



# On the Compatibility of Financialisation and Sustainability

Eric Clark  
Lund University

FESSUD Workshop on Financialisation and Sustainability  
Siena, 8-9 September 2014



# Sustainability

long term  
relations with environment  
social and natural dimensions



# Financialisation

“the increasing role of financial motive,  
financial actors and financial institutions in  
the operation of the domestic and the  
international economies”

(Epstein 2005; in Bianco & Piacentini, FESSUD  
WPS 7; similar quote in Vercelli, FESSUD WPS 48)



# Compatibility of Financialisation and Sustainability?



# Financialisation

Commodification

Privatisation

Monetisation / Marketisation

Securitisation / financial instruments

Accumulation by dispossession

“Exchange value moves into the driver’s seat”

(Harvey 2014, 17)

(what neoliberalisation is all about)



# Exchange value considerations

“The ruthless pursuit of maximising exchange values has diminished access to housing use values for a large segment of the population. ... The same thing happens to health care and education as exchange value considerations increasingly dominate the use value aspects of social life. ... Since the 1970s, a 'neoliberal consensus' has emerged (or been imposed) in which the state withdraws from obligations for public provision in fields as diverse as housing, health care, education, transportation and public utilities (water, energy, even infrastructures). ...

David Harvey (2014) *Seventeen Contradictions and the End of Capitalism*. London, Profile Books. (22-23)

# Exchange value considerations

“It does so in the interest of opening up these arenas to private capital accumulation and exchange value considerations. ... In this constructed world certain truths stand out as self-evident, chief of which is that everything under the sun must in principle and wherever technically possible subject to commodification, monetisation and privatisation. ... Exchange value is everywhere the master and use value the slave.”

David Harvey (2014) *Seventeen Contradictions and the End of Capitalism*. London, Profile Books. (23, 60)

# Accumulation by dispossession

Carbon Offset Trading → dispossession of the atmosphere

Rights Based Fishing → dispossession of oceans/seas

‘Sustainable’ biofuel → global land-grab

‘Revitalization’ of ‘green’ cities → gentrification, domocide,  
topocide

Privatization of municipal housing, schools and healthcare →  
dispossession of urban commons

“Rent seeking is nothing more than a polite and rather neutral-sounding way of referring to what I call ‘accumulation by dispossession’.” (Harvey 2014, 133)



# Financialisation of ecosystem services

“Selling nature to save it?” (McAfee 1999)

EKO Asset Management Partners:

“focused on **discovering and monetizing unrealized or unrecognized environmental assets** ... by investing in projects and companies that **create environmental value**, as well as advising landowners, companies, investors and government agencies that can **benefit from existing and emerging environmental markets.**”



# Financialisation of ecosystem services

“Invest in the development of **unrecognized environmental assets** with a view to **profiting from their sale in emerging environmental markets**;

Invest in companies that are **poised to profit from these emerging markets** (e.g., carbon project developers, mitigation bankers, etc.);

and

Provide advisory services to companies, governments/agencies and investment organizations interested in **better understanding how to monetize and invest in environmental assets.**”



# Financialisation of ecosystem services

Point Capital Management boasts of being “the world’s first multi-strategy asset management boutique offering **exclusively sustainability-enhanced investment products** across a broad range of asset classes”, identifies the “recent market meltdown as a multi-trillion dollar ‘advertorial’ for **sustainability-enhanced approaches.**”

What **I\$** nature WORTH?



# Financialized environmental governance

Proposals whereby ecosystem services are to be used as collateral for loans raise questions of “who then possesses or has governing powers over the collateral (particularly in the case of default), and of how the pricing of local ecologies intersects with other socially embedded environmental values.”

(Sullivan 2013, 206)



# Financialized environmental governance

Aligning environmental change with financial instruments enhances the wealth of investors, while “shifting control of environmental governance to the speculative expectations governing financial futures markets”, involving displacements ranging from ‘green’ land grabs and ocean grabs “to the more subtle erasure of knowledges and values that are outside the logic of this financialising impetus”  
(Sullivan 2013, 209, 212).





Financial ecologies

“Harvest”



“This ecosystem is ... privatised, commercialised and monetised, and oriented towards maximising the production of exchange values (rents in particular)”  
(Harvey 2014, 261)

# Compatibility of Financialisation and Sustainability?

Financialisation is driven by exchange value considerations,  
which are inherently myopic and self-serving.

Sustainability requires long term considerations of use values,  
which are inherently based on rational planning and solidarity  
across time and space.

No, they are not compatible.



# Sustainability

“Compound growth for ever is not possible ...

Our relation to nature should not be guided by rendering it a commodity like any other, by futures markets on raw materials, minerals, water, pollution credits and the like, nor by maximisation of rental appropriations and land and resource values, but by the recognition that nature is the one great common to which we all have an equal right but for which we all also bear an immense equal responsibility.”

David Harvey (2010) *The Enigma of Capital and the Crises of Capitalism*. London, Profile Books. (227, 234-5)



An aerial photograph of a coastal area with a heart-shaped breakwater or reef structure in the water. The structure is made of dark, rocky or concrete blocks. Several people are visible swimming in the water near the heart shape. The ocean is a deep blue, and the shoreline is rocky with some white surf. The text "Thank you" is overlaid in the lower-left quadrant.

**Thank you**