How BlackRock Conquered the World – Part 3

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Aladdin's Genie and the Future of the World

by **[James Corbett]()**, *[The Corbett Report]()*
November 27, 2022

As those who have been following the **How BlackRock Conquered the World** series know by now, BlackRock, Inc. started out as an asset management subsidiary of investment giant The Blackstone Group, but quickly spun off into its own entity. It made its mark by emphasizing risk management for its clients, and by the time the Global Financial Crisis hit in 2008, BlackRock was perfectly positioned to take over Wall Street, helping to sort through the mess of toxic subprime mortgages that BlackRock CEO had helped pioneer decades before.

And, as we saw last week, BlackRock leveraged this power to begin shaping the course of events. They proposed a radical new form of market intervention that central banks could use to pump money directly into the retail economy, and just weeks later the Federal Reserve was employing that "Going Direct" plan in their repo market intervention. The scamdemic, it turns out, was largely an excuse for the Fed to cover their multi-trillion dollar market intervention and for BlackRock to consolidate their mammoth economic and political power, engineering yet another bailout for the benefit of their own investments.

At this point in our exploration, we find ourselves confronting the most important question of all: now that BlackRock has scaled the summit of Mount Olympus and are in control of a mind-boggling amount of wealth, what is Larry Fink and his gang planning to *do* with their newfound powers? As we shall see, this is not a trivial question. As it turns out, BlackRock's ambition is nothing less than to shape the course of civilization for the benefit of themselves and their Wall Street cronies.

In Part 1 of this series, ***A Brief History of Blackrock***, I described how BlackRock came to be the economic and political juggernaut it is today.

In Part 2 of this series, I examined how BlackRock's ***Going Direct*** reset paved the way for the massive economic and monetary transition that we have just lived through under the cover of the scamdemic.

This week, we will examine the Aladdin system and the other creepy ways BlackRock is planning to use its power to mould society in its own interest.

Part 3: Aladdin's Genie and the Future of the World

As we saw in Part 1 of this series, BlackRock started out life as “Blackstone Financial Management” in the offices of The Blackstone Group in 1988. By 1992, it was already so successful that founder Larry Fink and Blackstone CEO Stephen Schwarzman spun the company off as its own entity, christening it BlackRock in a deliberate attempt to sow confusion.

But it was in 1993 (or so the story goes) that arguably the most important of BlackRock’s market-controlling tools was forged. It was that year that Jody Kochansky, a fixed-income portfolio manager hired the year before who began to tire of his daily 6:30 AM task of comparing his entire portfolio to yesterday’s numbers.

The task, hitherto done by hand from paper printouts, was long and arduous. Kochansky had a better idea: “We said, let’s take this data, and rather than print it out, let’s sort it into a database, and have the computer compare the report today versus the report yesterday, across every position.”

It may seem obvious to us today, but in 1993 the idea of automating a task like this was a radical one. But, as radical as it may have seemed at the time, the idea paid off. After seeing the utility of having an automated, daily, computer-generated report calculating the risk on every asset in a portfolio, Kochansky and his team hunkered down for a 72-hour code-writing exercise that resulted in Aladdin (short for “asset, liability, debt and derivative investment network”), a proprietary investment analysis technology touted as “the operating system for BlackRock.”

Sold as a “central processing system for investment management,” the software is now the core of BlackRock Solutions, a BlackRock subsidiary that licenses Aladdin to corporate clients and institutional investors. Aladdin combines portfolio management and trading, compliance, operations, and risk oversight in a single platform, and is now used by over 200 institutions, including fund manager rivals Vanguard and State Street; half of the top ten insurers in the world; Big Tech giants like Microsoft, Apple and Alphabet; and numerous pension funds, including the world's largest, the $1.5 trillion Japanese Government Pension Insurance Fund.

The numbers themselves tell the story of Aladdin.

It is used by 13,000 BlackRock employees and thousands of BlackRock customers.

It occupies three datacentres in the US with plans to open two more in Europe.

It runs thousands of Monte Carlo simulations—computational algorithms that model the probability of various outcomes in chaotic systems—every day on each one of the tens of millions of securities under its purview.

And by February 2017, it was managing risk for $20 trillion worth of assets. That's when BlackRock stopped reporting the number because—as the company told *The Financial Times*—"total assets do not reflect how clients use the system." An anonymous source in the company had a different take: "the figure is no longer disclosed because of the negative attention the enormous sums attracted."

In this case, the phrase "enormous sums" almost fails to do justice to the truly mind-boggling wealth under the watchful eye of this computer system. As *The Financial Times* went on to report, the combination of the scores of new clients using Aladdin in recent years and the growth in the stock and bond markets in that time has meant that the total value of assets under the system's management is much larger than the $20 trillion reported in 2017: "Today, $21.6tn sits on the platform from just a third of its 240 clients, according to public documents verified with the companies and first-hand accounts."

For context, that figure—representing the assets of just *one-*

third of BlackRock’s clientele—itself accounts for 10% of the value of all the stocks and bonds in the world.

But if the idea of this amount of the world’s assets being under the management of a single company’s proprietary computer software concerns you, BlackRock has a message for you: Relax! The official line is that Aladdin only calculates risk, it doesn’t tell asset managers what to buy or sell. Thus, even if there was a stray line of code or a wonky algorithm somewhere deep inside Aladdin’s programming getting its investment analysis catastrophically wrong, the final decision on any given investment would still come down to human judgment.

. . . Needless to say, that’s a lie. In 2017, BlackRock unveiled a project to replace underperforming humans in their stockpicking business with computer algorithms. Dubbed “Monarch,” the scheme saw billions of dollars of assets snatched from human control and given to an obscure arm of the BlackRock empire called Systematic Active Equities (SAE). SAE was acquired in the same 2009 deal that saw BlackRock acquire iShares from Barclays Global Investor (BGI).

As we saw last week, the BGI deal was unbelievably lucrative for BlackRock, with iShares being acquired for $13.5 billion in 2009 and rising to a $1.9 trillion valuation in 2020. It’s a testament to BlackRock’s commitment to the machine-over-man Monarch project, then, that Mark Wiseman, global head of active equities at BlackRock, could tell *The Financial Times* in 2018, “I firmly believe that, if we look back in five to 10 years from now, the thing that we most benefited from in the BGI acquisition is actually SAE.”

Even *The New York Times* was reporting at the time of the launch of the Monarch operation that Larry Fink had “cast his lot with the machines” and that BlackRock had “laid out an ambitious plan to consolidate a large number of actively managed mutual funds with peers that rely more on algorithms and models to pick stocks."

"The democratization of information has made it much harder for active management," Fink told *The NY Times*. "We have to change the ecosystem — that means relying more on big data, artificial intelligence, factors and models within quant and traditional investment strategies."

Lest there be any doubt about BlackRock's commitment to this anti-human agenda, the company doubled down in 2018 with the creation of AI Labs, which is "composed of researchers, data scientists, and engineers" and works to "develop methods to solve their hardest technical problems and advance the fields of finance and AI."

The actual models that SAE uses to pick stocks is hidden behind walls of corporate secrecy, but we do know some details. We know, for instance, that SAE collects over 1,000 market signals on each stock under evaluation, including everything from the obvious statistics you would expect in any quantitative analysis of the equities markets—trading price, volume, price-earnings ratio, etc.—to the more exotic forms of data harvesting that is possible when complex learning algorithms are connected to the mind-boggling amounts of data that are now available on seemingly everyone and everything.

A Harvard MBA student catalogued some of these novel approaches to stock valuation undertaken by the SAE algorithms in a 2018 post on the subject.

> *One of the ways BlackRock is including machine learning in its investment process is by 'signal combination', in which a model mines data attempting to learn the relationships between stock returns and various quantitative data. For example, it would analyze web traffic through corporate's websites as an indicator of future growth of the company or would look at geolocation data from smartphones to predict which retailers are more popular. In doing so, researchers*

> *must recalibrate and refine the model, to make sure it was adding value and not just rediscovering well known market behaviors already know by 'fundamental' fund managers.*
>
> *Another important machine learning application came when it was combined with natural language processing. In this model, the technology learns in an adaptive way what are the words that can predict future performance of stocks. This model was used on analysis of broker reports and corporate filings, and the technology discovered that CEO's remarks tend to be generally more positive, so then it started giving more importance to the comments of the CFO, or the Q&A portion of conference calls.*

So, let's recap. We know that BlackRock now manages well in excess of $21 trillion of assets with its Aladdin software, making a significant portion of the world's wealth dependent on the calculations of an opaque, proprietary BlackRock "operating system." And we know that Fink has "cast his lot in with the machines" and is increasingly devoted to finding ways to leverage so-called artificial intelligence, learning algorithms, and other state-of-the-art technologies to further remove humans from the investment loop.

But here's the *real* question: what is BlackRock actually *doing* with its all-seeing eye of Aladdin and its SEA robo-stockpickers and its AI Labs? Where are Fink and the gang actually trying to take us with the latest and greatest in cutting edge fintech wizardry?

Luckily, we don't exactly need to scry the tea leaves to find our answer to that question. Larry Fink has been kind enough to write it down for us in black and white.

You see, every year since 2012, Fink has taken it upon himself as de facto world's wealth to pen an annual "letter to CEOs" laying out the next steps in his scheme for world domination.

. . . Errr, I mean, he writes the letter "as a fiduciary for our clients who entrust us to manage their assets — to highlight the themes that I believe are vital to driving durable long-term returns and to helping them reach their goals."

Sometimes referred to as a "call to action" to corporate leaders, these letters from the man stewarding over a significant chunk of the world's investmentable assets actually do change corporate behaviour. That this is so should be self-evident to anyone with two brain cells to rub together, which is precisely why it took a team of researchers months of painstaking study to publish a peer-reviewed paper concluding this blindingly obvious fact: "portfolio firms are responsive to BlackRock's public engagement efforts."

So, what *is* Larry Fink's latest hobby horse, you ask? Why, the ESG scam, of course!

That's right, Fink used his 2022 letter to harangue his captive audience of corporate chieftains about "The Power of Capitalism," by which he means the power of capitalism to more perfectly control human behaviour in the name of "sustainability."

Specifically:

> *It's been two years since I wrote that climate risk is investment risk. And in that short period, we have seen a tectonic shift of capital. Sustainable investments have now reached $4 trillion. Actions and ambitions towards decarbonization have also increased. This is just the beginning — the tectonic shift towards sustainable investing is still accelerating. Whether it is capital being deployed into new ventures focused on energy innovation, or capital transferring from traditional indexes into more customized portfolios and products, we will see more money in motion.*

> *Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?*

Oooh, oooh, I want to lead, Larry! Pick me, pick me! . . . but please, tell me how I can lead my company into this Brave New Net Zero World Order.

> *Stakeholder capitalism is all about delivering long-term, durable returns for shareholders. And transparency around your company's planning for a net zero world is an important element of that. But it's just one of many disclosures we and other investors ask companies to make. As stewards of our clients' capital, we ask businesses to demonstrate how they're going to deliver on their responsibility to shareholders, including through sound environmental, social, and governance practices and policies.*

Yes, to the surprise of absolutely no one, Larry Fink has signed BlackRock on to the multi-trillion dollar scam that is "environmental, social, and governance practices and policies," better known as ESG. For those who don't know about ESG yet, they might want to get up to speed on the topic with my presentation earlier this year on "ESG and the Big Oil Conspiracy," but—as the always well-researched Iain Davis summarizes in his article on the globalization of the commons (aka the financialization of nature through so-called "natural asset corporations"):

> *This will be achieved using Stakeholder Capitalism Metrics. Assets will be rated using environmental, social and governance (ESG) benchmarks for sustainable business performance. Any business requiring market finance, perhaps through issuing climate bonds, or maybe green bonds for European ventures, will need those bonds to have a healthy ESG rating.*

> *A low ESG rating will deter investors, preventing a project or business venture from getting off the ground. A high ESG rating will [see investors rush] to put their money in projects that are backed by international agreements. In combination, financial initiatives like NACs and ESGs are converting SDGs into market regulations.*

In other words, ESG is a set of phoney-baloney metrics that are being cooked up by globalist think tanks and would-be ruling councils (like the World Economic Forum) to serve as a type of social credit system for corporations. If corporations fail to toe the line when it comes to globalist policies of the moment—whether that's committing to industry-destroying net zero (or even Absolute Zero) commitments or de-banking thought criminals or anything else that may be on the globalist checklist—their ESG rating will take a hit.

"So what?" you may ask. "What does an ESG rating have to do with the price of tea in China and why would any CEO care?"

The "so what" here is that—as Fink signals in his latest letter—BlackRock will be putting ESG reporting and compliance in its basket of considerations when choosing which stocks and bonds to invest in and which ones to pass over.

And Fink is not alone. There are now 291 signatories to the Net Zero Asset Managers Initiative, an "international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner" that includes BlackRock, Vanguard, State Street and a slew of other companies collectively managing $66 trillion of assets.

In plain English, BlackRock and its fellow globalist investment firms are leveraging their power as asset managers to begin shaping the corporate world in their image and bending corporations to their will.

And, in case you were wondering, yes, this is tied into the AI agenda as well.

In 2020, BlackRock announced the launch of a new module to its automated Aladdin system: Aladdin Climate.

> *Aladdin Climate is the first software application to offer investors measures of both the physical risk of climate change and the transition risk to a low-carbon economy on portfolios with climate-adjusted security valuations and risk metrics. Using Aladdin Climate, investors can now analyze climate risk and opportunities at the security level and measure the impact of policy changes, technology, and energy supply on specific investments.*

To get a sense of what a world directed by digital overlords at the behest of this ESG agenda might look like, we need turn no further than to the ongoing conflict in Ukraine. As Fink wrote in his letter to shareholders earlier this year:

> *Finally, a less discussed aspect of the war is its potential impact on accelerating digital currencies. The war will prompt countries to re-evaluate their currency dependencies. Even before the war, several governments were looking to play a more active role in digital currencies and define the regulatory frameworks under which they operate. The US central bank, for example, recently launched a study to examine the potential implications of a US digital dollar. A global digital payment system, thoughtfully designed, can enhance the settlement of international transactions while reducing the risk of money laundering and corruption. Digital currencies can also help bring down costs of cross-border payments, for example when expatriate workers send earnings back to their families. As we see increasing interest from our clients, BlackRock is studying digital currencies, stablecoins and the underlying technologies to understand how they can help us serve our clients.*

The future of the world according to BlackRock is now coming fully into view. It is a world in which unaccountable computer learning algorithms automatically direct investments of the world's largest institutions into the coffers of those who play ball with the demands of Fink and his fellow travellers. It is a world in which transactions will be increasingly digital, with every transaction being data mined for the financial benefit of the algorithmic overlords at BlackRock. And it is a world in which corporations that refuse to go along with the agenda will be ESG de-ranked into oblivion and individuals who present resistance will have their CBDC wallets shut off.

The transition of BlackRock from a mere investment firm into a financial, political and technological colossus that has the power to direct the course of human civilization is almost complete.

Conclusion

As bleak as this exploration of this world-conquering juggernaut is, there is a ray of hope on the horizon: the public is at least finally becoming aware of the existence of BlackRock and its relative importance on the global financial stage. This is reflected in an increasing number of protests targeting BlackRock and its activities. For example:

NOW — BlackRock HQ in NYC stormed with pitchforks

Keen-eyed observers may note, however, that these protests are not *against* the BlackRock agenda I have laid out in this series. On the contrary. They are *for* that agenda. These protesters' main gripe seems to be that Fink and BlackRock are engaged in greenwashing and that the mega-corporation is actually more interested in its bottom line than in saving Mother Earth.

Well, duh. Even BlackRock's former Chief Investment Officer for Sustainable Investing wrote an extensive, four-part whistleblowing exposé after leaving the firm documenting how the "sustainable investing" push being touted by Fink is a scam from top-to-bottom.

My only gripe with this limited hangout critique of BlackRock is that it implies that Fink and his cohorts are merely interested in accumulating dollars. They're not. They're interested in turning their financial wealth into real-world power. Power that they will wield in service of their own agenda and that they will cloak with a phony green mantle because they believe—and not without reason—that that's what the public wants.

Slightly closer to the point, you get nonprofit groups like Consumers' Research "slamming" BlackRock for impoverishing the real economy for the benefit of themselves and their colleagues. "You'd think a company that has made it their mission to enforce ESG (environmental, social and governance) standards on American businesses would apply those same standards to foreign investments, but BlackRock isn't pushing its woke agenda on China or Russia," Consumers' Research Executive Director Will Hild explained earlier this year after the launch of an ad campaign targeting the investment giant.

But that critique, too, seems to miss the underlying point. Is Hild trying to say that if only Fink applied his economy-destroying standards equally across the board then he would be beyond reproach?

More hopefully, there are signs that the political class—always willing to jump out in front of a parade and pretend they're leading it—are picking up on the growing public discontent with BlackRock and are beginning to cut ties with the firm.

In recent months, multiple US state governments have announced their intention to divest state funds from BlackRock, with 19 state's attorneys general even signing a letter to Larry Fink in August calling him out on his agenda of social control:

> *BlackRock's actions on a variety of governance objectives may violate multiple state laws. Mr. McCombe's letter asserts compliance with our fiduciary laws because BlackRock has a private motivation that differs from its public commitments and statements. This is likely insufficient to satisfy state laws requiring a sole focus on financial return. Our states will not idly stand for our pensioners' retirements to be sacrificed for BlackRock's climate agenda. The time has come for BlackRock to come clean on whether it actually values our states' most valuable stakeholders, our current and future retirees.*

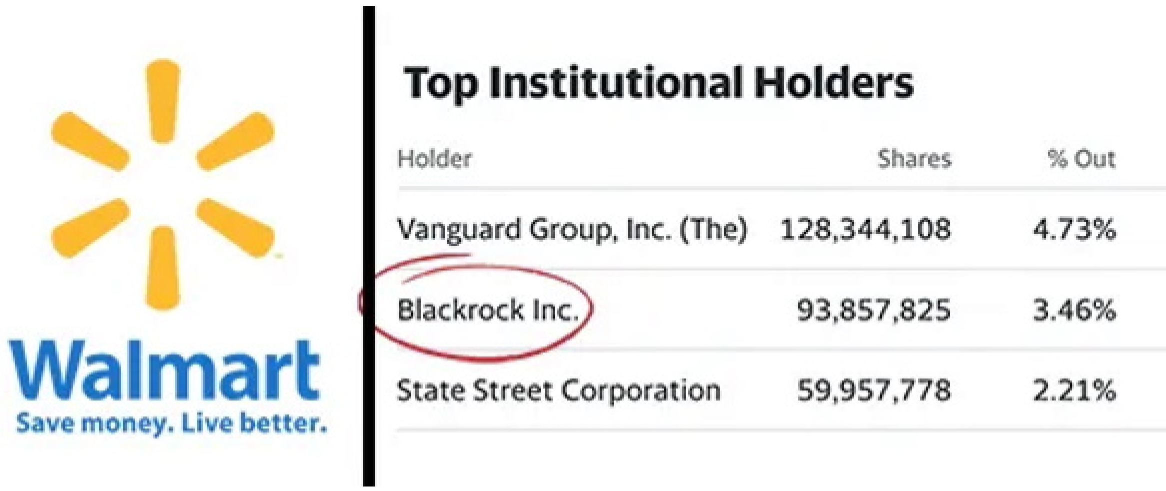
As part of this divestment push, the Louisiana state treasurer announced in October that the state was withdrawing $794 million in state funds from BlackRock, South Carolina's state treasurer announced plans to divest $200 million from the company's control by the end of the year and Arkansas has already taken $125 million out of money market accounts under BlackRock's management.

As I noted in my recent appearance on The Hrvoje Morić Show, regardless of the real motivations of these state governments, the fact that they feel compelled to take action against BlackRock is itself a hopeful sign. It means that the political class understands that an increasing portion of the public is aware of the BlackRock/ESG/corporate governance agenda and is opposed to it.

Once again, we arrive at the bottom line: the only thing that truly matters is public awareness of the issues involved in the rise of a financial (and political and technological) giant like BlackRock, and it is only general public opinion that can move the needle when it comes to removing the wealth (and thus the power) from a behemoth like the one that Fink has created.

But before we wrap up here, there's one last point to be made.

You might remember that we opened this exploration by highlighting BlackRock's position as one of the the top institutional shareholders in Walmart:



Top Institutional Holders

Holder	Shares	% Out
Vanguard Group, Inc. (The)	128,344,108	4.73%
Blackrock Inc.	93,857,825	3.46%
State Street Corporation	59,957,778	2.21%

And Coca-Cola:

Top Institutional Holders

Holder	Shares	% Out
Berkshire Hathaway, Inc	400,000,000	9.25%
Vanguard Group, Inc. (The)	359,394,421	8.31%
Blackrock Inc.	299,838,038	6.93%

And Moderna:

Top Institutional Holders

Holder	Shares	% Out
Baillie Gifford and Company	45,280,023	11.79%
Vanguard Group, Inc. (The)	27,648,457	7.20%
Blackrock Inc.	26,217,382	6.82%

And Exxon:

Top Institutional Holders

Holder	Shares	% Out
Vanguard Group, Inc. (The)	368,328,315	8.94%
Blackrock Inc.	287,427,472	6.98%
State Street Corporation	234,554,069	5.70%

And Amazon:

Top Institutional Holders

Holder	Shares	% Out
Vanguard Group, Inc. (The)	689,093,882	6.75%
Blackrock Inc.	587,459,057	5.76%
State Street Corporation	326,727,487	3.20%

…and seemingly every other company of significance on the global stage. Now, the [fact checkers will tell you](#) that this doesn't actually matter because it's the *shareholders* who actually own the stock, not BlackRock itself. But that raises a further question: who owns BlackRock?

Top Institutional Holders

Holder	Shares	% Out
Vanguard Group, Inc. (The)	13,047,531	8.69%
Blackrock Inc.	9,521,636	6.34%
State Street Corporation	6,059,542	4.03%

Oh, of course.

Now, I realize this is a lot of information to take in at once. Go ahead and re-read this series once or twice. Follow some of the many links contained herein to better familiarize yourself with the material. Share these reports (or the info itself) with others.

But if, after reading all of this you find yourself looking back over these "Top Institutional Holders" lists and saying: "Hey wait! Who's The Vanguard Group?" . . .

. . . Well then, I'd say you're starting to get it! Good job! And don't worry, friends, *that* is a question that we will be exploring in these pages in the not-too-distant future. Stay tuned . . .

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