

Finance and Business: Enemies of Sustainable Development?

«The military-industrial complex is in itself a major deterrent to sustainable development.»

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Theme: [Environment](#), [Global Economy](#),
[Militarization and WMD](#)

The economy is seen by sustainable development theorists as a tool, a means to achieve sustainability. [1] Although all UN Member States have adopted in 2015 twenty global sustainable development goals by 2030 “to ensure peace and prosperity for people and the planet”, [2] funding for the actions needed to achieve these goals is slow to materialize. [3] Yet financial resources have never been so abundant in the global economic system.

The priorities of the neo-liberal economy centered on the enrichment of a privileged few are in fact contrary to the collective well-being. The main economic actors turn a blind eye to the tragic socio-environmental effects of their practices and act as enemies of sustainable development. Banks and financial systems, trade regulators, private companies and political authorities, however, have an essential role to play and a responsibility to assume if we want to succeed on the way to sustainability. As underlined by the ATTAC (Association for Taxation of Financial Transactions and Citizen Action), one of the main challenges is therefore to use the political, economic and financial levers, whether they are already available or they must be invented to speed up a transition to more responsible investments. [4]

Indebtedness and bankruptcy

In Europe and America, central bank policies are dictated by the lobbies of private banks. [5] [6] Current economic frameworks promote easy access to credit, leading to over-consumption and scandalous debt levels. According to the Institute of International Finance, [7] the public and private indebtedness of the 44 richest countries reached 235% of GDP in 2017 while it was 190% in 2007. Governments and people become hostages of banks and their fraudulent monetary system. By flooding the market with banknotes [8] (a process known as quantitative easing) whose value is based on the debt of the States and offering very low or even negative borrowing rates, the European Central Bank, following the example of the US Federal Reserve [9] and the Central Bank of Japan, [10] could lead the European economy in a “nuclear” doldrums. [11] The collapse of the banking sector in 2008, mainly caused by the low interest rates, easy money, subprime mortgage policy and inadequate banking regulation of the US Federal Reserve, [12] [13] led to the bankruptcy of thousands of households. In recent years, the bankruptcy rate of private banks around the world has reached an all-time high at the expense of many small savers. [14] [15]

Even though the world of finance has been advocating for responsible investment [16] and the green economy [17] [18] for some time, its contribution to sustainable development is rather disastrous. This led the UN and the World Bank to publish in November 2017 a

roadmap that proposes “an integrated approach that can be used by all actors in the financial sector – public and private – to accelerate the transformation towards a sustainable financial system. » [19] The UN’s Responsible Investment Program has also highlighted the unwillingness of financial advisors to promote responsible investment and the lack of consideration of environmental and social issues in investment decisions. [20] In 2017, the green bond market represents only 0.1% of the volume of the international bond market valued at nearly \$ 100 trillion. [21] Will the financial community by itself take effective measures against deregulation, [22] tax evasion, [23] [24] large-scale market manipulation, [25] vulture funds, [26] corruption [27] and money laundering? [28] Will it subject itself to integrating environmental and social impacts into investment decisions? Unless forced to do so, it is permissible to doubt it.

Overconsumption and overexploitation

Motivated by short-term gain and easy money, the business sector is flooding consumers with riotous advertising promoting questionable lifestyles and cheap products and encouraging over-consumption and waste. The use of corruption to access markets and resources, tax evasion, cartelization, [29] the relocation of industrial jobs [30] and the social exploitation of workers [31] are but a few of the unsustainable and unacceptable practices in this sector. Despite its commitment to the UN’s sustainable development goals [32] and the adoption of social [33] and environmental [34] management standards, the business community has yet to develop and implement a truly responsible growth model.

Inequitable trade

Similarly, international trade and commerce is controlled by multinationals eager for free trade agreements that expand their hegemony at the expense of small local producers. [35] It is well known that small island sugar-producing states would simply need a fair price to make their production economically viable. [36] When will the World Trade Organization truly integrate equity in its decision-making? When will it act effectively against illegal cartels and commercial dumping?

Security at all costs

The military-industrial complex, the war and security industry, is in itself a major deterrent to sustainable development. This industry sector has a strong record of engaging in threat inflation. In his book, *Indefensible – Seven Myths That Sustain the Global Arms Trade*, [37] Paul Holden describes how the defense industry, the military, political leaders and an accommodative press can agree to unduly amplify security threats, justify military interventions, pursue specific foreign policies and massively divert financial resources to the industries and individuals that will be paid to defuse the threat.

The global increase in military budgets observed in recent years has come at the expense of much needed social and environmental investments (up 43.6% since 2000 in the United States alone to reach US \$ 611 billion in 2016; [38] according to a study by the Brown University of Rhode Island published in 2017, US \$ 5,600 billion has been spent on US wars in Iraq, Syria, Afghanistan and Pakistan, veterans and homeland security since 2001 [39]). Many believe that the military activity of the United States and other NATO members held under false humanitarian motives would be aimed primarily at protecting their economic hegemony, eliminating competition and enslaving the peoples by destabilizing and destroying emerging countries. [40] [41] [42] [43]

The IMF and the World Bank, obstacles to sustainable development? [44]

In 1971, shortly after the US decision to end the International Monetary System by dissociating the dollar from the gold standard (so the US dollar was no longer convertible into gold),[45] the IMF and the World Bank are invested a new mission: to impose on developing countries the liberalization of their economy by setting as conditionality to the granting of any loan the adoption of a series of neo-liberal structural adjustment measures. Reduction of state expenditure, privatization of national enterprises, devaluation of the local currency (let the currency float), reorientation of the national economy towards exports, truth of prices (eliminate subsidies), lower wages, adoption of a legal framework favoring respect for private property rights ...

Although apparently laudable, these measures prove to be ineffective since they necessarily entail a loss of financial autonomy for the countries concerned, a reduction of public services and an impoverishment of the population in general for the benefit of an elite; the opposite of sustainable development.

For an ethics of development

Chronic indebtedness, questionable or downright illicit financial practices, inequitable trade and the massive misappropriation of public funds for the defense industry largely explain why it is so difficult to finance actions that promote sustainable development. As economist Rodrigue Tremblay points out in his book *The Code for Global Ethics*, humanity needs a serious moral stroke to continue its march towards continuous progress and increased freedom. [46] The world of finance, business and politics suffers from a lack of morality. Its commitment to sustainable development must be based on a universal ethics aimed at truly improving people's quality of life and social well-being. An ethics that our political leaders have the responsibility to translate into concrete prescriptions.

Article in french :



[La finance et les affaires, ennemies du développement durable?](#), December 11 2017,

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