Section III: What Role Can Capital Markets and Financial Institutions Play?

This section discusses the financial markets and their bias toward rewarding short-term goals and undervaluing environmental resources, rather than investing in longer term, sustainable projects. This is disturbing because of the magnitude of the resources in question: $15 trillion for the world stock markets and $16 trillion for the bond markets (1994). Against this background the authors present a more optimistic view of a world in which “signals of change” are creating mechanisms and incentives for the financial markets which are more conducive to sustainable development.