

Financialisation and sustainability

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This project is funded by the European Union under
the 7th Research Framework programme (theme SSH)
Grant Agreement nr 266800



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The starting point

- ‘Finance to better serve economy, society and the environment’



What is financialisation?

- ‘financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies’ (Epstein 2005, p.3).
- To be broadly interpreted in terms of ‘operations’ of economy, society and polity



What is financialisation?

- Regime of accumulation
- Pursuit of shareholder
- Financialisation of the everyday (van der Zwan 2014)



The present era of financialisation

- Growth of financial institutions and (more so) financial markets: fusion between banks and markets
- Financial liberalisation
- Occurrence of financial crises and the underlying causes



The present era of financialisation

- ‘Financialisation of the everyday’ :widely interpreted
- The rise of household debt
- Financial sector and pensions, housing etc.



Financialisation

- A near universal phenomenon with different ‘starting points’ and proceeding at different speed: variegated financialisation
- The global reach of financialisation



Has the growth of the financial sector been beneficial?

- What have been the effects on investment and economic growth ?
- The recent findings of negative effects of ‘financial development’ on economic growth
- Why the change in the relationship?
- Pursuit of shareholder value and investment



Has the growth of
the financial sector been beneficial?

- Has the financial sector become too large?
- Financial crises and their costs on output, employment and growth



Financialisation and sustainability

- Debt and sustainability
- Is financialisation itself sustainable? Or towards an era of de-financialisation
- The need for a financial system designed to foster environmental sustainability



Re-structuring the financial sector

- The financial sector necessarily allocates funds and is involved in 'credit rationing': decisions over who receives funds and at what price. How are those decisions made?



Re-structuring the financial system

- Stakeholder financial institutions vs. Shareholder financial institutions
- The 'double bottom' line
- The benefits of a more diverse financial system in terms of stability
- Ability of savers to influence where their funds are used



Re-structuring the financial system

- How can the financial system be re-structured to support environmental sustainability?