may come, shall in future go unnoticed and unrecognized by the state or be divested of its possible useful effect, and it will be called the secretary of commerce.

Implications of the Act

As with everything pushed by the state, what will actually happen goes far beyond the written intentions. Just as the act nominally passed to defend our freedoms from terrorism is used to spy on millions of normal Americans, this act will control and censor far more than TikTok (which is obviously not the only foreign-owned media in this country). And this is written into the act itself, which provides, "The Secretary may undertake any other action as necessary to carry out the responsibilities under this Act that is not otherwise prohibited by law."

Worse than just the focus on "foreign adversaries," how long until this is applied to *any* media deemed adversarial? How long until this act, after being passed, is amended to crack down on "domestic adversaries" like conspiracy theorists and spreaders of "disinformation," all of which, of course, will be determined by the state? We have every reason to believe the state will grab this power, being as these categories, deemed so by the state, threaten its legitimacy. As Rothbard wrote, "A 'conspiracy theory' can unsettle the system by causing the public to doubt the state's ideological propaganda."

Even though the advances of tyranny are now commonplace, and the continual infringement of our liberties is the norm, this blatant aggression in the form of the RESTRICT Act should not go unnoticed. Moreover, this fight should not happen on the state's terms. The rhetoric surrounding the act focuses on TikTok and "foreign adversaries," two subjects that are unpopular and, frankly, difficult to defend. However, defending them, or focusing on them at all, is missing the point. The state was not content with merely spying on you, restricting your commerce and production, drafting you, and forcing your children into state schools and subjecting them to who knows what.

No, the state also *needs* to control your information, for if the information is free, and people can research and discuss freely, the state's legitimacy, and therefore its very existence, is threatened. As it has shown us by so openly and disgustingly lashing out, anyone who engages in the spreading of ideas outside the purview of the state, especially of ideas that correctly dismantle the legitimacy of the state, is contributing to the state's peril. As the US government has just proven by its ugly reaction, the spreading of ideas is how we are to proceed ever more boldly against this evil.

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Mastering the Future: The Megalomaniacal Ambitions of the WEF

[Mastering the Future: The Megalomaniacal Ambitions of the WEF]

by **Michael Rectenwald**, *Mises Wire*
January 24, 2023

The fifty-third annual meeting of the World Economic Forum (WEF) brought together fifty-two world leaders, seventeen hundred corporate executives, sundry artists, and other personalities to address "Cooperation in a Fragmented World." Fragmentation is the nemesis of the World Economic Forum and its United Nations (UN) and corporate partners. "Fragmentation" means that segments of the world population are not adhering to the agenda of climate change catastrophism and the precepts of the Great Reset.

The Great Reset, meanwhile, amounts to a hybrid state-corporate woke cartel administering the global economy (and by extension the world's political systems) under the direction of the WEF, the UN, the International Monetary Fund (IMF), the European Central Bank (ECB), and the World Health Organization, as well as top corporate decision-makers like BlackRock's CEO, Larry Fink.

Lest we imagine that the WEF and its meetings merely represent the grandiose delusions of some ineffectual clowns, it should be noted that the WEF's "stakeholder capitalism"—introduced in 1971 by Klaus Schwab, the WEF founder and chair, and Hein Kroos, in *Modern Enterprise Management in Mechanical Engineering*—has been embraced by the UN, by most central banks, as well as by the world's leading corporations, commercial banks, and asset managers. Stakeholder capitalism is now considered to be the modus operandi of the world economic system.

In the 1971 book, Schwab and Kroos suggested that "the management of a modern enterprise must serve not only shareholders but all stakeholders to achieve long-term growth and prosperity.” The stakeholders are the compliant and complicit corporations and governments, not the citizenry.

BlackRock, the world’s largest asset manager, holds upwards of $10 trillion in assets under management (AUM), including the pension funds of many US states. In 2019, BlackRock’s CEO, Larry Fink, led the US Business Roundtable on stakeholder capitalism. CEOs from 181 major corporations redefined the common purpose of the corporation in terms of Schwab’s brainchild, stakeholder capitalism, signaling the supposed end of shareholder-driven capitalism. In his 2022 letter to CEOs, Fink made BlackRock’s own position on investment decisions quite clear. “Climate risk is investment risk,” Fink declared. He promised a “tectonic shift in capital,” an increased acceleration of investments going to “sustainability-focused” companies.

Fink warned CEOs: “And because this will have such a dramatic impact on how capital is allocated, *every management team and board will need to consider how this will impact their company’s stock*”(emphasis mine). According to Fink, stakeholder capitalism is not an aberration. Fink provides evidence of stakeholder capitalism’s woke imperative in his denial of the same: “It is not a social or ideological agenda. It is not ‘woke.’ *It is capitalism*.” This definition of capitalism would certainly have come as news to Ludwig von Mises.

Fink sits on the board of trustees of the WEF, along with former US vice president Al Gore; IMF managing director Kristalina Georgieva; ECB president Christine Lagarde, and Canadian deputy prime minister and minister of finance Chrystia Freeland, among others.

In his 2023 welcoming remarks and special address, Schwab pointed to the multiple crises facing the world: “the energy transformation, the consequences of covid, the reshaping of supply chains are all serving as catalytic forces for the economic transformation.” Incidentally, these are all factors that the WEF has promoted and/or exacerbated. And together they have added to the “high inflation, increasing interest rates, and growing national debt” that Schwab also decried.

Schwab pointed to the problem of social and geopolitical fragmentation and “a messy patchwork of powers,” alluding to the war in Ukraine. But Schwab also bemoaned “large corporate and social media powers, all competing increasingly for power and influence. As a result, the trend is again moving toward increased fragmentation and confrontation”—no doubt referring, at least in part, to the recent takeover of Twitter by Elon Musk, the loss of a major platform for propaganda and censorship. Naturally, Schwab referred to “climate change” and “viruses” as existential threats that could lead to “the extinction of large parts of our global population.” The question is whether “climate change” and “viruses” or rather the responses to these supposed menaces will be the cause of mass extinctions.

But “the most critical fragmentation” threat, Klaus argued, is posed by those who “go into the negative” and hold a “critical and confrontational attitude” to the Davos agenda—those with the temerity to oppose a global agenda of climate change catastrophism, with its attendant control over production and consumption and the virtual elimination of property and property rights for the vast majority.

A central issue that the fifty-third annual meeting addressed was “the Current Energy and Food Crises in the Context of a New System for Energy, Climate and Nature.” The theme accords with the WEF’s earlier and repeated claims that the agricultural supply chain is too “fragmented” for “sustainable” farming. “A resilient, environmentally-friendly food system will require a shift away from our current fragmented supply chains,” wrote Lindsay Suddon, chief strategy officer of Proagrica, in 2020. In Suddon’s and many other WEF papers, the “fragmentation” refrain is repeated. Sustainable farming cannot be achieved under the “fragmented” agricultural conditions that currently obtain.

One paper—entitled “Can Collective Action Cure What’s Ailing Our Food Systems?,” part of the 2020 WEF annual meeting—argued that fragmentation represents the ultimate barrier to sustainability:

> *As the heads of leading multilateral and commercial agricultural finance institutions, we are convinced that fragmentation within the current food systems represents the most significant hurdle to feeding a growing population nutritiously and sustainably.*

Written by Wiebe Draijer, then chairman of the managing board at Rabobank, and Gilbert Fossoun Houngbo, the director general–elect of the International Labour Organization (ILO), the paper was quite telling. It warned that unless fragmentation is addressed, “we will also have no hope of reaching the Sustainable Development Goal of net zero emissions by 2050, given that today’s agricultural supply chain, from farm to fork, accounts for around 27% of greenhouse gas (GHG) emissions.”

Rabobank is one of the financial sponsors of the WEF’s Food Action Alliance (discussed below). On its website, Rabobank notes that it operates in the Netherlands, serving retail and corporate clients, and globally, financing the agricultural sector. The ILO is a UN agency that sets labor standards in 187 countries.

What interests could an international bank and a UN international labor agency have in common? According to their jointly authored paper, they have in common a resolve to eliminate fragmentation in agriculture. The banking interest in defragmentation is to gain a controlling interest in fewer and larger farms. The labor union management interest is to have more workers under its supervision and control. The banking and labor interests combined result in large farms worked by organized farm laborers—nonowners—under the controlling interest of the bank. A bonus rationale (more likely the main one) for this "scheme" is that the sustainable development goals (SDGs) of the UN's Agenda 2030 can thereby more easily be implemented across "agricultural value chains and farming practices." The authors conclude: "Most critically, *we need to aggregate opportunities, resources and complementary expertise into large-scale projects* that can unlock investment and deliver impact" (emphasis mine). "Collective action" is the "cure."

In terms of agriculture, that is, "fragmentation" means too many discrete and disparate farms. The solution to this problem is consolidation, or the ownership of agricultural assets by fewer and fewer entities. Enter Bill Gates in the US. The "large-scale projects" will be owned by those who can afford to abide by the European Commission's (EC) [Farm to Fork Strategy](). "The Farm to Fork Strategy is at the heart of the European Green Deal." The goal of the European Green Deal is "no net emissions of greenhouse gases by 2050." (More on the Farm to Fork Strategy and its effects on hunger and starvation below.)

The issue of food supply was addressed in a session entitled "Sustainably Served." The summary caption for the session notes that "nearly 830 million people face food insecurity and more than 3 billion are unable to afford a healthy diet. Challenges to human and planetary health have been further compounded by rising costs, supply chain disruptions and climate change."

The highlight of the "Sustainably Served" panel, which otherwise amounted to virtue signaling, came in the form of questions posed by an audience member, "Jacob, from America":

> *I want to ask a question about food production. Last year the*

> *Dutch government announced harsh restrictions on the use of nitrogen fertilizers. Such restrictions forced many farmers to put much of their land out of production. And these policies led to 30,000 Dutch farmers protesting these government policies. And this was being done at a time when food production was already being severely curtailed because of the war in Ukraine. My questions are, one, does the panel support similar policies being implemented throughout the world? And do you support the Dutch farmers who are protesting? Do not such strict policies leading to reduced food production ultimately harm the poorest people of the world and exacerbate the problem of malnutrition?*

The questioner was one of four, yet his questions dominated the rest of the session and led the moderator, Tolu Oni, and panelist Hanneke Faber, the president of nutrition at Unilever, which is based in the Netherlands, to become quite defensive. The latter replied:

> *I am Dutch, and our business is based in Holland. It's a very difficult situation in Holland. I have a lot of sympathy for the farmers who are protesting, because it's their livelihoods and their businesses at risk. But I also have a lot of sympathy for what the government is trying to do, because the nitrogen emissions are way too high. . . . So, something needs to be done. . . .*
>
> *But it's a very Dutch problem. I don't think that you have to worry that those same solutions will have to go somewhere else.*

This last statement is belied by the fact that the Netherlands is the headquarters of the WEF's Food Action Alliance program and the site of the Global Coordinating Secretariat (GCS) of the WEF's Food Innovation Hubs. Launched at the Davos Agenda meeting in 2021, the Food Innovation Hubs have as their goal alignment with the UN Food Systems Summit: "The role of the

GCS will be to coordinate the efforts of the regional Hubs as well as align with global processes and initiatives such as the UN Food Systems Summit." And the stated goal of the UN Food Systems Summit is to align agricultural production with Agenda 2030's SDGs: "The UN Food Systems Summit, held during the UN General Assembly in New York on September 23 [2021], set the stage for global food systems transformation to achieve the Sustainable Development Goals by 2030."

"Sustainability" and "sustainable development" do not mean, as the words seem to suggest, the ability to withstand shocks of various kinds—economic crises, natural disasters, etc. They mean development constrained by utopian, unscientific environmentalist imperatives, inclusive of reduced production and consumption in the developed world and the thwarting of development that would result in the production of additional GHGs in the developing world. In terms of agriculture, this entails a reduction in the use of nitrogen-rich fertilizers and their eventual elimination and the phasing out of methane- and ammonia-producing cattle. In the Netherlands, the Food Hubs initiative has already led to the government's compulsory buyout and closure of as many as three thousand farms, which will lead to dramatically reduced crop yields from the world's second-largest exporter of agricultural products.

The situation in the Netherlands is also part of the European Commission's Farm to Fork Strategy. Under the Trump administration, the United States Department of Agriculture (USDA) found that adopting the plan would result in a decline in agricultural production of between 7 percent and 12 percent for the European Union, depending on whether the adoption is EU-wide or global. With EU-only adoption, the decline in EU agricultural production was projected to be 12 percent, as opposed to 7 percent should the adoption become global. In the case of global adoption, worldwide agricultural production was projected to drop by 11 percent. Further, the USDA reported:

> *The decline in agricultural production would tighten the EU*

> *food supply, resulting in price increases that impact consumer budgets. Prices and per capita food costs would increase the most for the EU, across each of the three scenarios [a middle scenario of adoption of Farm to Fork by the EU and neighboring nation-states was included in the study]. However, price and food cost increases would be significant for most regions if [Farm to Fork] Strategies are adopted globally. For the United States, price and food costs would remain relatively unchanged except in the case of global adoption.*
>
> *Production declines in the EU and elsewhere would lead to reduced trade, although some regions would benefit depending on changes in import demand. However, if trade is restricted as a result of the imposition of the proposed measures, the negative impacts are concentrated in regions with the world's most food-insecure populations. . . .*
>
> *Food insecurity, measured as the number of people who lack access to a diet of at least 2,100 calories a day, increases significantly in the 76 low- and middle-income countries covered in our analysis due to increases in food commodity prices and declines in income, particularly in Africa. By 2030, the number of food-insecure people in the case of EU-only adoption would increase by an additional 22 million more than projected without the EC's proposed Strategies. The number would climb to 103 million under the middle scenario and 185 million under global adoption. (emphasis mine)*

Thus, we see that "sustainably served" means sustainably starved.

Another panel of note was "[Stewarding Responsible Capitalism]()," which featured Brian T. Moynihan, CEO of Bank of America and chair of the WEF business council, among others. An arch proponent of stakeholder capitalism, Moynihan suggested that companies that do not meet environmental, social, and governance (ESG) criteria will simply be left behind. No one will do business with such companies, he said.

Moynihan's comments revealed the extent to which stakeholder capitalism and the metric for measuring it, the ESG index, have penetrated commercial banking. In fact, over three hundred major banks are signatories of the UN's "Principles for Responsible Banking," "representing almost half of the global banking industry." Meanwhile, forty-seven hundred asset management firms, asset owners, and asset service providers have signed the UN's six "Principles for Responsible Investment." These principles are entirely focused on ESG compliance and meeting the UN's Agenda 2030 sustainable development goals. ESG indexing now pervades every aspect of banking and investment businesses, including what companies they invest in, how they adhere to ESG metrics themselves, and how they cooperate with competitors to promote ESGs. Thus, the goal of the principles is to universalize ESG investing. ESG indexing raises the cost of doing business, starves the noncompliant of capital, and creates a woke cartel of preferred producers.

In the "Philanthropy: A Catalyst for Protecting Our Planet" session, US climate envoy John Kerry suggested that he and the people at Davos were "a select group of human beings, [who], because of whatever touched us at some point in our lives, are able to sit in a room and come together and actually talk about saving the planet." Betraying the religious, cultlike character of the Davos group, Kerry suggested that his and others' anointment as saviors of the planet was "almost extraterrestrial." If you tell them you are interested in saving the planet, "most people," Kerry continued, "they think you are a tree-hugging leftie liberal do-gooder." But I submit that "most people" think Kerry and his ilk are not do-gooders at all but rather control freaks and megalomaniacs bent on controlling the world's population.

On other panels, the speakers stated that eating meat, driving cars, and living outside the bounds of fifteen-minute cities should be disallowed.

In short, with the Davos agenda, we are confronted with a concerted, coordinated campaign to dismantle the productive capabilities in energy, manufacturing, and farming. This project, driven by elites and accruing to their benefit, is amounting to the largest Great Leap Backward in recorded history. If it is not stopped and reversed, it will lead to economic disaster, including dramatically reduced consumption and living standards. And it will almost certainly result in more hunger in the developed world and famines in the developing world. WEF chairman Schwab may outdo Chairman Mao. If we let him.

Michael Rectenwald is the author of twelve books, including *The Great Reset and the Struggle for Liberty, Unraveling the Global Agenda*, *Thought Criminal*, *Beyond Woke*, *Google Archipelago*, and *Springtime for Snowflakes*. He is a distinguished fellow at Hillsdale College. Contact Michael Rectenwald

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