

A Macrofinancial Regime for the Socio-Ecological Transformation

An Abstract for the Momentum Kongress

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1 Abstract

The ecological economics literature offers a thorough understanding on necessary emission pathways to keep global heating to 1.5 degrees, a recent overview can be found in the latest IPCC report (Pathak et al. 2022). In particular the ecological economics of degrowth proposes to focus the economy on well-being and the provisioning systems that enable low-impact satisfaction of human needs (O’Neill et al. 2018; Vogel et al. 2021). Additionally, there is a turn towards political economy and the question of power relating to decarbonization in the field (Lamb and Minx 2020). Scholars identify the causes of climate action delay, prominently the fossil industry and various strategies of state capture and influencing public discourse (Lamb et al. 2020). Recent developments in the literature point towards the need to theorize the state (D’Alisa and Kallis 2020; Koch 2020; Koch and Buch-Hansen 2021) and power (Pirgmaier and Steinberger 2019; Chertkovskaya and Paulsson 2021) in order to understand the barriers to the transformation.

Simultaneously, scholars of macro-finance are starting to relate central bank policies (Cahen-Fourot 2021), the interaction between central banks and states (Gabor 2021), the corporate governance turn towards asset manager capitalism (Braun 2021) and the overall question of macro-financial regimes (Dafermos, Gabor, and Michell 2021) to the climate crisis. This paper builds on the macro-finance literature to investigate the macro-financial regime necessary to implement a socio-ecological transformation. A typology by Braun and Gabor

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(forthcoming) serves as a starting point: The authors identify four different regimes around the axes *coordination mechanism of investment*, the role of *financial regulation*, the type of interaction between *monetary and fiscal policy* and the *degree of nationalization*.

Drawing on ecological economics, this paper starts from the premise that the regime necessary to tackle the climate crisis must at the same time guarantee the satisfaction of basic human needs and keep our economies from transgressing ecological boundaries. This is the scale against which any regime's policy possibilities need to be mapped and along which the search for a macro-financial regime must be orientated. It thus formulates normative criteria around social and ecological outcomes and adds these as an axis to the typology.

This paper thus aims to provide a coherent framework to guide institutional change from which a socio-ecological transformation can start. Its contribution is to bridge the gap between macro-finance literature and ecological economics. Hopefully, besides speaking to the academic debate this paper can be of relevance to progressive policy makers that seek to coordinate transformational change between the relevant institutions. Additionally, it might provide activists with some new and effective focal points for their actions.

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