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International Political Economy and Sustainable Finance: Assessing the EU's Green Deal and UNCTAD's Green New Deal

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Abstract: Sustainable green finance is often promoted as an innovative tool to deal with environmental problems. This paper assesses policy proposals at the level of the EU and UNCTAD's Green New Deal, specifically regarding its suggestions in the field of sustainable finance. It provides a theoretical framework in the tradition of critical political economy and combines a global perspective with regulation theory in order to assess different strategies in the area of sustainable finance. The respective proposals and initiatives can be considered as possible blueprints for hegemonic strategies within different contexts. However, the analysis suggests both proposals, although substantially different and representing different entities in the international political economy, fail to provide a systematic answer to the problems of a highly unequal over-use of natural and environmental resources at a global level.

Keywords: Sustainable Finance; Green Finance; European Green Deal; UNCTAD Green New Deal; International Political Economy; Critical Political Economy

Introduction

The fact that sustainable green finance is often considered an innovative and important tool to appropriately handle environmental challenges is widely known. Sustainable finance stems from the strategies of private financial institutions. The first initiatives date back to 2008 (Berrou et al. 2019). Other international institutions like the European Commission and UNCTAD have also come up with suggestions in the area of sustainable finance. This paper will analyse the policy proposals at the level of the European Union and UNCTAD's green new deal regarding sustainable finance and their implications. To this end, from a theoretical standpoint, I adopt a critical political economy perspective to assess the proposals on sustainable finance. This paper provides a framework in the tradition of critical

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political economy that systematically addresses the dynamics of the international political economy, the role of nature, and unequal ecological international exchange. This is linked to insights from regulation theory and perspectives on global finance. Based on this, a brief overview of different approaches to sustainable finance is presented and contextualised. The theoretical perspective outlined in the main section is illustrated by briefly analysing two cases. While the policy proposals on sustainable finance at the level of the EU are considered an expression of processes in the capitalist core, UNCTAD's perspectives in this field tend to represent the positions of (semi-)peripheral countries. It is, therefore, no coincidence that the proposals are substantially different from one another.

A critical political economy approach to sustainable finance

While much has been written about capitalism and nature in a critical political economy perspective (for an overview see Clark and Longo 2017), the discussion of the international political economy in this regard has often been centred on the implications of extractivist models (Gudynas 2014; Jäger, Leubolt and Schmidt 2014, Acosta and Cajas Guijarro 2016). Climate change and the rise of new powers which were previously in the periphery have caused a change in the focus of current discussions. Beyond the problem of extractivism in the global periphery, capitalist dynamics are in dramatic contradiction with nature at a global level. The global scarcity of natural resources and the climate crisis are likely to increase global contradictions and will lead to new and manifold conflicts (Foster 2016). Critical international political economy in the tradition of the seminal works by Robert Cox (1981, 1983, 1987) undoubtedly provides substantial contributions to critical theory often referred to as neo-Gramscianism (Ramos 2020). While this is crucial, in this paper I go back to Marx and the roots of critical political economy in order to systematically capture the international political economy dimension of nature and sustainable finance. The combination of different levels of abstraction is important in order to analyse specific elements in their totality (Marx 2012 [1857]; Jäger, Horn and Becker 2016; Jäger 2019). However, Cox's approach and traditional neo-Gramscian perspectives lack a systematic integration of nature and environmental issues in the analysis.

Hence, following the methodology of critical political economy, in this paper I combine theoretical concepts at different levels of abstraction and show how they can be linked to each other in order to analyse initiatives and proposals on sustainable finance. I argue that the current global unequal over-use of natural resources and the implications related to it, such as climate change, should be a central to a critical political economy perspective in general as well as for the analysis of sustainable finance in particular. There is abundant empirical evidence that environmental resources are used in a very uneven way: Oxfam (2015) estimates that the richest 10% of the world's population account for 50% of global emissions, while the poorest 50% cause only about 10% of those emissions. Also within countries, the inequality in the carbon footprint is very high, in that the top income earners cause several times more emissions than the rest (Chancel et al. 2021). The findings of Ritchie and Roser (2020) are in line with this, showing that industrialised countries

use much more natural resources per capita than developing countries. Moreover, poor people tend to be much more negatively affected by the consequences of environmental problems such as climate change (Hallegatte et al. 2016). In addition, China serves as a drastic example, demonstrating that an increased use of environmental resources is an inevitable side-effect of traditional forms of industrial economic growth (UNEP 2019).

In light of the limits of the planet and having in mind that it is necessary to reduce greenhouse gas emissions and the use of other natural resources globally, the contradictions of this very uneven global over-use of nature become obvious. Hence, the effects of measures undertaken under the banner of sustainable finance have to be analysed against this backdrop. In order to do so, three inter-related dimensions at different levels of abstraction and their connection to sustainable finance will be presented in this paper. Thereby, firstly, the role of nature and unequal ecological exchange and the implications for the assessment of sustainable finance will be analysed. Secondly, I present an approach to show how regulation theory can be used to analyse the use of nature and the role of sustainable finance therein. Thirdly, I show how the surge and impact of sustainable finance can be analysed within the context of global asymmetric financial structures.

Nature and unequal ecological exchange

The role of nature, although not very prominent in most works in critical political economy, is considered essential by a Marxist perspective (Foster 2002). Critical political economy starts at a very abstract level with the transformation of nature by human or societal labour (Harvey 2010; Jäger 2020). The capitalist mode of production is characterised by a class-based division of labour and of global nature. Lucia Pradella (2015) argues that Marx was the first to truly recognise the global dimension of capitalism. He showed how capitalism first emerged in England and how it related to colonies like India. In his dialectical analysis, he was aware of the disastrous effects of colonialization of the colonies but also expected capitalism to expand by claiming that the developed country is the mirror of the under-developed country's future. Marx (2012 [1967]), in *Das Kapital*, showed how the expansionary logic of capitalism implies that other (traditional) modes of production are dominated, replaced and (partially) integrated into the capitalist mode of production. This, however, is a process that is not yet completed (Foster 2016) and conflictive at the interstate level (Fernandes, 2018).

It was particularly Robert Cox (1987) and, more extensively, the work of Jeffrey Harrod (2006) that showed the importance of the relation and coexistence of different modes of production and labour relations, in contemporary capitalism, in particular in peripheral countries. The expansion of capitalism requires that nature is appropriated in a private way, becomes a commodity, and thereby, becomes part of the capital circuit. This is a process which requires a collusion of the state and the process is often violently enforced. Harvey (2009) refers to this as accumulation by dispossession. However, nature does not just exist, but is produced (Smith 2006; Harvey 2014). This means that the domination of nature and, therefore, what nature is and how it can be appropriated and become part of

capitalist accumulation depends on technology, and hence, the means of production. In critical political economy, which is based on the labour theory of value, nature is a different input from human labour (Harvey 2014). Human labour is considered to be the basis for the production of value, namely use value and exchange value. Nature is a condition of production, necessary for the production of use value. The price for nature is a rent to be paid to the owner of natural resources and is traditionally considered part of the surplus value extracted from labour. However, as more recent perspectives in critical rent theory suggest, struggles over rent may also indirectly affect the surplus value and, therefore, the compensation for labour (Jäger 2020b).

In the analysis of nature and international environmental issues, the central element of global core-periphery relationships has often been left aside and contributions from the global periphery have not been systematically considered (Yurchenko 2021). The work of Liodakis (2000), however, presents an important exception. He demonstrates how unequal environmental exchange between the core and periphery takes place. Environmental degradation is mainly the result of capitalist development and not of under-development in the peripheries. Free trade tends to contribute to capitalist accumulation and exacerbates environmental problems. In a similar way, Foster and Hollemann (2014) argue that analysis of the transfer of value from the periphery to the core is essential for understanding the uneven use of global nature and the environmental problems that relate to it. They show that contemporary capitalism causes a huge transfer of material sources and energy from the periphery to the core; they refer to this phenomenon as an unequal ecological exchange. Despite the problems of incommensurability, they use the concept of eMergy for a simple approach to quantify the transferred value. Brand and Wissen (2018) argue that capitalism tends to externalise costs and contradictions onto the periphery. This explains why environmentally damaging production is often transferred to peripheral countries. Considering the limited amount of global environmental resources and climate warming, Brand and Wissen argue that this unequal use is an expression of an imperial mode of living and an imperial mode of production in the core countries.

While the mechanisms described above are essential, I argue that the uneven over-use occurs essentially due to the contradiction between the national (or regional) modes of production and their international interaction in the world market. Hence, the structure of the international political economy is at the very core of the over-use of natural resources and environmental degradation. Capitalism is the globally dominant mode of production. Its nationally / regionally fragmented nature is precisely what is essential to its continued dominance and against the backdrop of which specific proposals to deal with environmental problems, such as different forms of sustainable finance, have to be analysed. Given the insights described above on the unequal ecological exchange, it becomes clear that the extraction of use value facilitates, and is even essential, for production and consumption and therefore also for legitimising capitalist hegemony in core countries. In this vein, global unequal ecological exchange is not a coincidental and simple consequence of the global capitalist economy, but rather an essential requirement for the internal national coherence of capitalist hegemony within a specific structure referred to by Kees van der Pijl (2007) as a mode of foreign relations.

The economic forms of dominance are the basis for asymmetric interaction and unequal exchange which lead to a transfer of labour value and use value from the periphery to the core countries. These material resources are important for the dynamic accumulation of capital and for the production of use value. The extraction of surplus value and use value from the periphery leads to increased profits or rents and, depending on the specific national capital-labour relations, to increased wages and access to use value for the core (Smith 2016). As already indicated, according to a neo-Gramscian perspective, this transfer of value is potentially an important source for achieving hegemony at the national level and for promoting the so-called developed industrial capitalism as a viable and desirable mode of production and consumption. Maintaining and achieving capitalist economic dominance is, therefore, essential for an unequal exchange, enabling the transfer of exchange value and use value from abroad. The importance of capitalist dominance also explains why coalitions between capital and labour are often eager in promoting neo-mercantilist policies, which facilitate this very same dominance. These policies may range from international trade and investment agreements to assure access to resources from abroad to indirect support of companies via industrial policy, subsidising research and development, the provision of infrastructure, etc. The strategies, on the one hand, strengthen domestic capital to allow for the extraction of surplus from the rest of the world and, on the other, assure the inflow of material resources and guarantee the by-and-large unhindered use of global environmental resources. It is hence no surprise that political processes within countries tend to lead to (national) agreements which favour the extraction of natural resources from abroad and allow for environmental problems to be externalised to the rest of the world. For those reasons, for a comprehensive holistic understanding to be achieved, the specific proposals regarding sustainable finance have to be analysed against this backdrop.

The regulation of access to nature and sustainable finance

It is, hence, in this context of the internationally linked competing national modes of production that we need understand the dynamics that drive the run for the (over-)use of global natural and environmental resources. These structural dynamics constrain national dynamics and struggles over the specific organisation of the economy. The regulation school in the tradition of critical political economy (Aglietta 2000 [1979]; Boyer 2018) can be understood as an abstraction on an intermediate level. It allows us to analyse the relationship between accumulation and regulation in specific places and historical periods. This approach can be linked to Gramscian perspectives, analysing the struggle over different structural or institutional forms, namely elements of the mode of regulation (Bieling, Jäger and Ryner 2016). Becker and Raza (2000) introduced the ecological constraint as a specific structural form. They argued that the access to nature and the use of nature as a sink must be regulated in capitalism. The ecological constraint, hence, includes all types of rules and institutions in this area. The regulation of sustainable finance can be understood as one element of the ecological constraint (Jäger and Schmidt 2020). The totality

of structural forms is referred to as a mode of regulation supporting a specific regime of accumulation. However, in many cases, the coherence between the different elements of the structural forms and accumulation is not given as if there were no processes that guarantee coherence. This is because of the internal contradictions of a capitalist mode of production, which are the reason why crisis tends to be a common phenomenon in capitalism. As core countries have the power and facilities to deal with contradictions by externalising them to peripheral countries, it is the latter that tend to suffer crises more frequently (Becker et al. 2010). Potentially, sustainable finance in the international arena can also be seen as a means to externalise contradictions to the periphery.

Moreover, the regulation approach distinguishes between different types of regimes of accumulation, namely between productive and financialised regimes. While the dynamics in productive regimes of accumulation are based on increasing production and surplus value, in financialised regimes the driving force is either increasing fictitious capital or increasing debt levels (Becker et al. 2010). The dynamics of accumulation in productive regimes are based either on increasing relative surplus value, or on absolute surplus value instead. Moreover, intensive and extensive regimes of accumulation may be distinguished. Extensive regimes of accumulation are based on increasing absolute surplus value by increasing the amount of labour inputs. Extractivist regimes of accumulation, based on the increasing use of natural resources, can be considered as a special case of extensive regimes of accumulation (Jäger, Leubolt and Schmidt 2014). The different regimes of accumulation link national modes of production to other countries in different ways; hence, this is an important analytical distinction.

To sum up, a regulationist perspective, as outlined above, allows for the analysis of the specific dynamics of capitalist accumulation and its regulation at a lower level of abstraction. It also provides a framework to link the struggle about the configuration of structural forms and, therefore, relates the mode of regulation and the type of regime of accumulation. This determines the specific form of interaction of a national mode of production with the rest of the world. As this interaction has a materiality, it determines the way nature is used and how natural resources are transferred between different national modes of production and, hence, how unequal ecological exchange takes place. As outlined, these national modes of production and the role of sustainable finance therein are not to be analysed in isolation. The dynamics ought to be understood in relation to the current capitalist mode of foreign relations and the implications of competition and the availability of use value based on natural resources for the creation of national and international hegemonies.

The surge of sustainable finance in the context of global finance

Transnational capitalist leaders and organic intellectuals of financial capital have become defenders of the environment and seem to be leading the efforts to combat and mitigate climate change. As a result, the terms "green finance" and "sustainable finance" have become increasingly popular concepts (IMF 2019). By incorporating the demands of the

environmental movement and by referring to the UN (2015) SDGs, global financial elites seem to be the spearhead of environmental policies. Thereby, they highlight the importance of private forms of green finance and their role in combatting environmental problems (see e.g. Fink 2020). Following Gramsci (1999 [1971]) and Cox (1987), such strategies can be considered an element of a passive revolution.

However, different approaches to sustainable finance can be distinguished, namely neoliberal, reformist, and progressive forms (Jäger and Schmidt 2020). Most of the approaches discussed today under the banner of sustainable finance can be characterised as neoliberal. Neoliberal approaches mainly contain private laissez-faire forms of sustainable finance, namely standard neoliberal sustainable finance and market-making neoliberal sustainable finance. These approaches can be justified by neoclassical economics and are based on the assumption that private property, voluntary measures and market forces are efficient means to deal with environmental problems (Dziwok and Jäger 2021). Reformist approaches to sustainable finance are much more sceptical of markets. Based on ecological economics and heterodox economic approaches to environmental issues, these approaches argue that public rules and policies, as well as public initiatives in environmental policy in general, and financial issues in particular, are key to address environmental problems. However, according to critical political economy perspectives and ecological Marxism, these measures are not enough to deal with the general contradiction between nature and capitalism. Further-reaching measures that restrict capitalist accumulation dynamics by de-commodifying nature and social relations and a public financial structure which supports that and encourages a more equal distribution of (natural) resources are required (Dziwok and Jäger 2021).

In order to assess the potential implications of sustainable finance on the international use of natural resources and the environment, it is important to analyse sustainable finance within the context of the existing international financial structures and their implications. Thus, two related questions have to be addressed. Firstly, what are the implications of the current global financial system for the global unequal over-use of natural resources? From a critical political economy perspective, Peter Gowan (1999) coined the term Dollar-Wall Street Regime (DWSR) to refer to the current global financial system that emerged from the ashes of the Bretton Woods System in 1979. Under the DWSR, without the limits imposed by the Bretton Woods System, the USA, the US Dollar and the US financial system gained global dominance. At the core of this international monetary non-system is the liberalised capital account. This means that (financial) capital – the vast majority of which is located within the USA and in other countries belonging to the global core – has guaranteed access to the rest of the world. Financial flows thereby usually depict a pattern that leads to a net inflow of financial resources from the periphery to the core (Gowan 1999; Akyüz 2018; UNCTAD 2019). This is not surprising, given that usually an investment abroad is undertaken with a profit expectation. As most cross-border investment originates in the core countries, more money eventually flows back to the core than the money initially invested in the periphery, hence presenting an important and visible mechanism for extracting value from the periphery. Moreover, countries

at the top of the global currency hierarchy enjoy an additional advantage. It is highly valuable for the core country to be able to use one's own currency internationally as one avoids exchange rate risk and, in addition, tends to enjoy lower interest rates (Bortz and Kaltenbrunner 2018). Hence, it is not surprising that countries have aimed to increase national monetary autonomy and to promote the international use of their own currency (Cohen 2018). Notwithstanding this, the DWSR tends to undermine these efforts to gain monetary autonomy in the periphery. In addition, there are other, less visible forms of extracting exchange value resulting from unequal exchange, power structures within commodity chains, transfer pricing, etc. (Smith 2016), and based on these mechanisms, unequal ecological exchange takes place (Foster and Holleman 2014). Besides, financial cross-border capital flows have often had disastrous effects on peripheral countries. They have contributed to financialised accumulation patterns in the periphery that frequently ended in a deep financial crisis (Becker et al. 2010). To put it concisely, the current global financial system tends to push peripheral countries into a monetary and financially dependent situation with problematic effects. Furthermore, the DWSR leads to a transfer of value and unequal ecological exchange that favours core countries.

Secondly, the question that has to be answered is whether sustainable finance changes the current uneven patterns of global resource usage and effectively deals with the problem of global over-use of natural resources. Financial flows labelled green are expected to provide a financial profit to the financial capitalist from abroad, and eventually lead to a net outflow of financial resources from the periphery. In addition, sustainable financial capital in search of new investment opportunities is likely to contribute to a further commodification and, finally, financialisation of nature (Bracking 2020). Establishing new property rights on natural resources in the periphery is nothing but accumulation by dispossession. These new property rights convert new forms and elements of nature (such as land, hydroelectric power plants, etc.) to sources of income in the form of rent, becoming part of financial flows and potentially contributes to financialised regimes of accumulation. Moreover, sustainable finance provides legitimacy to currently existing international financial structures by arguing that such a form of finance within this liberal global framework can contribute to solving environmental problems in peripheral countries (and globally), and hence, potentially contributes to a neoliberal hegemony. This undermines efforts in peripheral countries aimed at restricting global financial flows by making respective changes in the structural forms, rendering the regulation of peripheral modes of production more difficult. Hence, dominant neoliberal forms of sustainable finance do not break with the DWSR. On the contrary, it is likely that they follow similar patterns and cause similar effects to it.

The cases

It is against the backdrop of the critical political economy perspective outlined above that I will analyse the EU's approaches in the field of sustainable finance and UNCTAD's green new deal proposal. While the former is an expression of a possible blueprint for political

consensus in a group of core countries, the latter supports positions related to (semi-)peripheral countries. Although these two cases are not directly comparable, as two diverging approaches to sustainable finance, they provide important insights.

The European Commission's approaches to sustainable finance

At the level of the European Union, two important strategies in the field of sustainable finance can be distinguished. Firstly, there are the traditional European Investment Bank and specific (international) financial support initiatives, such as the European Fund for Strategic Investments to support investments within the EU. Moreover, reaching beyond the EU, the European Fund for Sustainable Development, the Green Growth Fund and the Green Climate Fund represent important initiatives (Marini 2019)). According to the European Commission (2021), the EU fund should contribute to fighting climate change and the European Investment Bank should double its climate target from 25% to 50% of its loans. While the Commission holds that national budgets play a key role in this transition and "a well-designed tax reform can boost economic growth and resilience to climate shocks", the EuroMemo Group (2020: 7f) points out that the financial backing of the program is very weak and is based mainly on the re-labelling of budgets. The EU Commission's Green Deal proposal (EU 2019) is a central strategy to the greening of the economy and intends to contribute to the UN SDGs. The proposal argues in favour of an effective carbon pricing which includes a carbon border adjustment mechanism for selected sectors in order to reduce carbon leakage. Moreover, the energy system should be decarbonised, and industry should be transformed toward a circular economy, thereby becoming less dependent on resource extraction. Transformation in the food and agricultural sector, as well as in the transportation sector, are also addressed.

Secondly, the European Commission (2019: 16) insists on the importance of private green finance. The private sector is seen as key to financing the green transition. Measures to boost sustainable private finance and the set standards have been proposed more recently (European Commission, 2021, EU Technical Expert Group (TEG) on Sustainable Finance, 2020). The European Central Bank has also started a discussion (ECB 2021) about the use of monetary policy. In addition, the risk of "green washing" should be reduced by the introduction of a standardised taxonomy (EU 2019: 7ff). The EuroMemo Group (2020: 8ff) argues that, instead of relying on the prevailing model of blended finance allowing private investors to earn profits while public institutions take the risk, the public sector itself should invest the financial means. However, the option of public funding guaranteed and provided by the European Central bank is not even mentioned (ECB 2021). In addition, it is critiqued that the EU tends to be permissive to, and supportive of, private debt while being extremely intolerant towards public debt (The EuroMemo Group 2020). Moreover, standardising natural capital accounting practices (European Commission 2019) opens the door to further commodification of nature and financialisation. The reference to the suitability of capital requirements tends to create space for banks to reduce minimum capital requirements for green finance and represents, in this

case, a possible indirect subsidy for the financial sector. In general, these measures and suggestions focus on supporting the private financial sector and consist of market-making initiatives with an important focus on standardisation.

Regarding the international dimension beyond the EU, the Commission's proposal explicitly refers to the international dimension of sustainable finance, both public and private:

> "As public funds will not suffice, the EU and its Member States will coordinate their support to engage with partners to bridge the funding gap by mobilising private finance. … To mobilise international investors, the EU will also remain at the forefront of efforts to set up a financial system that supports global sustainable growth. The EU will build on the International Platform on Sustainable Finance that was recently established to coordinate efforts on environmentally sustainable finance initiatives such as taxonomies, disclosures, standards and labels. The Commission will also encourage discussions at other international fora, in particular the G7 and G20" (European Commission 2019: 22).

This statement demonstrates that the proposal does not question the international financial structures at all, but pretends to facilitate and promote international financial flows under a green banner. Given the current structure, this means that European financial capital should be supported in accessing the rest of the world.

Moreover, under the heading "The EU as a global leader", the proposal is quite clear as it argues that access to resources from abroad should be secured:

> "Access to resources is also a strategic security question for Europe's ambition to deliver the Green Deal. Ensuring the supply of sustainable raw materials, in particular of critical raw materials necessary for clean technologies, digital, space and defence applications, by diversifying supply from both primary and secondary sources, is therefore one of the prerequisites to make this transition happen" (European Commission 2019: 8).

This quote clearly shows that, despite claims of a circular economy, it remains necessary for the EU to maintain access to resources from abroad. While the focus is on greenhouse gases, the environmentally damaging effects of the extraction and use of other resources needed for a green transition, such as lithium for batteries and the disastrous environmental effects of its extraction (Oliveira et al., 2015) are not mentioned. Moreover, as the EuroMemo Group (2020: 25f) holds, the existing trade law in the form of free trade agreements, despite chapters on sustainability, may hinder effective environmental policy as it allows for more influence of companies. Investment law in free trade agreements is a substantial obstacle to any environmental regulatory changes that interfere with investors' interests. Hence, the Green Deal continues to rely on resource extraction from the rest of

the world and is likely to perpetuate the structure of unequal global use of natural resources, supported by private green cross border capital flows. This implies that the European Green deal's transformative potential regarding redistributive measures, socialisation, and planning is lacking (Decker, 2020).

Against the backdrop of the theoretical perspective outlined above, it becomes clear that the proposed direction for European policies in the field of green finance potentially contributes to a regulation of ecological restriction in a way that promotes private finance and continues to support its external expansion and assures access to necessary resources from abroad. The EU relates to the rest of the world in this way and attempts to assure the inflow of resources and unequal exchange in order to facilitate the production of its hegemony. In this regard, policies at the level of the EU clearly can be categorised as neoliberal sustainable finance according to Dziwok and Jäger's classification (2021). However, as initiatives at the EU level contain proposals that consider some space for public finance, elements of reformist forms of sustainable finance exist as well. How the combination of measures regarding sustainable finance, and hence, how the changes in the ecological constraint will take place in the current development models within Europe is still an open question (Bieling, Jäger and Ryner 2016).

Depending on the concrete implementation and the mix of neoliberal and reformist forms of green finance, the changes may contribute rather to more financialised or more productivist regimes of accumulation. The neoliberal way of approaching sustainable finance in Europe will not alter the current global financial structures but on the contrary, is likely to reinforce them. Policy proposals at the EU level and the different strategies in the area of sustainable finance can be read as an expression of currently dominant interests. The European Trade Union Syndicate ETUC (2020) and the European Trade Union Institute (2020) tend to agree with the approach yet demand more inner-European solidarity and pro-labour measures, a stronger role of public finance, and a focus on productive development within Europe, which implies a more reformist orientation. Hence, the European policy proposals, amended to consider some inner-European social issues, are likely to be part of an emerging new capitalist green hegemony within the EU that contains both elements of neoliberal sustainable finance and aspects of reformist approaches to sustainable finance.

UNCTAD's Green New Deal proposal on sustainable finance

Although UNCTAD is not directly comparable to the EU and its approaches to sustainable finance initiatives, it nevertheless serves as a useful illustration of the theoretical framework developed above. Contrary to the official proposals within the EU, UNCTAD's (2019) proposal for a Green New Deal is highly critical of private finance and unregulated international capital flows and increasing (external) debt levels. According to it, private finance will not only

> "[…] fail to generate the resources required for the investment push needed to deliver the 2030 Agenda but, in all likelihood, will further

> exacerbate the inequalities and imbalances that the agenda is designed to eradicate" (UNCTAD 2019: 26).

Instead of returning to "old multilateralism" the report suggests the creation of a "cooperative international order". In order to achieve this, national policies such as improving a tax administration, etc. should be strengthened. Additionally, a stronger global safety net, including a global liquidity facility, is considered essential (Gallagher and Kozul-Wright, 2019). In general, UNCTAD is very critical of the current liberalised financial order, financialisation, and of the disastrous effects of current global financial structures (UNCTAD 2019: 27ff). The report points to the importance of imposing limits on private finance, the need for a strong public sector and a healthy global economy as it proposes the following:

> An ambitious programme of financial reform is required to shift the focus away from financial speculation and towards the financing of productive investment. Within a more stable financial framework, the state can manage credit in a variety of ways. Direct credit controls became unfashionable in the era of 'efficient markets'. Yet incentives (e.g. placing government deposits) and disincentives (e.g. portfolio restrictions) can be effective in steering credit to the most productive investment opportunities. Governments can achieve this even more directly by setting up their own development banks, which would have a greater capacity than retail banks for 'patient lending' (UNCTAD 2019: 34f).

These suggestions are inspired by a Keynesian critique of financialised capitalism (Perry 2021). Therefore, the report insists on the importance of a favourable international context, which is of particular importance for countries that are not high up in the global (financial) hierarchy. The report also highlights that the effectiveness of domestic economic policies relies heavily on (global) effective demand. The need for rising labour shares in the economy is considered a basis for lasting growth. UNCTAD also points to the importance of central banks, financial market authorities and capital controls to stabilise the financial system and to foster productive development and, in so doing, return finance to its useful social purpose (UNCTAD 2019: 54).

UNCTAD furthermore argues that the contribution of private capital to development is potentially indirect. Private capital should contribute, via taxes, to the state's budget. It is argued that the artificial fiscal constraint imposed is one of the main factors that has induced states to implement policies intended to attract private capital in order to deliver the SDGs. This, according to the report, could generate macroeconomic and financial imbalances and lead to unsustainable credit and asset-price booms that in practice have led to a net resource transfer from the developing countries to the global core countries. Hence, UNCTAD (2019: 116ff) demands strengthening resource mobilisation through the taxation of capital, thereby benefiting from the regulation of private capital flows. The proposal is, therefore, at odds with the core of the DWSR, liberalised global cross-border

capital flows, and its problematic impact on the global uneven over-use of resources (Jäger and Schmidt, 2020; Svartzman and Althouse 2020) and can be classified as a reformist approach to sustainable finance. However, as capitalism and a capitalist world order are not questioned (Perry 2021), it does not belong to the category of progressive sustainable finance according to the Dziwok and Jäger's (2021) classification.

Explicitly, UNCTAD (2019) points to changing institutions that can be considered as essential elements of structural forms at the national, regional and international level and represent central elements of Southern-led strategies in development finance (Barrowclough, Gallagher and Kozul-Wright 2020; Stanley 2021). From a regulationist perspective, these changes in the structural forms could support productive (green) growth models instead of financialised regimes of accumulation. Despite arguing in favour of productivist measures, the proposal does not include any suggestions for abandoning extractivist strategies, which may well be part of these productive growth regimes. Notwithstanding this, in the tradition of neo-Gramscian IPE, the UNCTAD proposal could be interpreted as an expression of the interests of the global semi-periphery as being a product of their organic intellectuals. While there is no doubt, that this is a pro-labour perspective, it remains within a Keynesian framework and does not question a capitalist order.

Following the blueprint outlined in the proposal, it should – contrary to financialised regimes of accumulation – be possible to construct hegemonies in (semi-)peripheral countries that incorporate larger parts of the working class. However, the disastrous environmental effects of the current capitalist system are not systematically addressed. The proposed productive green growth models for (semi-)peripheral countries are highly unlikely to induce any significant break with the patterns of global unequal over-use of natural resources. Rather, we may expect that productive development in (semi-)peripheral countries will lead to an increasing global run for natural resources. The Chinese model and the country's strategies to gain access to natural resources (Klinger and Muldavin 2019)) is an example of strategies that we are likely to see more frequently. If these productive development strategies prove to be successful, the overall need for natural resources will increase. Possibly, the run for even scarcer environmental resources of any type will be the cause of increasing future struggles and conflicts at the international level.

Conclusions

The goal of this paper was to illustrate the insights that can be obtained with a critical political economy perspective as a starting point for the analysis of sustainable finance. It was shown how this approach allows for the linking of concepts at different levels of abstraction. To this end, a framework for the analysis of the globally uneven over-use of natural resources was provided. I suggested that the specific interaction of national (regional) modes of production within the asymmetric structure of global capitalism and the current liberal mode of foreign relations is an essential driver for the global over-use of natural resources and environmental destruction. The analysis was linked to regulation

theory, an abstraction at a lower level, and used a classification of different forms of sustainable finance to categorise the different proposals and initiatives. Against this theoretical backdrop, the possible implications of different approaches to sustainable finance were assessed by focussing on two important recent proposals and their perspective on sustainable finance, namely the EU's Green Deal policy and UNCTAD's green new deal.

Within their political contexts, these proposals for sustainable finance represent central elements for viable hegemonic strategies. On the one hand, the EU policy proposals rely on a mixture of neoliberal and reformist approaches to sustainable finance. This is likely to contribute to financialised but potentially also green productive green growth strategies within the EU. However, the strong focus on neoliberal forms of international sustainable finance would definitely cause a deepening of extractive models and possibly financialised accumulation in the periphery. In such a context, mechanisms that support an extraction of nature and exchange value from the periphery would tend to be reinforced.

On the other hand, UNCTAD's proposal clearly opposes measures which lead to further financialisation and instead promotes mainly reformist approaches to sustainable finance. Implementing these strategies is likely to decrease financial dependency of (semi-) peripheral countries. It rather aims at financial structures that allow for a productive accumulation. However, it is expected that both perspectives fail to bring about a rupture with the global over-use of natural resources and as such, it is likely that they will eventually increase the international conflict over scarce natural resources. Moreover, inspired by Gramscian IPE, the analysis indicated how the described proposals and initiatives can be seen as products of organic intellectuals and how they potentially contribute to the production of specific hegemonies.

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Economia política internacional e finanças sustentáveis: avaliando o acordo verde da UE e o "New Deal verde" da UNCTAD

Resumo: Sustentáveis, respectivamente, as finanças verdes são frequentemente promovidas como uma ferramenta inovadora para lidar com problemas ambientais. Este artigo avalia as propostas de políticas do novo acordo verde da UE e da UNCTAD, especificamente no que diz respeito às suas sugestões no domínio das finanças sustentáveis. O artigo fornece um referencial teórico na tradição da economia política crítica e combina uma perspectiva global com a teoria da regulação para avaliar diferentes estratégias na área de finanças sustentáveis. As respectivas propostas e iniciativas podem ser consideradas como possíveis modelos de estratégias hegemônicas em diferentes contextos. No entanto, a análise sugere que ambas as propostas, embora substancialmente diferentes e representando diferentes entidades na economia política internacional, não fornecem uma resposta sistemática aos problemas de um uso excessivo e altamente desigual global dos recursos naturais e ambientais.

Palavras-chave: Finanças sustentáveis; Finanças verdes; Acordo Verde Europeu; Novo Acordo Verde da UNCTAD; Economia Política Internacional; Economia Política Crítica

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