In introducing this session, I want to mention three aspects of sustainable finance:

- how sustainability might connect to financing activity;
- the scope of sustainable finance research; and
- where sustainable finance research is being published.

Sustainable finance can sound cynical, unrealistically hopeful, and entirely sensible. The cynical perspective arrives if sustainable finance is treated as a version of green capitalism. If sustainable finance is to be a meaningful category, it has to be more than a marketing drive of fund managers.

By a similar token, sustainable finance *research* has to be wider than research on the commensurability of business ethics with the profit motive. Sustainable finance is a more meaningful research category if it's treated as an imperative; not as a nice-to-have, but an essential attribute of a financial system.

Sustainable finance has always responded to two key concepts: that financing activity is socially useful, and transformational. Picking up on the ordinary meaning of investment as 'giving one's capital a new form', sustainable finance means understanding a financial system in context of other social systems.

Nowadays one often hears and perhaps participates in discussion of sustainable financial architecture and getting economies to a secure financial footing. Sustainability in this context means stability and resilience, referring to the ability of economies to protect jobs and livelihoods, and avoid collapse. Relevant issues become Financing and fuel security; Financing and biodiversity threats; Financing and inequality, and Financialisation.

Financialisation means how financing activity gets into our lives, e.g.:

§ individuals becoming exposed to financial markets via housing debt and pensions;
§ corporate treasury exposed to financial instruments;
§ banks becoming the main mediators in financial markets;
§ connections between financial architecture and social and ecological crises.

Two examples of connections between sustainability and financialisation.

Greece highlights where hoped-for connections between high levels of debt finance and output have not materialised. Greece has become insolvent, with official unemployment at 22 per cent and output down twenty per cent. Costas Lapavitsas, my colleague at the School of Oriental and African Studies, has attributed this to *un*-sustainable, poorly planned European financial architecture.

A second example is provided by the US banking system. Five banks in the US hold most of the $230 trillion of US derivatives (80 per cent in interest rate swaps).

JPMorganChase has a balance sheet of $1.8 trillion and another $70 trillion in derivative contracts. JPM recently announced a derivatives loss of $2 billion. How much of its $70,000 billion in futures contracts is protected against loss? $136 billion.

This is not isolated: Goldman Sachs has $44 trillion in derivative contracts; only $19 billion of that is in risk-based capital. If these contracts don't close out the right way, public finances will be affected and the wave of value destruction witnessed in 2008 will be seen again.

I would argue that this context and scale suggests an urgent need for sustainable finance research.

Sustainable finance research tends to fall into three areas.

- Banking research. For many economics and finance researchers, the social issues that give rise to a need for sustainable finance are not of direct concern. Concern rather has been directed to what happens to investment yields if social considerations are taken into account.

- Research on the organization of sustainable finance. Researchers here have come from sociology; political economy; leadership and entrepreneurship. Examples of published topics:

    - The effect of financial markets on pensions;
    - Emerging financing mechanisms like crowd-funding;
    - The phenomenon of activist NGOs providing data to fiduciary investors on companies' records on the environment, human rights and their supply chains.

- A third area is in cultural economy and the 'social studies of finance' tradition. Examples of published topics:

    - Symbolism of money, e.g. architecture of banks;
    - Semiotics of the euro symbol;
    - Cultural meanings of increasing levels of financialisation of, e.g., public assets in needy economic regions.

What's interesting in this varied crop of research is that various theoretical lenses have been used to understand financing activity. Clearly, there is a need for perspectives that *cross* research disciplines.

The research has most often been published in discipline-specific finance and business journals and book-length editions, e.g., Cambridge University Press and Oxford University Press handbooks on fiduciary finance and 'responsible investment'. There is some indication of a more catholic approach. Emerald, for example, issued in 2011 a book-length title '*Finance and Sustainability: A Post-Crisis*

Agenda', part of its ongoing *Critical Studies on Corporate Responsibility, Governance and Sustainability* series.

Currently, two journals focus on sustainable finance research. While both journals are interdisciplinary, they have quite different aims and objectives.

The *Journal of Environmental Investing*, sponsored by an energy company, has commented on carbon emissions trading and the United Nations Development Programme. The focus here is explicit: the journal's objective is to identify blockages to the flow of finance capital.

The Journal of Sustainable Finance & Investment is a peer-reviewed journal published by Routledge, with its editors working in finance, law, sociology, economic geography and management studies. The journal seeks to promote new understandings of financing activity in the context of globalisation. The journal has addressed fiduciary investing in extractive industries, social impact investing, financial systems governance, and the financial architecture of human rights protection.

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Call for papers: In 2013 *The Journal of Sustainable Finance & Investment* will publish a special issue on the theme 'Volatility, Uncertainty, Complexity, Ambiguity'.

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