



Macroeconomic perspectives... ... on sustainable finance

Seminar on The European Regulatory Approach to Sustainable Finance
Oslo, 12 March 2024

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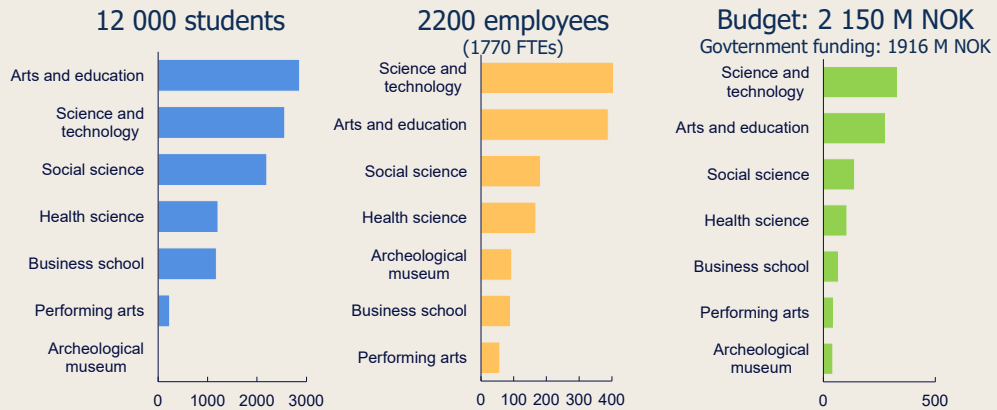
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“Challenge the well-known, explore the unknown”



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University of Stavanger

Strategy 2030: Building knowledge to meet societal challenges



- We will be an open and innovative university that demonstrates a high quality of education, research and artistic development work
- Our common direction will be guided by the responsibility for sustainable transition
- We will be characterised by a high level of well-being among students and staff
- Energy, health and welfare and learning for life constitute our areas of priority



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Government commissions on climate policies

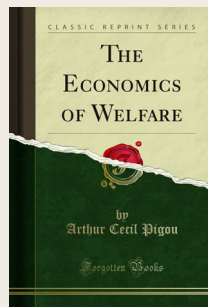
Climate risk (2018) and low-emission policy strategy (2023)



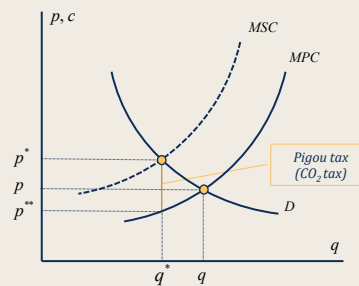
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A note on environmental economics

Welfare theory, weaknesses, and alleviations



Emissions in a market model



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Macroeconomic perspectives

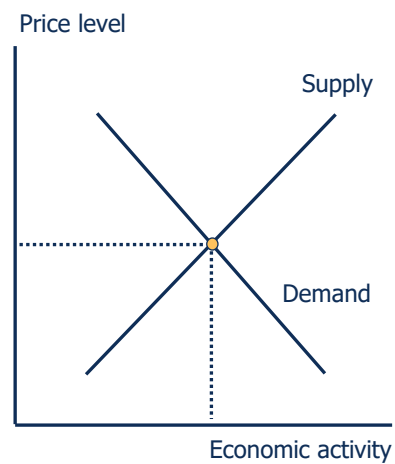
- Economic activity, employment, prices, interest rates
- Productivity gains
- Short-term vs long-term



Macroeconomics in a market economy

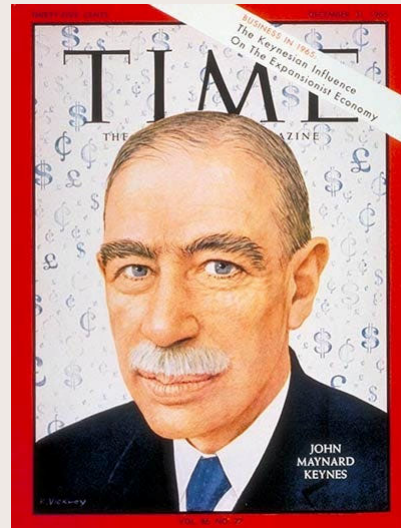
- Economic activity, employment, prices, interest rates
- Productivity gains
- Short-term vs long-term
- Aggregate supply
- Aggregate demand

The market model



Sustainability and aggregate demand

- Consumption (C)
 - Income and saving
- Investment (I)
- Government spending (G)
- Net export ($A-B$)
- Short-term perspective

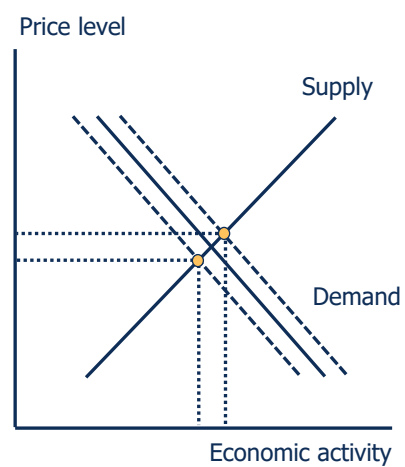


Net effects on demand

Hard to determine

- Consumption (C)
 - Income and saving
- Investment (I)
- Government spending (G)
- Net export ($A-B$)
- Short-term perspective

The market model





A story about scarcity

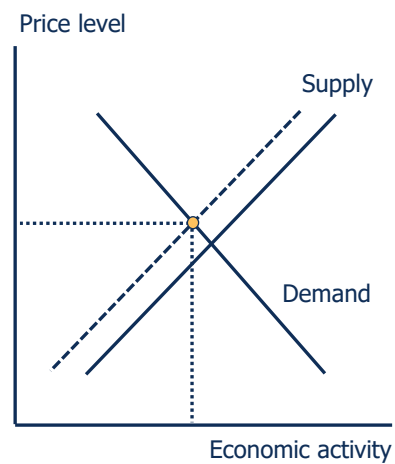
Sustainability concerns has a cost

- Cost of labour
- Cost of capital
- Cost of energy
- Cost of land
- Cost of adjustment
- Productivity gains
- Long-term perspective

Scarcity means higher costs – and prices

- Cost of labour
- Cost of capital
- Cost of energy
- Cost of land
- Cost of adjustment
- Productivity gains
- Long-term perspective

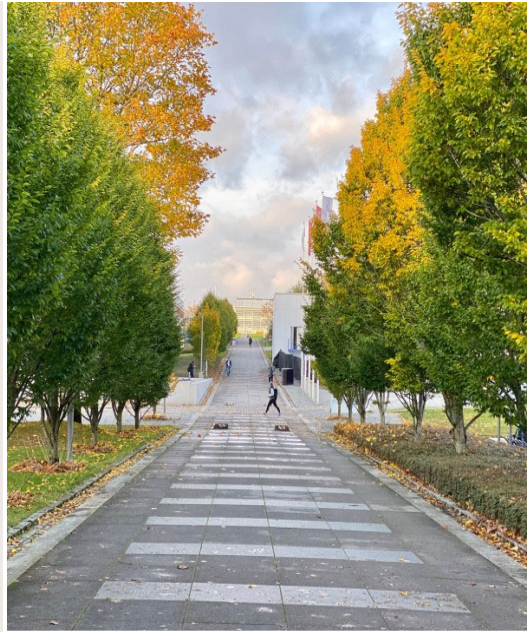
The market model



The road to sustainability...

...is paved with good intentions

- Uncertain effects on aggregate demand
- Stagnatory effects on aggregate supply
- Scarcity is likely to lift costs and prices
- Productivity gains are required to maintain economic progress



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