Stalemate for the financialization of climate policy

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Introduction

The aim of this article[1] is to suggest certain avenues of reflection on the growing importance of finance when imagining solutions to the climate crisis. We first retrace the progressive construction of green finance. In our opinion, this constitutes a new stage in environmental policies that systemically accompanies the financialization of capitalism. We then show that the alignment of green finance with the economic-political regime from which it emerged condemns it, for the time being, to impotence. Yet criticism might result in the reform effort shifting towards more ambitious proposals.

The green finance moment

The year 2015 ended with the Paris Agreement being adopted by all 195 delegations present at the Paris Climate Conference (COP21), and was a pivotal year for the visibility accorded to green finance. Article 2, which recalls the objective of containing global warming "well below 2°C" compared to the pre-industrial level, also announced the signatories' willingness to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." Since the 2008 financial crisis, the question of the financial world's responsibility for the production of solutions has been quietly evolving.

The gradual construction of green finance

Adopted in 2007, the Bali Action Plan brought the idea of reflecting on "innovative ways" and of mobilizing "private and public sector funding and investment, including facilitation of climate-friendly investment choices" in the Climate Convention (UNFCCC) process (Aykut and Dahan 2015). The failure of Copenhagen in 2009 only slightly delayed the expected decisions on this issue. As from the following year, developed countries committed to mobilizing $100 billion per year by 2020, all sources of financing combined (public, private, bilateral, multilateral), to address adaptation or emission reduction actions. It was thus clear from the outset that it would be necessary to call upon private money to reach this objective (OECD and CPI 2015).

NGOs and think tanks worked to put this issue on the agenda. The Climate Policy Initiative (CPI) created on the initiative of financier Georges Soros and funded by large American foundations and certain governments, began a finance initiative in 2010. The CPI has been producing an annual report ("Landscape of Climate Finance") on climate finance flows since 2012. This highly influential work on the Paris Agreement has since 2014 been integrated into the biennial report of the Secretariat of the UN Framework Convention on Climate Change. The Climate Bonds Initiative (CBI), created in 2010 and financed by major foundations and banks, focuses on the development of green bonds. In November 2015, in cooperation with the United Nations Environment Programme (UNEP) and the World Bank Group, it published a report aimed at political decision-makers (CBI 2015) and engaged in collecting signatures from asset managers on this issue.

The number of initiatives increased considerably during the months leading up to COP21, creating a knock-on effect. These major banks and industrial players drew attention to themselves with a series of statements.[2] They were supported by the United Nations Environment Programme Finance Initiative (UNEP-FI), which is itself a partnership between UNEP and global finance. UNEP-FI, launched in 1992 following the Rio summit, was not very active in the early years but multiplied its actions from the mid-2000s (creation of Principles for Responsible Investment [PRI] in 2006). It helped form the Portfolio Decarbonization Coalition in 2014, then with PRI in September 2015 launched the Montreal Pledge, which collects signatures by which investors commit to annual publication of the carbon footprint of their portfolio.

Financial regulators also joined the battle. In September 2015, Mark Carney, Governor of the Bank of England and Chairman of the Finance Stability

Board (FSB), gave a remarkable speech on the financial risks of climate change (Carney 2015). In December of that year, this same FSB initiated the creation of a Task Force on Climate-related Financial Disclosures (TCFD).

France, the host country of COP21 and characterized by a highly concentrated financial sector, wished to be at the forefront of the movement (Canfin and Grandjean 2015). One of the objectives was to make the Paris financial center one of the leading places for green finance, a project that has been steadily pursued ever since.

At the international level, 2015 was also the year of the adoption of the 17 Sustainable Development Goals (SDG) by the United Nations Assembly. This was preceded in July by the third Financing for Development conference in Addis Ababa, whose action plan focused on the importance of developing blended finance that combined private and public finance. It restated an obvious fact that had been shared in UN bodies since the first Financing for Development conference in Monterrey in 2002: public finance alone could not achieve this. The development of green finance was thus also part of this broader observation.

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The development of green initiatives and products

The obsession with green finance, which resulted in the publication of a wealth of grey literature, does not seem to have abated since 2015, and new initiatives have been added. Concerning public players and regulators, in partnership with the UN and the World Bank, the French government launched the first One Planet Summit in 2017. The summit announced the creation of a network of 34 central banks: the Network for Greening the Financial System (NGFS). In March 2018, the European Commission announced an "action plan" for financing sustainable growth (COM 2018). Like TCFD, these two initiatives sought to encourage the financial sector to take climate risks into account.

Concerning the financial actors, green products were developing rapidly. The most visible were green bonds, whose issuers committed to investing the money raised in projects that were designed to produce positive effects on the environment. The issuers were mainly public or development banks, government agencies, states, and local authorities. The volumes tracked year after year by their promoters such as the CBI showed a significant increase in issues since the first issue in 2007 by the European Investment Bank (CBI 2019) and the appetite of investment funds for these products. Europe was the leading geographical region for issuance, with France accounting for 55 percent of European volume. Numerous reports sought to engage public authorities in reforms that would allow the development of these financial products (WWF 2016; OECD 2017; IFC and CBI 2018). New green investment funds were being created and henceforth represented 10 percent (in number, not in value) of unlisted European investment funds, with the Paris Agreement leading to a peak in creation in 2016 (Novethic 2019). A network of investors (ClimateAction100+) was also launched in Paris in 2017 to put pressure on the 162 companies responsible for two-thirds of carbon emissions to develop a climate strategy and report on their emissions.

Public banks, and multilateral development banks in particular, were developing action plans (World Bank et al. 2016; ERDB 2019). They declared their wish to integrate climate issues into lending decisions more systematically and were seeking ways to mobilize private finance. For example, the European Investment Bank (EIB), which had had a climate strategy since 2015 (EIB 2015), proposed a range of "innovative instruments for climate financing." In particular, it highlighted its capacity to directly or indirectly invest in equity capital through dedicated private investment funds, as well as tools such as the PF4EE

(Private Finance for Energy Efficiency) for energy efficiency investments, or the NCFF (Natural Capital Financing Facility) for biodiversity projects. The watchword was the development of mechanisms designed to use public money to "leverage" and attract private money, such as the Juncker Plan in Europe (Mertens and Thiemann 2019).

All of these elements demonstrate not just how important financial discussion has become in relation to the climate issue but also the variety of actors who are mobilizing to green both public finance (issuance of green bonds, strategy of public banks) and private finance (investor commitments, creation of dedicated investment funds, demand for green bonds, taking climate risk into account, development of public-private risk-sharing instruments). In terms of climate policy, we can consider this to be a new moment in time in global policies, following those described by Pestre (2020).

Green finance in perspective

The perspective proposed by Pestre (2020) suggests a progressive privatization of global environmental policy by identifying three moments in time prior to the one that interests us here: (1) the invention of environmental policies as from the end of the 1960s; (2) the promotion of market instruments in the 1980s in the context of a neoliberal shift leading in particular to the creation of pollution rights markets; (3) as from 1988/92, multinational firms took charge of the environmental issue in the name of sustainable development, as seen in particular at the Rio Summit (1992).

Establishing themselves as the main actors capable of intervening on global value chains, large companies proposed during this third period to deploy their management tools, whilst labels and other ethical charters produced market signals for responsible consumers. The "responsible finance" niche developed in this context through the invention of extra-financial rating, which made it possible to manage portfolios of listed securities that, alongside financial performance, take into account the social and environmental actions reported by companies. For their part, public actors were trying to enlist economic goodwill through initiatives[3] aimed in particular at publicizing voluntary commitments and at the publication of non-financial information (e.g., the Global Compact launched by Kofi Annan in 2000) that feeds socially responsible investment. In addition to the considerable resistance by economic actors to any form of constraint in a context of increasing international competition that fostered a race to the bottom, nation states were considered incapable of framing a global economic game that is beyond them. This narrative of their impotence justifies the celebration of the capacity for responsible self-regulation of the business world, which then invests heavily in global arenas. The same decades also saw the rise of the World Economic Forum in Davos as a space for global coordination in competition with UN organizations. The increasing political power of multinational companies is concomitant with the growth of global finance, which is also increasingly emancipating itself from political power, thanks in particular to neoliberal financial deregulation.

We believe that green finance constitutes a fourth moment in time in environmental policies, following on from the first three described by Pestre (2020). This moment systemically accompanies the financialization of capitalism. The latter (Epstein 2005; Krippner 2005), characterized by an increase in profits captured by financial actors (Duménil and Levy 2001; Erturk et al. 2008), has accelerated since the 1990s. Fueled by the dematerialization of trade, the development of derivative products, and the growing indebtedness of agents, the financial sphere, made up of all assets managed or recorded on the balance sheets of financial firms, has continued to grow, reaching unprecedented proportions relative to world income, up to double the levels reached during the 1930s (Hildebrand 2017). Public debt, especially that of developed countries, has grown significantly, exceeding countries' levels of debt at the end of the First World War and approaching those of 1945 (ibid.). Countries now find themselves doubly constrained by global finance and are obliged to secure the latter's destructive upheavals by rescuing banks that have become too big to fail, as demonstrated by the 2008 crisis, but also to honor their debts at the risk of no longer being able to refinance themselves on a regular basis. The financialization of the economy leads to the financialization of public policies. New public policies are designed to capture the strengths of private finance, to engage its actors, and are also based on its techniques and forms of reasoning (Chiapello 2017). Not content to have essentially handed over responsibility for environmental matters to global firms, governments also have to deal with private finance, which holds the purse strings. The urgency of the climate crisis, the need to invest to transform an economic system that emits too many greenhouse gases and to protect societies from the consequences of global warming are forcing countries that wish to take action to spend considerable amounts. Yet they are not in a position to impose mobilization of the necessary funds as they would do in a war context, particularly as it is not a question of defeating a common external enemy, but rather of defeating oneself.

However, the 2008 financial crisis undermined the legitimacy of an industry hungry for returns and with little regard for the social or environmental consequences of its actions or those of the companies it puts under pressure. The crisis temporarily changed the balance of power and allowed a strengthening of regulations that some consider insufficient (Scialom and Giraud 2013); and it has also convinced certain players in the financial world that it is necessary to either try to use finance to serve causes other than mere financial returns, or, at the very least, to show a commitment to issues of world survival so as to push back regulatory intentions.

"Climate finance" initiatives, which henceforth mobilize a large number of people, must be placed at the intersection of these different trends: those of political actors looking for ways to finance investments that public budgets do not allow, those of finance workers who recycle their skills and knowledge of the financial world, and even the profits they have made, in an attempt to change practices, those of financial companies that choose to green their activities in order to improve their image, and finally those of certain public and private financial actors who are concerned about the long term or about global risks and who consider it necessary to integrate climate risk to a far greater extent in their forecasts. Despite their activism, in the following section we draw attention to the current limits of the finance proposals, which highlight the inadequacy of these efforts in that none of the investment targets set in 2015 have been met.[4]

Green finance promises at a dead end

The limits of green finance are inseparable from the neoliberal framework of thought that created it. Said framework postulates that public intervention should not hinder competition but remain "neutral" by guaranteeing equal treatment of agents. Once the framework has been established, the market must be allowed to make its choices. Public action must then be based on "incentives" and "signals" designed to guide action without forcing it. Incentives are based on the forms of reasoning and decision-making of firms whose legitimacy and preeminence are indisputable. We can trace the consequences of this framework, which already prevailed at the third moment in time described by Pestre (2020), in the case of green finance.

Voluntary commitments and self-regulation: No real constraints

As the list of initiatives mentioned above has shown, nowadays green finance exists primarily in the form of voluntary declarations and commitments with no binding force and indeed without the latter uniting the majority of actors. Although fund managers and insurers have mobilized, they still account for only a small share of managed assets, while other types of players, such as banks, are less present (Canfin and Zaouati 2018, 20ff.). Most signatories agree to make efforts to reduce, for example, the exposure of their portfolio to fossil fuels and to communicate on these issues, but they can do so at their own pace and in a manner of their choosing. When regulations are passed, such as the 2015 Energy Transition Law for Green Growth in France, which creates a unique in the world obligation for investors to communicate on how their investments impact the climate, they focus primarily on the communication of information without any specific obligations in terms of indicators. At best, most of the mechanisms work under the "comply or explain" regime, whereby if a company does not meet its disclosure commitments (which are themselves relatively vague), it merely has to explain why. As Ekeland and Lefournier (2019) have shown, the absence of any binding contractual obligation also lies at the heart of the green obligations, which are nonetheless widely promoted. Indeed, the commitment to use the money to finance green products is not a contractual obligation that would, for example, allow lenders to sue the borrower. So from a contractual standpoint, green bonds are no different from conventional bonds. At best, issuers commit to following standards that are set and managed by the financial industry in accordance with the classic logic of self-regulation,[5] thus leading to recommendations that are far from restrictive. So just like the corporate social responsibility policies of which it is a part, green finance does not dispel doubts concerning its ability to get past greenwashing.

For the time being, the initiatives driven by supranational regulators have the same shortcomings: proposals are drawn up by working groups that are essentially made up of representatives from the financial industry. The first stage of the EU Action Plan on Financing Sustainable Growth thus consisted in setting up a Technical Expert Group in July 2018 tasked with developing a taxonomy for environmentally sustainable or neutral (but not non-sustainable) activities, es-

tablishing a "voluntary standard" to frame activities that could be financed by green bonds (Green Bond Standard), proposing climate benchmarks and disclosures for benchmarks for investors who would like to develop a climate strategy, and, finally, developing "new guidelines on reporting climate-related information which supplement the non-binding guidelines on non-financial reporting." Regarding the FSB, the Task Force (TCFD) launched in 2015 is chaired by Michael Bloomberg, founder of the financial information company of the same name which acts as its secretariat. It is comprised of 31 people from various financial companies. The TCFD has produced "recommendations" on the themes and issues to be addressed in relation to climate reporting and produces annual reports in which it takes account of companies' communication practices.

A narrow financial framework

A second set of limitations stems from the fact that green finance products are developed and designed using classic financial tools and practices, in particular valuation models that make it possible to assess whether an investment or financial product is worthwhile (Chiapello 2015). The standard financial model implies (1) that the value of an investment proposal lies in the expected financial return and (2) that the riskier the proposal appears in financial terms (risk of losing the sums invested), the higher the expected return must be for the investment to be considered worthwhile. These two criteria of return and risk are the basis of all the calculations made by financial actors and of all the commitments they make. Asset managers must also declare the "investment theses" that guide their management and are bound by a "fiduciary obligation" to act in the (financial) interest of their clients (Chambost et al. 2018). Competition between managers is also organized on the basis of available yield and track records that are publicized. This organization of the financial world means that all projects with a suitable risk/return profile are able to find funding, whatever their type. As long as they are profitable and not too risky, green projects are no exception, so they do not need green finance. The latter is reduced to a labeling operation, among all the projects financed, of those that are green. This question certainly justifies the importance of taxonomic work, since it is itself potentially problematic. Indeed, there may be fears of lax labeling rules or a lack of attention being paid to the reality of the environmental performance of the projects funded (for one example see Brimont and Leroy 2018). Yet green bonds only promise the labeling, as their issuers also issue standard bonds. The latter must therefore essentially identify, from among the projects they manage, those that could pass for green (Ekeland and Lefournier 2019). The ability of these new modes of financing to fund projects that would not have been funded without them has therefore not been demonstrated.

Yet the environmental question requires investments, and these investments cannot find funding, either because the expected return is too low or even negative for the investor (although positive for society) or because the risk is too high, due in particular to the length of time before they bear fruit. Without calling into question the dominant financial framework, it remains for public finance to compensate for the shortfall by improving returns (for example, through tax exemptions) or by reducing risk (through co-financing or the provision of guarantees) in order to ensure that more projects see the light of day (Chiapello 2017). Which is why all reports seeking to develop green finance are forced to propose innovative "financial instruments" that allow "risk sharing" and the development of blended finance. Green finance therefore relies mainly on the efforts of public finance, as confirmed by all available data (I4CE 2018; CPI 2018).

The modern financial world also revolves around very large actors managing huge portfolios and therefore looking for significant investments – several tens or even hundreds of millions of euros or dollars. The transformation of the allocation of funds that the Paris Agreement hopes to achieve would therefore require that these actors be able to focus on products that are available in very large quantities. This phenomenon also explains why it is green bonds that seem to be the most capable of meeting these requirements, since they rely on large issuers (companies, public banks, governments). If these products are set aside, most green projects are too small. While major actors can certainly take shares in smaller funds dedicated to such investments, this is not a solution, because these small funds regularly announce their difficulty in finding enough viable projects in which to invest, especially as it is not necessarily worthwhile for said projects to turn to green windows given that they can find funding elsewhere. Financial actors then turn to public actors to ask them to work upstream to find projects that they can finance, or to heavily subsidize activities to develop the market (CBI 2015).

With the financial framework dominating in terms of risk/return, and the financial mechanisms and decision-making criteria and practices being taken as a starting point and as a constraint on action, it is very difficult to obtain the hoped-for shift in allocations. We believe that the desire of some to adjust the risk and return calculations is part of the same inability of green finance promoters to escape the dominant framework. In his famous 2015 speech, "The Tragedy

of The Horizon," Mark Carney identified three types of risk that climate change poses for the financial world: (1) the physical risks of material destruction by extreme weather events; (2) the legal risks of liability claims to which agents expose themselves by failing to act; and (3) transition risks relating to the probability that certain assets will be suddenly devalued in the event of regulatory or societal changes. It is therefore a case of translating climate change into financial risk, thus opening up the possibility that it could be taken on by central bankers, even if no binding proposals have emerged from these exchanges so far. In April 2019, the NGFS, which brings together 34 central banks, published six "recommendations," all of which call in one way or another for the production of information and new data. We are still a long way from imposing new calculation rules. Moreover, regulators are still unable to get away from an understanding of risk that is essentially based on the risk of default by banking or insurance institutions. This approach says enough about the inability of finance to properly consider the consequences of global warming on society.

The confining of reformist thinking within the dominant framework of finance can only be understood through its corollary, which confines public action within an equally narrow conception.

The cult of economic neutrality of public action

Financial and monetary policies were considerably reconfigured from the 1970s and 1980s onwards, making possible the increasing financialization of the economy. In the case of France, at least during the postwar period, the central bank in charge of currency supervises and also participates in credit policy (Monnet 2018). Credit, which is one of the sources of monetary creation, is therefore also considered as serving investment. It is consequently strictly governed by rules that are designed to favor certain sectors and investments. Each sector is financed primarily by certain specialized banking or para-banking intermediaries (Crédit Foncier, Caisse des Dépôts, etc.) which are in turn primarily refinanced by the Banque de France, due to the interbank market being poorly developed. Monetary policy is therefore indistinct from credit policy, to such an extent that it is possible to use its instruments to block the development of some investments by making them too expensive and to facilitate others by offering favorable forms of refinancing.

This highly specific construction, common to most developed countries (Monnet, 2018), was gradually dismantled in favor of a doctrine of currency neutrality. Henceforth, central banks should only be concerned with inflation and do nothing that might influence the action of agents or cause unequal treatment. Insofar as it acts on credit, monetary policy must be blind to the types of investment it allows. The legal construction of the independence of central banks makes it possible to prevent the pursuit of objectives other than that of currency stability. The finishing touch is prohibiting states from obtaining financing from their central bank and obliging them to issue on the markets (Lemoine 2016). This *doxa* explains the current refusal of central bankers to consider granting differential refinancing conditions that take into account the green quality of credits – such as that of Green Quantitative Easing (Aglietta et al. 2015). Quantitative easing (QE) refers to the massive repurchase by central banks of the bonds to which banks have subscribed in order to support the distribution of credit in an attempt to boost growth and most likely lower the cost of indebtedness of states feeling the pinch after their rescue of the financial system. Many central banks resorted to QE after the financial crisis, and in the EU the program continues to operate to a very large extent. More recently, in response to the Covid-19 pandemic, central banks have engaged in QE programs on an unprecedented scale. QE boils down to a massive injection of money into the financial system, but the circuit that is used remains the same, because the European Central Bank cannot give funds directly to agents or lend to states. Green QE would consist in prioritizing the buying-back of green credits, which would in fact mean subsidizing investments, not in the way that is currently proposed by the advocates of blended finance – through budgetary resources or public guarantees – but through monetary creation. Yet Green QE would amount to guiding allocation through a non-neutral credit policy, which makes it ideologically unacceptable.[6]

For their part, some banks (Canfin and Zaouati 2018, 25–26) would like the regulations governing the calculation of the regulatory capital for credit risks to reduce its level in the case of green project financing. This proposal is of course based on the banks' desire to reduce their constraints, which were revised upwards following the financial crisis, but it runs against the current ideological framework. Indeed, this project would mean no longer differentiating between loans solely on the basis of their financial risks, thus undoing the previous movement initiated by the Basel II agreements, which rendered invisible the nature of the activities financed in banking management (Baud and Chiapello 2015) and removed the privileges available to certain types of credit counterparty (Baud 2013).

The desire to ensure that states do not favor any particular actors is at the heart of the European construction and of the competition policies that have spread to most countries. This framework requires public action to not distort competition between

agents. It is therefore only possible for public authorities to intervene in the event of "market failure," which implies having to prove that the private sector is unable, on its own, to cope with – in this case to finance – certain activities. This obligation therefore also applies to any introduction of public financial instruments (loans, capital injections, subsidized rates, guarantees) that have to be compatible with the European regulations on state aid, which impose extremely restrictive conditions on the use of public money.

We can therefore see that within this framework, governments only have a narrow scope for action and that they can only direct private financial flows by relying on the markets. This explains their main focus on the requirements for the publication of information likely to guide the autonomous decisions of agents. The hope is that "market discipline" will obtain from financial actors that which public authorities have no right to demand.

Poor political targeting: Indirect intervention and exclusive focus on green finance

Green finance, just like pollution rights markets, is based on the postulate of indirect intervention, i.e., that by acting on prices (or on the information given prior to their formation), polluting players will reorient their practices. In the case of carbon pricing, the increase in the cost of carbon should encourage agents to invest in clean technologies. The hope behind green finance is that the cost of financing green projects will be lower than that of brown projects, so that agents will be encouraged to invest in green. This is how to explain the rhetoric of the "greenium," the supposed premium that is granted to green over conventional bond issuers but, as Ekeland and Lefournier (2019) show, cannot exist given the way the bond market works.

In the case of green finance, the action is even more indirect than is the case with pollution rights. With the latter, it is the issuers who are directly affected, whereas with green finance, financial actors are targeted – through demands for transparency on portfolios or climate risk calculations – so that they can then act on the issuing sectors. As the ClimateAction100+ initiative shows, some investors are prepared to take on this role and to show that they are trying to engage in dialogue with the major polluters regarding their climate policies and reporting, without it being clear whether they attach particular threats to these discussions. Given the financial volumes placed on the markets, the majority of observers believe that it would be very difficult for these larger actors to have no oil stocks in their portfolios. Given these difficulties, it would seem simpler to act directly on the issuing sectors rather than to spend public resources on creating sub-sectors that would act in the right direction.

The blind spot in most of the reports and mechanisms we have reviewed is their exclusive focus on what is ecologically sustainable, without paying any attention to polluting activities. Thanks to the efforts of the CPI and the UNFCCC, we now have annual monitoring of green finance flows, which shows that their growth is slowing down and is mainly supported by public flows. Considerable efforts are also being made to report on these investments, the investment sectors concerned, and the sources of the funding. But these statistical data are not systematically placed in the global panorama of investments made. We are in the situation of someone who has to go on a diet and only counts the number of salads eaten, not the number of ice creams. A reorientation of financial flows would suggest that less money would go into brown projects, which is not the case, because green finance is not developed to the detriment of brown projects. Nor is the change visible in the development bank allocations (Climate Transparency 2017).[7] The desire to create incentives that favor sustainable activities does not go hand in hand with the dismantling of those that favor polluting activities (e.g., persistence of subsidies for the use of fossil fuels).[8]

One cannot help but link this willful blindness with the predominance of analyses in terms of microeconomics, focused on the behavior of actors manipulated by incentives to the detriment of analyses of global macroeconomic systems. While the financial crisis has introduced systemic considerations into the regulation of the financial system, these still only concern the stability of the financial system[9] and not its impacts on the climate system as a whole.

The efforts devoted to green finance essentially lead to the existence of a new investment chain with its specialist players (assessors, auditors, investment funds) and its ecosystem, which is added as well as possible to the existing one. As in the case of the energy issue, there is no transition, but rather successive additions (Bonneuil and Fressoz 2016). These questions are nevertheless brought into the public arena by civil society actors who are trying to offer a different discourse.

The indictment of brown finance

Parallel to the "initiatives" taken in the financial world, various organizations are launching "campaigns" – not to obtain more green investments but for financial actors to withdraw from fossil fuels,[10] something that a certain number have agreed to do.[11] The DivestInvest network monitors fund managers who have commit-

ted to a more or less complete withdrawal from carbon assets (coal, oil sands, oil).[12] Counter-expertise is provided by other actors, such as BankTrack, which investigates the activities of 33 global banks. In its most recent report, BankTrack (2019) denounces the fact that since the Paris Agreement, fossil fuel financing has continued at the level of 600–650 billion dollars per year. It might be considered that while in terms of total volume these movements are barely more efficient than green finance, they nevertheless contribute to creating citizen pressure on the financial world.

Will the regulators, whose faint-heartedness has been demonstrated above, follow suit? The need to track not only green but also brown investment flows is making headway on the very basis of the Paris Agreement that commits to "making financial flows compatible" with climate undertakings. To this end, the OECD has just published a research study (Jachnik et al. 2019) explaining the limits of current statistical work and advocating the extension of monitoring not only to all new investment flows but also to investment stocks, on the basis that the bulk of current emissions are linked to existing installations. This work also identifies existing data sources that might allow advances to be made towards more ambitious statistics. Since its 2018 report, the French I4CE similarly puts forward elements on climate-adverse and fossil investment (I4CE 2018). The need to extend European taxonomic work to brown activities in such a way as to be able to compile adequate statistics is also gaining ground, but it seems to be encountering strong opposition. In March 2019 the European Parliament passed an amendment to this effect, which was withdrawn by the European Council, and the financial industry is mobilizing its lobbies to postpone implementation of the European Action Plan (Finance Watch 2019). With a view to setting up a new team at the European Commission, a consortium of civil society organizations[13] drew up a list of recommendations (EEB et al. 2019), taking Ursula von der Leyen at her word when she mentioned an ambitious European Green Deal. It calls not only for the creation of a taxonomy of brown activities to complement the projected taxonomy of green and neutral activities, but also for banks to be penalized when they lend to polluting activities, for the ECB's asset purchase policy to take into account the environmental quality of assets, and for pressure to be put on member states to reduce subsidies to fossil fuels. The same demands are now being addressed to the EU recovery plan put forward in response to the coronavirus crisis. For example, Finance Watch (2020) states that the greenness of the recovery package will only be ensured with a "brown taxonomy" or an "environmental and climate exclusionary list."

Conclusion

The question of the role of finance in the implementation of climate-resilient policies would now appear to be well-established. Each new report highlights the inability of economies to meet the targets they have set themselves, with financing targets being no exception. In response to this, we have seen that since 2015 green finance has been put forward as a new solution, to such an extent that it is being seen, particularly in France, as the new panacea. A large number of initiatives launched by public and private financial players have stemmed from this movement. We have analyzed this obsession as being a result of the place that the financial sector has taken in contemporary capitalism and as a continuation of the movement to privatize environmental policies that began in the late 1980s under the banner of sustainable development. As a form of response to the problems of capitalism in line with the dominant frameworks, green finance does not, however, make it possible to transform them and to become the hoped-for lever for change. Only significant transformations in the adopted forms of intervention and the removal of the doxastic constraints that weigh on them could make it possible to initiate a transition, which private financial actors are not willing to do on a voluntary basis.

Endnotes

1 This article has been adapted from a chapter written in 2019 and published in French (Chiapello 2020).

2 www.odi.org/opinion/10196-infographic-climate-finance-pledges-cop21-paris (accessed August 27, 2019).

3 Cf. the UNEP-FI and PRI launches mentioned earlier.

4 For France, which is nevertheless one of the most committed countries, I4CE (2019) explains that "investment of a further 15–18 billion euros is needed each year by 2023 to be on track" (and even more – an additional 32 to 41 billion euros – each year for the 2024–28 period), figures that should be compared to the 45.7 billion euros invested in 2018.

5 The most widespread standard is that of the Green Bond Principles laid down by the International Capital Market Association, which unites debt market actors.

6 For those who are looking for hopeful signs, note that on July 7, 2020, Christine Lagarde, head of the European Central Bank,

stated that she wants "to explore every avenue available in order to combat climate change," among them the "greening" of the ECB asset purchase scheme. Still a long way to go.

7 QE programs also widely benefit fossil fuel and carbon-intensive sectors (Reclaim Finance 2020; Matikainen et al. 2017)

8 For France, I4CE (2019, 10) mentions for example that "16 billion euros of climate-adverse tax expenditure" are identified in the French government's 2019 national budget and "four tax loopholes imply that 25% of French emissions are exposed to relatively low tax levels."

9 See also one of the latest NGFS reports explaining in detail how "climate-related risks" can lead to "financial stability risks" and as such should be considered as "drivers of prudential risk categories" (NGFS 2020).

10 www.350.org for example

11 For example, on November 15, 2019, the EIB announced that funding of fossil fuels would cease as from 2021.

12 www.divestinvest.org

13 European Environmental Bureau (EEB), Finance Watch, Climate Action Network Europe, Green Intervention, WWF, Positive Money, Fondation Nicolas Hulot.

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