

SYLLABUS

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|--|---|--|-------------------|----|
| Name of the course: | Finance, Money and the Ecological Transition | | | |
| Teacher: | Jeffrey Althouse Camille Souffron Romain Svartzman | | | |
| University / organisation: | Université Sorbonne Paris Nord | | | |
| Language of teaching: | English | | | |
| ECTS: | 4 ECTS | | | |
| Semester (S1, S2, S3 or S4): | S1 | S2 | X S3 | S4 |
| Teaching method(s): | X Lecture courses | | Flipped classroom | |
| | Other: | | | |
| Type(s) of evaluation: | Sitting exam | | X Written report | |
| | Oral defence | | Group project | |
| | Other / comments: | Term paper (about 25,000 characters; 30,000 if in pairs). Free choice of subject but linked to at least two bibliographical references from the course (exceptions possible on request). | | |
| Expected deadline(s) for the evaluation(s): | Due for the end of January 2024 | | | |
| Expected date of final results: | End of March 2024 | | | |
| Summary of the content: | <p>This course is built around regular attendance, informed discussion and independent work by students. Doing the essential readings and participating in discussion through informed questions, comments and critiques are absolutely required. These are fundamental elements to be done by the students in order to get value from the class.</p> <p>Part 1 - Camille Souffron</p> <p>“Green finance” can be broken down into two processes: The first one is green finance itself, <i>i.e.</i> ways to channel investment towards “green” activities and to manage new risks. The second is one of financialisation of nature, or at least of the manner we are looking at it: “natural capital”, “portfolios of ecosystem services”, “biodiversity banks”... Many institutional devices are now constructed to value nature and valorize its “capital”. This is to incentivize virtuous behaviors from firms, States and</p> | | | |

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citizens and is the new paradigm in environmentalism and conservation. In case both processes join, we will face a true financialisation of nature. We look at the various methods of valuing nature (revealed preferences, hedonic calculation, Ricardian rent, cost-benefit analysis, etc.) and at accounting frameworks (IFRS/IAS/CARE TDL). We will also examine the contradictions that are contingent and intrinsic to this approach, both theoretically and empirically, especially concerning substitutability between capitals. Finally, we will demonstrate the non-neutrality of market finance and monetary policies with regard to environmental issues.

In this section, we will critically mobilize General Equilibrium Theory, from the neoclassical school: it seems important in such a heterodox master's degree to master the main lines of this theory in order to criticize it, here applied to the environment, to the optimal allocation of scarce resources and to "well-being".

Part 2 - Romain Svartzman

In this part of the course, we examine the theory and practice of central banking and financial supervision/regulation with regards to the ecological transition.

We start by assessing why and how central banks have started to consider ecological issues (with some case studies), from a "risk-based" perspective. We then analyze the theoretical and practical limitations of this approach, including because of the models used by central banks but also more structural limitations relating to the nature of the ecological transition.

We then assess different proposals of alternative 'green' central banking and present the debates they have generated. This includes: replacing the "risk-based" approach by a "precautionary" one; building on post-Keynesian theory to envision how central banks could contribute to alternative policy mix; bringing in an institutionalist perspective to assess how central banks may need to evolve beyond what is usually envisioned (in a more 'radical' manner), especially under post-growth pathways.

Part 3 - Jeffrey Althouse

In this part of the course, we consider different modalities for understanding the green transition, particularly focusing on the idea of the "green finance gap" and attempts to fill it. We will focus on the different types and elements of green finance, its forms of regulation, and the ultimate implications of each form: "Neoliberal" Green Finance (new financial instruments, blended finance and de-risking initiatives), "Reformist" Green finance (e.g., Green New Deal, environmental 'big

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push'), and "Transformative" approaches (e.g., decommodification, reforms of the International Monetary and Financial systems).

In particular, we problematize contemporary modes of financialized sustainability thinking from within the framework of "global political ecology" ("world ecology"). This allows us to consider the multiple meanings for "green" and the way powerful groups tend to use sustainability discourses to perpetuate unsustainable human-nature relations. Moreover, it allows us to see how green capitalism may exacerbate environmental injustices both within and between countries. Finally, it permits a look towards more radical alternatives, which may be underexplored by much of current research.

The sessions will be organized as follow:

- 1- Introduction and context: What is the "green finance gap"? What measures have been put forward to fill it? Is the gap really there to be filled? Is it green?
- 2- Discussion: How might the problem be seen through different schools of thought? What is to be done for a just, transformative Global Green New Deal in view of existing economic inequalities and global power imbalances.

Part 4 - Camille Souffron

In this final section, we explore the macro-economic (and not just financial) implications of a systemic ecological transition and, in particular, of "degrowth" - whether it is undergone or driven. We will address both the question of transition, notably the dual problem of the stranding of financial and real assets (productive capital, employment, fossil resources for exporting countries in a situation of rent or dependency...) and the various policies proposed to ensure macroeconomic, macroprudential and fiscal stability and social justice in the context of such a transition, also in a global North-South analysis

We will also examine the political economy of the vague concept of "degrowth", attempting to provide rigorous, comparative and critical conceptual definitions, and studying whether or not it is necessary. More broadly, we will address the political economy of energy systems, both thermo-industrial and decarbonized, using the tools best suited to these analyses - regulation theory, monopoly capitalism, institutionalism, the differential rate of profit and capital intensity. We will return in particular to the non-absolutely deterministic nature of political and energy regimes, and the possible compatibility between a decarbonized society and "green" rent capitalism.

Indicative list of lectures and short bibliography:

Part 1

Financialization and valuation of Nature

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The bibliography will be sent directly to students by e-mail in advance of the sessions.

Part 2

I Assessing the current theory and practice of central banking and financial supervision/regulation in the age of ecological threats

Oman, W., Salin, M., Svartzman, R. (2022). "Contending Views on the Role of Central Banks in the Age of Climate Change: A Review of the Literature". In: Kappes, S., Rochon, L. P., Vallet, G. (Eds), *The Future of Central Banking*, Edward Elgar, pp. 151-174.

Oustry, A., Erkan, B., Svartzman, R., Weber, P.-F. (2020). "Climate-related Risks and Central Banks' Collateral Policy: a Methodological Experiment". *Banque de France Working Paper no. 790*.

Svartzman et al. (2021). "A "Silent Spring" for the Financial System? Exploring Biodiversity-Related Financial Risks in France". *Banque de France Working Paper no. 826*.

Svartzman, R., Bolton, P., Després, M., Pereira da Silva, L., Samama, F. (2021). "Central banks, financial stability and policy coordination in the age of climate uncertainty: A three-layered analytical and operational framework". *Climate Policy* 21 (4), 563-580.

II Reenvisioning the theory and practice of central banking and financial supervision/regulation in the age of ecological threats

Chenet, H., Ryan-Collins, J., van Lerven, F. (2021). "Finance, climate-change and radical uncertainty: Towards a precautionary approach to financial policy". *Ecological Economics* 183 106957

Svartzman, R., Dron, D., Espagne, E. (2019). "From Ecological Macroeconomics to a Theory of Endogenous Money for a Finite Planet". *Ecological Economics* 162 (C), 108-120.

Svartzman, R., Ament, J., Barmes, D., Erickson, J. D., Farley, J., Guay-Boutet, C., Kosoy, N. (2020). "Money, interest rates and accumulation on a finite planet – Revisiting the 'monetary growth imperative' through institutionalist approaches". In: Costanza, R., Erickson, J., Farley, J., Kubiszewski, I. (Eds.), *Sustainable Wellbeing Futures: A Research and Action Agenda for Ecological Economics*, Edward Elgar, pp. 266-283.

Monnet, E. (2021). "La Banque Providence - Démocratiser les banques centrales et la monnaie". *Seuil*, Paris.

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Part 3

1/ Introduction: Green finance and the “finance gap” in the world-ecological system

Magalhães, N. (2021). The green investment paradigm: Another headlong rush. *Ecological Economics*, 190, 107209.

Dziwok, E., & Jäger, J. (2021). A classification of different approaches to green finance and green monetary policy. *Sustainability*, 13(21), 11902.

Böhm, S., & Sullivan, S. (Eds.). (2021). *Negotiating climate change in crisis*. Open Book Publishers.

Dempsey, J., Irvine-Broque, A., Bigger, P., Christiansen, J., Muchhala, B., Nelson, S., ... & DiSilvestro, A. (2022). Biodiversity targets will not be met without debt and tax justice. *Nature ecology & evolution*, 6(3), 237-239.

2/ Discussion: What is to be done for a just, transformative Green New Deal in view of the existing global power imbalances?

Althouse, J., & Svartzman, R. (2022). Bringing subordinated financialisation down to earth: the political ecology of finance-dominated capitalism. *Cambridge Journal of Economics*, 46(4), 679-702.

Svartzman, R., & Althouse, J. (2022). Greening the international monetary system? Not without addressing the political ecology of global imbalances. *Review of International Political Economy*, 29(3), 844-869.

Mastini, R., Kallis, G., & Hickel, J. (2021). A green new deal without growth?. *Ecological Economics*, 179, 106832.

Ajl, M. (2021). *A people's green new deal*. Pluto Press. London.

Part 4

Macroeconomics and Political Economy of “Degrowth” and of a “Green” society

The bibliography will be sent directly to students by e-mail in advance of the sessions.