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POLICY BRIEF NO.3

The financialisation of society and planetary health equity



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and Global Governance

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The financialisation of society is undermining planetary health equity

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In 21st century capitalism, financial markets reign supreme. This poses major risks to planetary health equity. Ensuring the financial and commercial worlds operate in service of people and the planet is necessary to prevent further climate change, inequality and poor health outcomes.

KEY TAKEAWAYS

1. The elevation of investing, trading and speculating as a way of making profit has shifted economic power towards institutional investors and enhanced the power of financial capital.
2. Practices of the financial system pose major challenges to planetary health equity via the influence on social inequality, greenhouse gas emissions, and health risks.
3. Actors including policy makers, civil society groups and academia all have a role to play in reducing the harms caused by financialisation.

Large-scale profits now accrue predominantly through financial and intellectual property channels rather than through the production and consumption of real goods and services. The proliferation of organisations that invest money on behalf of clients has shifted the gaze of corporations towards the stock market. Even non-financial entities – for example, supermarkets – often use financial investments and products such as loans for profits, illustrating the increasing influence of the finance system in people’s everyday lives and the resulting financialisation of societies.

There are three key ways the financial system drives climate change, social and health inequities:

- **Commodity prices:** Speculation contributes to marked volatility in commodity prices, thereby creating inequities in access to health-essential goods and services, including nutritious food and low-carbon energy. The role of speculation in food and energy systems creates major risks in market uncertainty and spikes in prices that result in health risks for millions of people worldwide. This should be redressed.
- **Company behaviours:** Financialisation has shaped the behaviour of companies, leading them to practices and products that have negative implications for environmental, social, and health outcomes. These behaviours should be regulated to avoid negative impacts on planetary health equity.



- **Everyday living conditions:** Financial products have resulted in complex mortgage products, rising access to and use of consumer credit and debt, the rise of non-professional traders, superannuation schemes, and insurance policies are all ways that people have become increasingly bound to financial systems in their everyday life. This infiltration has created a shift towards people obtaining their basic needs through financial products, rather than through government programs. Government must now step up and redress this fundamental reshaping of the social contract. Policy makers must provide adequate social protections and services and ensure decent incomes.

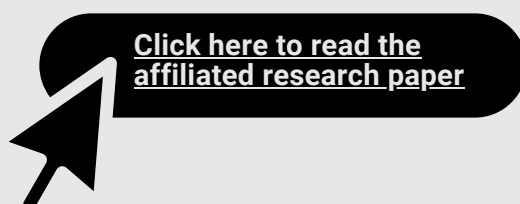
“It is the fundamental right of all people to live in a safe, healthy and equitable society – this research highlights the role of policy makers in limiting the influence of powerful financialisation actors”

CONCLUDING REMARKS

Our research has shown that the elevation of investing, trading, and speculating as a way of making profit has shifted economic power towards institutional investors and enhanced the power of capital.

Meaningful action must be taken to ensure financial systems function in ways that promote, or at least do not undermine, health, social equity, and the environment.

Policy makers must respond to the financialisation of modern life by reducing the power of financial actors through legislation and consistent monitoring of compliance of financial institutions.



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ABOUT US

Humanity faces three major and interconnected challenges – climate change, social inequality, and premature death and disease. Governance approaches to date have failed to prevent these problems, and in many cases have made the situation worse.

The Planetary Health Equity Hothouse is here to generate new ways to address these failings. By centring governance goals around planetary health equity, we aim to promote the equitable enjoyment of good health within a stable Earth system.

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