Realism about “Green Finance” in an Age of Financialization

July 2012
requires understanding what role finance plays right now generally ...
Post-1970 profit crisis

Cyclical

... but seemingly not resolvable
long-term stagnation
Annual labor productivity growth in the OECD declined from 4.6 percent in 1960-73 to 1.8 percent in 1973-79 and just 1.6 percent in 1979-97. In the core, most of this growth occurred outside basic industry and agriculture, compounding the problem still further. Labor productivity growth in agriculture slowed across the Global North after 1980, in the USA falling by more than one-third in 1980-2004 relative to the postwar era.
Figure 4.1. Global Liquidity
(In billions of U.S. dollars; GDP-weighted; quarterly data)
NEW RULES FOR CAPITAL
RESPONSE #1

Protect fossil fuel use *at all costs.*
“This is hardly the time to interfere with the basis of labor productivity and globalized markets!”
RESPONSE #2

If renewed profitability can't be achieved by making things and exploiting labor ...

... then take, don't make.
Steal from *ordinary workers and farmers* ...
Steal from the rest of “nature” (land grabs)
Steal *anything* you can lay your hands on ...
“Bill Gates effectively privatised part of the general intellect and became rich by appropriating the rent that followed.”

– Slavoj Zizek, 2012
THE OLD TECHNOSTRUCTURE
(which still exists ...)

[Images of various objects and people related to industrial and technological themes]
CONTRACT FARMING
BUSINESS FOR DEVELOPMENT
“CHALLENGES AND OPPORTUNITIES”

MR. VICHAI POONPIRIYASUP
CROP INTEGRATION BUSINESS
C.P. GROUP (THAILAND)
13 MARCH 2007

“NINJA loans”

“Triple A Trash”

“We ripped out the eyeballs of our muppet clients.”
- Goldman Sachs
RESPONSE #3

Protect growth by reinforcing the turn to finance ...
Cement consumption per capita vs. GDP per capita

... and especially financialization.
Figure 3.1. Global Over-the-Counter Derivatives Markets
(In trillions of U.S. dollars; notional amounts of contracts outstanding)
% US profits from manufacturing

% US profits from finance
Figure 4.1: Real Corporate Profits, Financial vs. Nonfinancial Sectors

Finance Profits Come Roaring Back

Finance Profits As % Of All Domestic Profits

Data: Bureau of Economic Analysis
Financialization also involves supercommodification of traditional commodities – treating them as (competitive with) financial products
1955: 73-day chicken

2012: 28-day chicken
“Spanish 'ghost' airport's unused runway to be dug up”
Not “financing development” …

...so much as “developing finance.”
Create new (green) commodities ...
... which, in a context in which finance is dominant, are treated as financial from the outset ...
This conference “does not really concern itself with broader climate change issues … It is aimed squarely at investment banks, investors and major compliance buyers and is focused on how they can profit today from an increasingly diverse range of carbon-related investment opportunities. … Hybrid and complex carbon credit structured products … how to identify investor demand for them in the US … derivative/synthetic carbon products … carbon linked notes … for Japanese retail investors … sub-index arbitrage strategies … productising carbon … access channels for producers, … speculators, proprietary traders and investors. … ”
Not “finance for climate” …

...so much as “climate for finance.”
… a slogan whose force should not be underestimated, since it carries the momentum of historical cycles.
Dutch overcome the crisis of the Genoese system by internalizing “protection costs” into their commercial system; violence becomes a profitable product...
British supersede the crisis of Dutch-centred system by internalizing (industrial) production costs, increasing labor productivity through coal, enclosure and technical innovation while using military force to break, e.g., Indian textile production.
US overcomes the crisis of the British-centred system by, e.g., internalizing transaction costs, planning and creating (global) demand and consumers, ensuring cheap food for labor through oil-based agriculture, etc.
Attempts are begun to deal with the new crises by internalizing environmental costs into the commercial system, producing, e.g. waste dumps or biodiversity offsets as commodities. Also, attempts are made to internalize and commodify radical uncertainty, including the entrepreneurial uncertainty on which investment traditionally hinges, through derivatives and credit ratings.
STRATEGIES
The dominance and destructive orientation of today's finance ...

... is cyclical, structural and features extreme and uncompromising opposition to the commons.
The orientation of finance today ... 

... will not be susceptible to a narrowly-technical “campaign” nor to “safeguards” nor to any form of regulation or “reprogramming” that does not form part of a decommodification struggle. Nor will it be reprogrammable by imaginary “master institutions” like a Green Climate Fund.
→ Commoners have the most well-rounded equipment to understand the implications of—and to fight—the financialization of human and nonhuman “nature”. (And of the “Energy” regime associated with fossil fuels.)

→ A politically effective approach to “climate finance” requires NGOs to engage in support for this fight now rather than treating it separately from the issue of “finance policy work” as carried out in Washington, Brussels or London.
E.g.,

Mutual learning about the threats.

Popular information materials decoding and helping to explain the implications of the new technostructure of complex trickery and fraud and the legal infrastructure that is built early on.

Helping intercept techno-environmentalists and “people in the middle” who are a crucial source of political strength for commodification and financialization.

Mutual strategies to take advantage of the inherent weaknesses of financialization – e.g. its sensitivity to time in comparison with commoners who can hold onto their land.
And:

Making connections with other commons struggles, our own and others', past and present.
E.g.,
Struggles against REDD in the South ↔
Struggles against fossil-fuelled environmental racism in the North pollution struggles

June 8, 2012 - WILMINGTON, CA. - Today, a coalition of environmental justice groups representing highly polluted communities are calling on the U.S. Environmental Protection Agency (EPA) to remedy discrimination caused by the California Air Resources Board's Cap and Trade scheme. The groups charge that the Air Board has violated Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, and national origin.
“The California Environmental Justice Movement stands with communities around the world in opposition to carbon trading and offset use and the continued overreliance on fossil fuels.”

The California EJM’s Declaration against the Use of Carbon Trading Schemes to Address Climate Change
The law locks up the man or woman
Who steals the goose from off the common
But leaves the greater villain loose
Who steals the common from off the goose.

The law demands that we atone
When we take things we do not own
But leaves the lords and ladies fine
Who take things that are yours and mine.
“It is only the reference to those Excluded, to those who dwell in the blanks of the State space, that enables true universality ... without [the antagonism between the Included and the Excluded], all others lose their subversive edge: ecology turns into a problem of 'sustainable development', intellectual property into a 'complex legal challenge', biogenetics into an 'ethical issue'."

Slavoj Zizek, 2007