
R_3: The common ‘There is enough capital to fund the SDGs’ argument—revised

The Sustainable Development Goals (SDGs) encompass 17 goals and over 160 targets. About one third of the goals are eligible for private initiatives. There is enough scientific evidence, technological know-how and political consensus to achieve each of these goals, which are valid for the entire planet. What is missing is an answer to the question: *how can we finance these goals?*

In 2020, the global capital market exceeded 250 trillion USD and global private wealth 180 trillion USD. Corporates have a high cash flow and private households have been rather higher saving rates than lower ones. In addition, 80-90% of jobs in Least Developed Countries (LDCs) are created by the private sector. These are all compelling and commonly voiced arguments to fund our common SDGs through such private assets. As SDGs require some 5 trillion USD annually, institutional investors, corporate initiatives, impact funding, blended finance, private venture capital, crowdfunding, or philanthropic and charitable organizations should simply be encouraged to fund the SDGs. In short, if we mobilize 2-3% of that private liquidity, the bill will be covered. Unfortunately, however, financing SDGs is something of a wicked problem.

Over two thirds of these SDGs focus on common goods such as clean air, universal access to health care, education and maintaining biodiversity. These goods are not exclusive and should be accessible to and enjoyed by everyone. In addition, empirical research has demonstrated not only that investing in our commons would be the largest preventive program humanity has ever launched, but also that commons exert a high return on investment for the community as a whole. Depending on the program, every dollar spent has a return of 1:10-1:100, outperforming private yields by far.

The *real tragedy of these commons* is not their overuse or free-rider effects, as fresh water, clean air and a kindergarten will remain fresh water, clean air and a kindergarten. Rather, the problem is the underlying financial incentives that would enable fresh water, clean air or a kindergarten to be available to the community as a whole. In short, the current financial system is not equipped to unleash the sleeping giant of the commons. Furthermore, surveys demonstrate that between two thirds to 80% of the population are willing to pay for such global common goods. But achieving these goals is expensive. If we were to finance the annual 5 trillion USD bill for our common future through the above mentioned 2-3% of private liquidity, we would end up in a world that is totally privatized, meaning that

kindergartens and hospitals, nature reserves, nature-based solutions for carbon sinks (forests, humus), and overcoming hunger will remain or become the project of private firms. This would mean that the future of our climate, the diversity of our species, schooling, and health care including combatting systemic pandemics would then become a private corporate affair with no public responsibility and liability. I am not sure whether we want to live in such a world.

However, we can look at financing our commons from a different angle. We propose implementing a parallel, digital, targeted, blockchain-associated 'green' currency system that allows us to generate the liquidity necessary to finance these commons. Once such a parallel currency is in place, we can start to differentiate between private assets and public goods. Instead of subsidizing private activities first then taxing them second in order to generate enough liquidity to finance our future third, we will fund our commons directly in a *pre-distributive, not a redistributive manner*. This will eventually lead to a disentanglement of subsidies and taxation. We will have a free and competitive market system, where private agents offer their products and services, carry the risks and liability, internalize the real costs (total cost analysis) and compete in a fair, global market, *and—in parallel*—we will have funding for our commons, which remain public goods. Both together will not only represent a more adequate response to the increasing complexity in the Anthropocene Era, but furthermore increase overall welfare in our society as a whole, creating what economists call a Pareto-superior equilibrium. This is why the common assertion that 'there is enough liquidity on the private capital market to fund SDGs' has to be revised.

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