Transforming Socially Responsible Investment: Lessons from Environmental Justice

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Abstract
There is limited evidence that socially responsible investment (SRI) strategies can resolve persistent concerns brought up in scholarship on the industry, particularly as it relates to considerations of justice. It is critical that SRI initiatives be interrogated about their broader impacts on environmental inequality and justice in the context of global power relations. Drawing upon environmental justice (EJ) theory, we propose a framework for transformative investment to halt the exploitation of humans and environment in pursuit of profit. We posit that transformative investment initiatives, including those related to strategies of screening and shareholder resolutions, would reflect three general conditions of environmental justice. They would require (1) cumulative responsibility that focuses on holistic gains so that investment initiatives do not replace one harm with another; (2) embedded accountability that is rooted in the decision-making and concerns of directly impacted communities; and (3) counter-hegemonic practices that are integrated with broader strategies and movements that challenge structures of oppression and exploitation. Through these principles, we address problems with SRI that have already been identified in scholarship on the subject. Moreover, we draw upon Antonio Gramsci’s concept of ‘strategic power’ to conceptualize the conditions and actions necessary for transformative investment to take root.

Keywords Socially responsible investment · Environmental justice · Divestment · Ethical investing · Market campaigns

Introduction
The Intergovernmental Panel on Climate Change (IPCC) reported in 2018 that $2.38 trillion would need to be invested annually in renewable energy and infrastructure to meet the goals of the Paris Agreement (IPCC, 2018). The report was clear that without a significant shift in the financial industry’s energy investments the world will exceed 1.5 °C of warming, prompting catastrophic climate change. Nevertheless, in 2018, only $329 billion were invested in renewable energy, while $933 billion went to fossil fuel investments (International Renewable Energy Agency, 2020). The massive flow of capital into carbon-emitting fuels is a major obstacle to states’ ability to fulfill their political promises in the Paris Agreement. This money funds not only global climate change, but also local pollution. The negative impacts of fossil fuel use across all scales disproportionately affect low-income communities and people of color (Di Chiro, 2018). Fossil fuel production and distribution comprises just one set of industries that features strongly in many investment portfolios; the financial sector also channels billions of dollars annually into industries such as weapons production, fast fashion, and private prisons, justified by the prioritization of investment returns above all other outcomes.

In response to the connection between profit and socio-environmental degradation, there has been a consistent rise in investor initiatives and related activist campaigns to shift the financial industry away from investments in fossil fuels and other socially and environmentally harmful practices during the past 3 decades (Gunningham, 2017b; Puaschunder, 2019; Schueth, 2003; Sparkes, 2013). Socially responsible investment (SRI) seeks to incorporate ethical and moral criteria into a sector focused on capital accumulation, but it has failed to present a challenge to the exploitative status quo (Banerjee, 2008). To achieve a “double bottom line,” SRI adds some non-financial criteria to standard practices
for optimizing returns on investments (Puaschunder, 2019). These criteria most often cover environmental, social, and governance (ESG) concerns (Sandberg et al., 2009), though practices and goals vary widely. Talan & Sharma (2019, p. 353) describe SRI as “doing well by doing good,” that is, making money by investing in socially responsible projects and companies (Richardson & Cragg, 2010).

Despite a large and growing focus on social and environmental responsibility within the investor community, evidence suggests that SRI is falling short of transforming harmful financial practices. There have been several scholarly critiques of SRI’s ability to act as a catalyst for positive change. These critiques include the inability of SRI to succeed on its own narrow terms, as well as shortcomings related to responsibility, consistency, collective action, accountability, and broader social change. Despite these important contributions, related scholarship has yet to engage meaningfully with theories of justice, power, and social change. Much of the SRI literature reflects what Robert Cox calls “problem solving” critiques (Cox, 1994, p. 101). This approach takes existing historical global structures of domination for granted, with limited consideration of what broader processes of transformative change in the face of durable power relations may necessitate. As a result, no cohesive framework exists for what investment practices that confront root causes of injustice should aspire to, which we refer to as ‘transformative investment.’

Given this scholarly gap, we ask: how would investment oriented toward transformative change differ from current practices and principles of SRI? Our framework engages with theories of justice and power to further contextualize and explain the conflicts occurring between “doing good” and “doing well” in SRI. First, we draw upon environmental justice (EJ) principles, scholarship, and theory to articulate the limitations of existing conceptions of ‘responsibility’ and ‘accountability’ in SRI scholarship and practice. Specifically, we engage with a plurality of justice concepts from the EJ literature to critique the neoliberal underpinnings of SRI and to illustrate what responsibility and accountability in transformative investment should entail. We also move beyond existing EJ literature by returning to the principles of environmental justice, the “the founding vision document that catalyzed the environmental justice movement” (Sze & London, 2008, p. 1334). Our analysis of the Principles and their implications for EJ conceptions of justice arises from Pulido & De Lara’s (2018, p.1) comments that EJ scholarship has been constrained in its ability “to address the more profound aspirational imaginaries laid out in the principles of early movement leaders.” Second, we take the idea of social responsibility in investment seriously as a foundational opportunity for change because of its connection to a pillar of hegemony—economic power. Implementation of the framework presented here requires a wholesale transformation of the financial industry and its function in society, as demanded by the counter-hegemonic conceptions of justice present in EJ movements and theories. We draw upon the social theory of Antonio Gramsci and contemporary scholars that utilize his theory to conceptualize what is needed for investment practices to disrupt ‘taken-for-granted’ political economic structures of inequality. Specifically, we argue that Gramsci’s concepts of ‘hegemony’ and ‘counter-hegemony’ offer means to differentiate efforts for investment reform which align with dominant economic, institutional, and ideological structures, from those which identify, confront, and work to transform the systemic causes of injustice. Neo-Gramscian scholarship provides a theory of strategic power that is necessary to implement the goals of EJ in liberal and neoliberal political contexts.

In the next section, we review existing critiques of SRI and argue that they do not sufficiently challenge neoliberal conceptions of justice and power relations endemic to SRI frameworks. In section three, we introduce EJ theory, which emerged as a specific set of responses to neoliberal dominance of political economic life. Section four reviews neo-Gramscian theory concerning strategic power. We then draw upon both theoretical engagements to develop our framework for transformative investment (see Fig. 1) in three parts. These include (1) cumulative responsibility that focuses on holistic gains so that investment initiatives do not replace one harm with another; (2) embedded accountability that is rooted in the decision-making and concerns of directly impacted communities; and (3) counter-hegemonic practices that are integrated with broader strategies and movements that challenge structures of oppression and exploitation. Through a review of the SRI literature, we assess the extent to which existing SRI practices reflect each guiding principle of transformative investment. We draw further upon neo-Gramscian theory to discuss the potential for the principles developed in our transformative investment framework to take root. We conclude with a discussion of the major tensions that exist between SRI and EJ in practice, the barriers that stand in the way of a transformative approach, and areas for future research.

Socially Responsible Investment and Existing Scholarly Critiques

Our review of the literature on SRI revealed that research has overwhelmingly concentrated on whether there exists a business case for SRI, that is, evaluating whether or not SRI funds can make money (Capelle-Blancard & Monjon, 2012; Chatzitheodorou et al., 2019). Nevertheless, a critical literature does exist that has engaged with four valuable questions regarding the fundamental concept of SRI. In this
section we briefly review SRI practices and discuss these existing critiques.

SRI practitioners use two primary methods, screening and shareholder activism. Screening applies a set of non-financial criteria—varying from fund to fund—to select between potential investment opportunities. Screening can be either negative, removing problematic companies from an investment portfolio, or positive, selecting companies deemed to have best-practices (Kurtz, 2009; Sandberg et al., 2009). Shareholder activism is a practice by which investors attempt to influence the corporations in which they are invested through shareholder proposals, votes, and other means of negotiating with fund managers including private meetings (King & Gish, 2015; Kurtz, 2009).

Banks, pension funds, mutual funds, and other investors act as resource hubs, giving their SRI commitments the potential to influence the financial viability and social acceptance of enterprises, economic sectors, and business practices (Dawkins, 2018). As a sector of investments, SRI is growing rapidly, increasing its potential influence. In 2018, SRI in the United States amounted to nearly $12 trillion, or 26 percent of all investments, the vast majority of which are made by institutional investors. This represented a 38 percent increase in investments deemed sustainable since 2016 (Global Sustainable Investment Alliance, 2018).

Numerous scholars have sought to critically assess SRI. First, scholarship on SRI has focused on whether SRI’s profit motivation undermines its ability to deliver effectively on its social responsibility goals (King & Gish, 2015; Richardson & Cragg, 2010; Starr, 2008; Utz & Wimmer, 2014). Richardson & Cragg (2010) for instance, confront the growing trend in SRI of justifying doing good because it will improve returns on investments. They write that this “business case” (p. 22) for SRI “sanguinely transforms the tensions between environmental protection or social justice and profitable investment into a seemingly harmonious and synergistic relationship. Socially responsible investment is then loaded with rhetoric on how being virtuous can enable one to be prosperous…. [U]nless financial advantage can be demonstrated, pollution or social inequities will be ignored.” (p. 36). This critique points out that the trend of justifying SRI because it may increase profit margins could undercut the goal of social responsibility altogether.

King & Gish (2015) also recognize ways in which SRI can be counterproductive to positive social outcomes, especially in relation to social movements. “Just as [social movements] may be professionalized, institutionalized, and sometimes co-opted, [they] may also turn into ‘hybrid’ for-profit businesses even while continuing to seek social change” (p. 726). King & Gish point out that these shifts among advocates for responsible investing may compromise the ability of SRI to achieve its non-financial goals.

A second focus of scholarship critical of SRI is concerned with the nature of ‘responsibility’ as it is defined and pursued by SRI institutions. Specifically, research has shown that SRI funds are most effective at excluding especially bad actors in the business world but struggle to achieve portfolios that are cumulatively more responsible than conventional funds (Arribas et al., 2019; Joliet & Titova, 2018; Utz & Wimmer, 2014). Borgers et al. (2015) found statistically
significant differences between SRI funds and conventional funds when focusing on particular “sin stocks,” that is, socially taboo businesses. However, for broader measures of social responsibility, the differences became negligible (Borgers et al., 2015).

Furthermore, scholars note that targeted divestments or screening of investments in particular projects, companies, practices, or industries may come at the cost of shifting investments to equally harmful practices by the same firm or entity. For example, in a study of agricultural and renewable energy divestments, Neville (2020, p. 3) argues that “reinvestment to achieve competitive financial returns might exacerbate non-emissions-based environmental and social damage,” thereby reinforcing the status quo. Likewise, Ritchie & Dowlatabadi (2014, p. 139) argue that “Divestment decisions that remove endowment funds from fossil fuel companies for substitutions with investments in large banks have the potential to redistribute investment dollars back into oil and gas projects through a less visible pathway.”

A third set of critiques focuses on the limitations of SRI in achieving the collective action necessary to shift whole sectors of the economy. Scholars note that barriers to gains in increasing social responsibility exist outside of the control of individual funds’ practices. A particular investor may improve regarding justice or sustainability but accomplish no cumulative gains because there is plenty of demand for the screened stocks from other investors. For instance, Gunningham (2017b) argues that many fossil fuel companies are state-owned entities, desirable to investors who will “snatch up the divested shares” (p. 311). This in turn prevents SRI from having an impact on economic outcomes and on material conditions of justice.

The difficulties SRI faces in achieving the critical mass necessary to impact economic, social, and environmental conditions are most fully explored in studies of the divestment movements targeting South African apartheid and the fossil fuel industry. Evidence shows that the strategy of divestment had little to no direct negative impact on the South African economy (Ansar et al., 2013; Gosiger, 1986; Kaempfer et al., 1987; Paul & Aquila, 1988). As predicted by critiques of divestment from financial theory (Knoll, 2016), without a critical mass of divestors in South Africa’s large economy, divested stocks were quickly bought up by other members of a deep investor pool, resulting in little or no drop in the price of the stocks themselves (Kaempfer et al., 1987). Similarly, little effect on the fossil fuel industry has been observed because of divestment—though some short-term impacts have been demonstrated (Death, 2019; Dordi & Weber, 2019; Trinks et al., 2017).

Despite inconclusive evidence of direct economic impacts, the literature recognizes that both divestment campaigns created strong political impacts. The push to divest from South African businesses publicized the problems with South African apartheid, amounting to a massive political education campaign. The campaign managed to discredit the apartheid regime in the United States on a national scale (Harris & Pulmpp, 1985), resulting in US federal sanctions on the South African government (Ansar et al., 2013; Gosiger, 1986). Similarly, scholars argue that the contemporary fossil fuel divestment movement is creating awareness of climate injustice and introducing a new set of norms in the financial industry (Blondeel, 2019; Dordi & Weber, 2019; Green, 2018; Gunningham, 2017a, 2017b; Rivoli, 2003).

A fourth focus of scholarship critical of SRI considers the ways in which decisions are made within SRI institutions. Specifically, scholarship suggests that rather than being accountable to the communities it purports to be consulting, SRI relies on top–down and exclusive decision-making processes (Hafner et al., 2019). Scholars note that some funds have been responsive to the UN Declaration on the Rights of Indigenous Peoples’ requirements for free, prior, and informed consent (FPIC) by Indigenous communities before land may be taken or people displaced in service of a development project (Haalboom, 2012; Nikolakis et al., 2014; Richardson, 2007). However, while FPIC has been leveraged with some success by Indigenous peoples and allies to protect against unwelcome projects, it is being implemented in the context of highly uneven power dynamics (Haalboom, 2012). Investors and companies have extensive monetary and political power that few Indigenous groups can contest.

Overall, scholarship on SRI provides important critiques related to the industry’s ability to contribute to social change. This literature provides considerations of the limitations of SRI in its current form, particularly related to the limitations of its (1) profit-driven orientation (“doing well by doing good” and the “business case” for SRI); (2) narrow and problematic conception of responsibility; (3) inability to generate collective action across the financial sector; and (4) weak and misguided processes of accountability. However, most of the critical scholarship on SRI does not offer solutions to the problems presented (Borgers et al., 2015; Gunningham, 2017a, 2017b; Joliet & Titova, 2018; Nikolakis et al., 2014; Ritchie & Dowlatabadi, 2014; Utz & Wimmer, 2014). What solutions have been proposed tend to be oriented toward problem-solving within existing frameworks for SRI and do not consider theories of social change, power, or justice that contest the fundamental structure of SRI. For example, Richardson & Cragg (2010, p. 35) suggest improving “social accounting and sustainability indicators” as a means of standardizing the reach of responsibility within the SRI industry. Similarly, Arribas et al., (2019, p. 11) propose “employing simple and clear definitions and transparent filters to identify companies performing irresponsibly.” These solutions seek to create greater transparency and specificity.
in the meaning of social responsibility while uncritically accepting the nature of the social good that SRI seeks to achieve. They do not consider how SRI initiatives are bound by historical structures of power and inequality which limit the types of change pursued. A plurality of other justice ideals has been neglected, providing ample territory for scholarship to contribute by addressing the relationship between SRI and structures of power.

The power of such theoretical engagements may be seen in the related literatures on divestment movements and corporate social responsibility. The work of Neville (2020) critiques fossil fuel divestment movements on the grounds that their lack of cumulative impact is a result of their continued operation within the fundamentally exploitative system of capitalism. Blondeel (2019) examines the efficacy of divestment movements from a neo-Gramscian theoretical perspective, providing insight into the conditions under which such movements might effectively disrupt fossil fuel reliance. In the literature on corporate social responsibility (CSR), Sadler & Lloyd (2009) argue that CSR represents a form of neoliberal governance that ultimately supports existing power structures. This article focuses similar theoretical perspectives on SRI to provide broader context for the industry’s identified failures, and guidance for what transformation should entail.

Environmental Justice as Cumulative Responsibility, Embedded Accountability, and Counter-Hegemony

The discipline of EJ studies arose from grassroots movements and has sought to build knowledge useful to grassroots EJ organizers (Bullard et al., 2008; Martinez-Alier et al., 2014). In 1991, EJ movement and academic leaders convened the First National People of Color Environmental Leadership Summit (FNPCELS), a foundational moment for both movement and academic conceptualizations of EJ (Bullard et al., 2008). Over 650 attendees, mostly from the United States but including some international representatives, developed seventeen principles of environmental justice (FNPCELS, 1991). Dr. Robert Bullard, one of the central organizers of the summit, had already spent more than a decade researching the distribution of landfills in Houston on behalf of grassroots movements (Bullard, 1990). Bullard’s findings showed that people of color in the United States were disproportionately more likely to live near a landfill when compared with white people, a defining pattern in the conceptualization of environmental injustice (Bullard, 1990; Mohai et al, 2009).

Through the 90s and early 2000s EJ scholars focused on quantitative studies showing disproportionate impacts of environmental hazards on people of color (Mohai et al., 2009), what Goodling (2020) calls “first generation EJ orientations.” (p. 849). Numerous studies confirmed Bullard’s original findings that communities of color were more likely than others to host polluting facilities (Mohai & Bryant, 1992; Ringquist, 2005). During this phase of EJ scholarship, distributive justice became the focus of theorization. Distributive conceptions of justice identify how benefits and burdens of living together as part of a global society can be shared equitably (Armstrong, 2012; Rawls, 2009). While distributive justice remains an important aspect of EJ movement goals, this conceptualization of justice was criticized for not engaging fully with the range of issues that EJ movements have identified (Schlosberg, 2004) and the global nature of EJ struggles (Martinez-Alier, 2003). A more complex and richer understanding is present in the principles of environmental justice as well as in what can be understood as “second-generation” EJ scholarship.

At all phases of its evolution, EJ activism and scholarship’s framing of justice can be understood as a response to the limitations of dominant neoliberal understandings of justice embodied and promoted by the state, market actors, and mainstream environmental organizations (Harrison, 2014). Neoliberalism is a set of values and related political projects that prioritize (1) markets as the most efficient deliverers of societal goods, and (2) individual choice and empowerment through the use of capital (Ciplet & Roberts, 2017; Ferguson, 2010; Harvey, 2005). We argue that EJ activism and scholarship challenges dominant neoliberal conceptions of justice in three ways: (1) in the forms of responsibility required, (2) in the processes and considerations of accountability, and (3) in the orientation of social change efforts in relation to structures of hegemony.

First, in terms of the forms of responsibility sought in society, EJ activism and scholarship presents a ‘cumulative’ approach to justice and social responsibility which is concerned with interdependent relationships across space, time, identities, and species. The first principle of environmental justice “affirms the sacredness of Mother Earth, ecological unity and the interdependence of all species, and the right to be free from ecological destruction” (FNPCELS, 1991). This principle conceptualizes a cumulative justice meant not only for human beings, but for an interdependent Earth of many species. Additional principles specify the kinds of concerns that should be considered in this cumulative sense of justice—“political, economic, cultural, and environmental self-determination of all people,” workers’ rights, health care rights, Indigenous sovereignty, rights to education and freedom from war (FNPCELS, 1991). The wide-ranging concerns of the participants in the First National People of Color Environmental Leadership Summit coalesced into a document that asks for gains far beyond dominant understandings of ‘environmental’ that focus on land and natural resource conservation.
A cumulative understanding of responsibility present in the EJ principles has only recently been taken up by academics. Specifically, scholars have begun to expand to critical EJ studies, developing a new framework for justice, with four main foci:

1. Greater attention to how multiple social categories of difference are entangled in the production of environmental injustice... (2) an embrace of multiscalar methodological and theoretical approaches to studying EJ... (3) a reckoning with the need for transformative (rather than primarily reformist) approaches to realize environmental justice; and (4) an intensified focus on the ways that humans and more-than-human actors are indispensable to the present and for building socially just, and ecologically regenerative futures. (Pellow, 2018, p. 17–18)

Critical EJ studies takes up the Principles’ concern with a range of root causes of injustice. It also engages with the idea of justice as encompassing non-human nature (Pellow, 2015). Finally, a focus on spatial justice brings attention to the ways in which the distribution of environmental benefits and burdens are connected as part of a broader set of political economic relations which extend across geographies at various scales (Pulido, 2017; Soja, 2013).

A cumulative responsibility focus differs significantly from a neoliberal approach. Justice from a neoliberal perspective frames responsibility primarily as improving individuals’ access to markets, ignoring the cumulative political, historical, and spatial contexts that EJ considers integral to understanding the state of any individual or community. With a libertarian orientation, neoliberal justice means enshrining self-protection and ownership of property through individual rights (Okereke, 2007, p. 41). The role of the state through this lens is to protect private property rights and to “guarantee the freedom of individuals to exploit their natural advantages” (Okereke, 2007, p. 41). This entails a “shift from regulation of to cooperation with industry” (Harrison, 2014, p. 655).

Moreover, rather than focusing on the interconnected aspects of humans and the Earth, neoliberalism’s orientation of responsibility is anthropocentric. Environmental sustainability is understood as an important objective, but only to the extent that environmental crises may disrupt the functioning of the market and the accumulation of capital (Ehresman & Okereke, 2015; Hopwood et al., 2005; Hunt & Weber, 2019; Walis & Klein, 2015; Wanner, 2015). Whereas EJ presents a cumulative understanding of social responsibility that extends across history, geography, and species, neoliberalism offers a narrow responsibility that extends only as far as an individual human being’s direct, personal impact.

Second, in addressing how decisions should be made in society, EJ activism and scholarship centers accountability to targeted and marginalized ‘frontline’ communities. Principles 5 and 7 of the principles of environmental justice embrace what can be understood as ‘embedded accountability’, respectively, affirming “the fundamental right to political, economic, cultural and environmental self-determination of all peoples” and “the right to participate as equal partners at every level of decision-making, including needs assessment, planning, implementation, enforcement and evaluation” (FNPCLEL, 1991). Borrowing from Young, Fraser, and Sen’s work in political theory, EJ scholarship has also expanded beyond the distributive model of justice to include procedural justice, recognition justice, and capabilities justice (Fraser, 2000; Schlosberg, 2004; Sen, 2004; Svarstad & Benjaminsen, 2020; Young, 2002). Procedural justice is concerned with the fairness and inclusivity of decision-making processes in the context of unequal political and economic power (Rawls, 2009; Young, 2002). As Young (2002) argues, there is the need for political institutions to be set up to “encourage the particular perspectives of relatively marginalized or disadvantaged social groups to receive specific expression” (p. 8). Recognition justice calls for decision-making processes that are responsive to the norms, values, and meanings that regulate interaction of inequality (Fraser et al., 2003, p. 29). Capabilities justice focuses on enabling impacted individuals and communities to live dignified lives of their own choosing (Sen, 2004, p. 73). Moreover, contemporary EJ scholarship shifts attention from a focus on individual rights to understandings of community rights and decision-making (Safransky, 2014; Schlosberg & Carruthers, 2010).

In contrast, neoliberal justice defines citizenship as the productive contribution of individuals to economic growth (Jayasuriya, 2006). Development is designed primarily to enhance greater participation in or contribution to a competitive economy, with a focus on “equality of opportunity”, rather than collective agency, social solidarity, rights, and well-being (Jayasuriya, 2006). As Tulloch & Neilson (2014) explain, “Markets are regarded as neutral mechanisms that will ensure both environmental protection and the allocation of social goods” (p. 35). As such, there is little concern for protection of collective cultural and economic sovereignty of marginalized peoples in decision-making. Thus, embedded accountability directly contests neoliberal understandings of individual power by acknowledging collective rights and participatory decision-making regardless of individuals’ access to capital.

Third, the principles of EJ present an understanding of justice as inherently counter to structures of colonialism, militarism, domination, exploitation, and oppression. This includes demands for public policy free of discrimination and bias (Principle 2) and opposition to “military occupation, repression and exploitation of lands, peoples, cultures and other life-forms” (Principle 15). Contemporary...
EJ scholarship has sought to link forms of environmental inequality to political economic relations specific to the neoliberal project, including durable systems of racialized capitalism and state-sanctioned violence (Pulido, 2016). As Julie Sze (2017) argues, an EJ orientation provides a “way to critique and restructure existing power relations. Representation and participation, however, important, are never enough” (in Ambriz & Correia, 2017, p. 54). Through this lens, justice is conceived as an emancipatory political project of “abolitionist social movement organizing” that contests historically specific relations of domination (Pulido & De Lara, 2018). This conception of justice aligns with neo-Gramscian descriptions of counter-hegemony, discussed in depth in the next section, because it requires the disruption and transformation of existing structures.

In contrast, neoliberal theories of justice take the form of reformism consistent with the existing political, economic, and social structures of contemporary capitalism. Neoliberal understanding of social change focuses on freeing individuals to compete with one another on an ostensibly level playing field. An emphasis on individualism makes “the model neoliberal citizen…one who strategizes for her/himself among various social, political, and economic options, not one who strives with others to alter or organize these options” (Brown, 2003). Justice is hypothetically achieved through means of markets and individual monetary choices, but neoliberal agendas ignore the fundamentally inequitable outcomes produced by capitalist markets (Peck & Theodore, 2019), which inevitably exclude those who cannot work, those whose labor is undervalued, those who experience egregious discrimination, and others who have limited participation in markets (Wacquant, 2012).

### Neo-Gramscian Theory and Strategic Power

EJ activism and scholarship offers a holistic and transformative understanding of justice which challenges narrow neoliberal conceptions. In this edition, we embed EJ conceptions of justice into neo-Gramscian theory, which offers insights about power relations and sheds light on what is needed for such forms of justice to take root. This conception of power also stands in stark contrast to a neoliberal conception. Power can be defined as “the production, in and through social relations, of effects on actors that shape their capacity to control their fate” (Barnett & Duvall, 2005 45).

When it comes to power, liberal and neoliberal institutionalists emphasize cooperation and the ability of international and domestic actors to pursue their own interests by efficient means. Effective change comes through favorable institutional design and transparency to allow for cooperation to occur in ways that benefit all actors on their own terms (Ciplet & Roberts, 2017), with no or limited questioning as to how the present order came into being, and what possibilities exist for disrupting what are viewed as fixed and ahistorical relationships and structures (Cox, 1994, p. 101). As Robert Cox argues, “liberal institutionalism takes the existing order as given, as something to be made to work more smoothly, not as something to be criticized and changed” (1994, p. 173).

Alternatively, a neo-Gramscian perspective is concerned with what forces are working to regulate and institutionalize the established order, and what forces and interactions may serve as a locus of its transformation (Cox, 1992, p. 163). The overarching concept of ‘strategic power’ encourages us to analyze how bottom-up processes of negotiation and resistance interact with dominant ideological, institutional, and political economic systems. As Levy & Egan (2003, p. 813) explain, a strategic approach to power brings “attention to the capacity of agents to comprehend social structures and effect change, while simultaneously being constructed and constrained by them.”

Gramsci theorizes the durability of power relations as contingent upon relationships of consent through a shared culture, ideology, and institutional and financial concessions, rather than domination by force or the democratic participation of individuals. As such, Gramsci argues that hegemony “presupposes that account be taken of the interests and the tendencies of the groups over which [it] is to be exercised” (1971/1989, p. 161). Hegemonic institutions negotiate ongoing consent by making minor concessions to the demands of less powerful social groups. Importantly, Gramsci argues that such concessions do not touch the “essential” aspects of hegemony:

But there is also no doubt that such sacrifices and such a compromise cannot touch the essential for though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity (p. 161).

Because such concessions serve to reinforce rather than deconstruct unequal power relations, neo-Gramscian theory would indicate that EJ’s aspirations of restructuring of power can be achieved only through explicitly counter-hegemonic wars of position that challenge and ultimately replace hegemonic ideologies. Such movements generally arise under specific circumstances, with the emergence of a historic bloc often in the context of an organic crisis (Gramsci, 1971/1989).

For Gramsci, “organic crises” are relatively permanent crises of authority in which a conflict arises between the “represented and representatives,” constituting a threat to the ruling class’s hegemony (1971/1989, p. 177,210). These take two forms: crises of the material structures of hegemony (e.g., volatility in the financial system),

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and crises of legitimacy (e.g., declining social acceptance of the autonomy of transnational capital). Gramsci (1971/1989) argues that such crises can emerge through several processes including when the ruling class has failed to address a major popular political undertaking, when it has pursued an unpopular war, or when huge masses “have passed suddenly from a state of political passivity to a certain activity and put forward demands which taken together...add up to a revolution” (p. 210). During an organic crisis, the tools of existing hegemony are not up to the task of addressing chronic forms of discontent. In the interim in which there is not a viable successor to the failing hegemonic order, the crisis exists because “the old is dying and the new cannot be born” (p. 276). Such a context may create the conditions for different solutions to emerge, which upend the dominant hegemony.

A “historic bloc” is that by which the interests of a leading class are brought into alignment with that of other class interests through an ideology expressed in universal terms (Gramsci, 1971/1989, p. 182). This concept speaks to the organizational needs of any potential rival to existing relations of power. This includes unifying civil society, bureaucratic, and market actors around a common cultural frame and complementary set of institutional and economic structures (Gramsci 1971/1989, p. 181–184; Levy & Newell, 2002, p. 87).

An organic crisis (as described above) may create the conditions for the emergence of a new historic bloc rooted in a re-oriented “relations of force” that fundamentally challenges an existing hegemony. Cox (1987) regards “class formation and the formation of historic blocs as the crucial factor in the transformation of global political and social order” (p. 357). Such an emergent historic bloc would include alliances that cut across class interests and societal divides by providing a new ideological, institutional, and material basis for cooperation and consent. As Carroll (2016) argues, “relations of force can be demonstrated in the way assemblages of economic and political power, institutional authority, and discursive resonance enable certain actors to assert hegemonic control over a terrain of political struggle” (p. 6).

For Gramsci, in modern capitalism, revolutions do not come through a frontal military assault, but rather, an ideological struggle for the basis of consent. A “war of position” is a tactical struggle by counter-hegemonic actors to resist domination through control of culture, ideas, and identities in the terrain of civil society. Ideology is not understood as merely a reflection of economic class interest or the economic structure, but rather a terrain of struggle over the terms of legitimate social and political organization (Mouffe, 2014, p. 36). This means that advocacy efforts must be aware of the limitations of distinct tactics in relation to hegemonic forces and develop a long-term, explicitly counter-hegemonic vision about how specific tactics fit within broader strategies of social and political change (Hafner et al., 2020).

Our review of neo-Gramscian theory shows that EJ conceptions of justice may be characterized as fundamentally counter-hegemonic. The full expression of the principles of environmental justice would require a complete restructuring of power relations. Within existing hegemonic structures, neoliberalism’s promise of universal access to power through individual participation in markets operates as a tool to maintain broad societal consent to the status quo. The clear opposition between EJ and neoliberal conceptions of justice indicates the incompatibility of the EJ project with existing hegemonic power.

A Framework for Transformative Investment

In this section, we draw upon the EJ and neo-Gramscian theory reviewed in the previous section to develop a transformative investment framework in three parts. These include the following principles identified in the previous sections: (1) cumulative responsibility that focuses on holistic gains so that investment initiatives do not replace one harm with another; (2) embedded accountability that is rooted in the decision-making and concerns of directly impacted communities; and (3) counter-hegemonic strategies and movements that challenge structures of oppression, exploitation, and socio-environmental degradation. Our framework addresses the major critiques of SRI and situates them in the larger context of global power relations. This framework is illustrated in Fig. 1. We contrast the application of each of the three principles with existing SRI practices, which we argue reflect neoliberal conceptions of justice, power, and social change, as illustrated in Table 1. Table 1 outlines the basic characteristics of transformative investments compared to SRI, according to the three EJ principles. Table 2 considers how strategies of screening and shareholder activism may differ between transformative investment and SRI in relation to these principles. We review scholarship in SRI to assess the extent to which existing practices in SRI reflect transformative as compared to neoliberal principles. We find that the SRI industry largely operates from a neoliberal approach.

Our framework for transformative investment is visualized in Fig. 1. The green arrows represent a cumulative focus on environmental and social harms across space, time, identities, and species (principle 1); the blue arrow represents decision-making embedded in marginalized communities (principle 2); and the yellow arrows represent challenges to structures of domination and exploitation (principle 3). A neo-Gramscian understanding of strategic power through a counter-hegemonic bloc is represented by the purple rectangle. As indicated by the color-coding of the SRI industry,
we will show how SRI currently reinforces hegemonic structures, and how pressure from grassroots movements might use investments as opportunities to contest those same structures.

**Cumulative Responsibility**

The principle of cumulative responsibility is concerned with the scope of changes pursued by investment initiatives. To be transformative, the changes sought by investors should be holistic across all sectors and impacts. This cumulative understanding of responsibility includes a focus on supporting interdependent relationships in society across space, time, identities, and species. It implicates entire value chains of corporations. Principle 1 of transformative investment addresses the critique from the literature that SRI can result in tradeoffs between harmful industries.

Cumulative responsibility that enables transformative investment can be contrasted with status quo or neoliberal SRI which seeks to avoid only the worst business practices, is narrow in scope, and isolated to specific companies or sectors. Existing conceptions of responsibility in SRI, we argue, reflect neoliberal justice. As pursued through business-case SRI initiatives, social responsibility is identified as that which reduces financial risk exposure to political, social, ecological, and ethical instability. This includes risk management of things such as human rights abuses at certain phases of a commodity chain, vulnerabilities in markets due to climate change, and over-investment in volatile carbon-intensive industries (Bang & Lahn, 2019; Chatzitheodorou et al., 2019; Shamir, 2008). Through this lens, SRI is not a break from valuing performance through financial risk exposure, but rather a broadening of the criteria utilized to evaluate risk. As Parfitt (2018) argues, “As the neoliberal subject takes individual responsibility for managing ‘ethical risks’, the veneer of agency is extended to responsibility for risks beyond the financial, such as the ecological and social risks of investment activity” (68). The neoliberal logic of SRI is that responsibility in social and political life is synonymous with what is necessary to decrease financial risk and increase profit margins. The result is that a socially risky investment may be traded for a socially acceptable, but still exploitative, investment.

Such tradeoffs may be found in the indices of Calvert, a well-known leader in the SRI industry. The Fossil Free Funds project, a non-profit search engine designed to help investors avoid fossil fuel investments, gives Calvert’s Large Cap-Core Responsible Index a B grade for fossil fuel exposure because the fund has less than 3% direct exposure to fossil fuels. However, the index portfolio also includes BlackRock, T. Rowe Price, and Invesco, each of which is named on the Fossil Free Funds project website as among the largest global investors in fossil fuels. Some of the reduction in direct exposures to fossil fuels, then, has been displaced into indirect exposures (As You Sow, 2021).

Demonstrating another form of such tradeoffs, Calvert’s Equity Fund is given an “A” ranking for fossil fuel exposure by the Fossil Free Funds project, since it involves zero direct investment in fossil fuels, but a D ranking for exposure to weapons manufacturing (As You Sow, 2021). Doing good in one category but still doing well financially often means greater investment in another source of injustice.

To be cumulative in their impact, SRI funds and grassroots financial campaigns must move beyond targeted divestments that displace harm from one area to another. Investors must seek investments in companies that actively promote EJ, rather than just avoiding those companies that engage in egregious business practices. Moreover, investment portfolios should be reflective of value-based objectives that cut across siloed issues of ecological well-being, social justice, and economic justice. The transformative capacity of such investment SRI would extend to the entire economy.

While there are few existing examples of investments that fulfill the ambitions of these principles, for each principle we will briefly analyze the case of the Boston Ujima Project, a community investing and mutual aid project intended to support the well-being of people of color in the city of Boston in the United States (Boston Ujima Project, 2021). The Boston Ujima Project maintains a holistic vision of investing, accounting for and working to disrupt a range of

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**Table 1** Guiding principles for transformative vs. status quo SRI

| Responsibility: scope of changes sought | Accountability: decision-making process | Hegemonic orientation: relationship to dominant structures of exploitation, oppression, and inequality |
|----------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------|
| SRI                                    | Weak responsibility. Those that avoid worst business practices; narrow in scope and isolated companies or sectors | No critique of existing structures. Congruent and symbiotic with structures of contemporary capitalism; win–win framing |
| Transformative investment               | Strong responsibility. Cumulative, holistic, and spatially and temporally inclusive of all sectors, species, and impacts | Contrary and conflictual to structures of domination; integrated with movements for political, economic, and cultural transformation |
|                                        | Weak accountability. Top-down and exclusive; limited consultation with or no representation of impacted communities | Strong accountability. Bottom-up, participatory, and embedded in community priorities |

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Bang & Lahn, 2019; Chatzitheodorou et al., 2019; Shamir, 2008.
| SRI Tactic | EJ principle of transformative investment | Examples of neoliberal SRI (without EJ principle applied) | Examples of transformative investment (with EJ principle applied) |
|------------|----------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| Screening  | Cumulative Responsibility              | Narrow screening with limited or no reinvestment criteria; divested money will be distributed across existing investments | Broad and inclusive screening attentive to the full impacts of investments across time and space paired with criteria to re-invest money in companies and projects compatible with social, economic, and environmental justice |
|           | Embedded Accountability                | Screening criteria determined internally or by shareholders, or screening services purchased from external firm | Screening criteria are determined by frontline/impacted communities through inclusive decision-making processes |
|           | Counter-hegemony                       | Screens are evaluated primarily for financial performance and returns on investment; Neoliberal market mechanisms are considered the primary or only strategy for change | Market mechanisms of SRI are one tactic among many; practitioners advocate for broader regulations of financial industry, support grassroots justice efforts, and confront structural barriers to systemic change |
| Shareholder initiatives | Cumulative Responsibility              | Shareholder activism focuses on single-issue demands | Shareholder activism takes holistic view and provides options for reinvestment |
|           | Embedded Accountability                | Owners of stock claim privilege of engagement with fund managers and board; those without capital excluded | Frontline community members and grassroots organizers are prioritized to participate in meetings with fund managers and board members; they have voting rights or other formal positions within decision-making processes |
|           | Counter-hegemony                       | Individual stockholders attempt to influence individual companies to internalize market externalities; impacts are uneven | Engagement with fund managers and boards is used to encourage corporate advocacy for broader regulation of financial industry |
exploitative systems and histories. For instance, the project presents standards for the businesses in which it invests that include environmental goal setting, labor rights requirements, and rules for employee ownership. The Boston Ujima Project explicitly recognizes historical exploitation of people of color and women and uses low-return investments from privileged members of society as a source of wealth redistribution and reparations.

The Boston Ujima project does not meet all the requirements of cumulative responsibility, however, because it does not address spatial injustices. It does provide guidance to businesses in which it invests to seek local suppliers but acknowledges that this may be impossible in many cases. Global supply chains tend to exploit cheap labor and lower environmental standards in the Global South (Roberts & Parks, 2009). Even completely local supply chains do not entirely resolve the issue of spatial justice if they function within the Global North because the existing local wealth in the Global North has accumulated due to a history of extraction from the Global South. Nevertheless, the practices of the Boston Ujima Project represent a significant start on the way to achieving cumulative responsibility.

**Embedded Accountability**

Principle 2 addresses the relationships that investment initiatives have with directly impacted communities and the decision-making structures available. In line with EJ’s focus on the importance of procedural, recognition, and capabilities justice discussed above, transformative investment must be embedded in community values, decision-making processes, and the capabilities that communities have reason to value. For investments to be just, frontline communities must be centered in the decision-making processes on projects that may impact them and their knowledge and identities recognized as vital to the success of those processes. This can be contrasted with neoliberal SRI, in which decisions are made from the top-down by investors with limited or no representation by directly impacted communities. Principle 2 provides a solution to concerns in the literature about the top-down nature of SRI decision-making.

Procedural justice in investing necessitates challenging institutional practices and structures which limit or marginalize the voices, perspectives, and priorities of frontline communities. From an EJ approach, investment practices should also recognize diverse values, knowledge systems, and structures of inequality; ensure fairness and inclusivity of processes, procedures, technologies, and institutions through which decisions are made; restructure power relations (Sze, 2020; Pulido & De Lara, 2018, p. 78); and respond to context-specific concerns for what communities deem to be valuable (Whyte, 2011; Young, 2002; Climate Justice Alliance, 2018).

In practice, Principle 2 means that frontline communities affected by a potential investment have decision-making power within the investing institutions on an ongoing basis. For instance, giving impacted community members formal decision-making power over screening criteria and in shareholder meetings would move control of investment measures out of the hands of small groups of elite financial experts and place them under the control of those most vulnerable to the negative consequences of an investment. By redistributing control, transformative investment directly addresses the imbalance of power that allows investment to promote injustice as standard practice.

The SRI industry’s decision-making practices reflect a neoliberal logic in which property owners should have sole decision-making rights. It is antithetical to free market logic to involve impacted communities in decision-making processes about assets that are not owned by them (Jayasuriya, 2006). The uneven consulting practices with Indigenous peoples described in our review of the SRI literature give one example of how the SRI industry practices weak accountability. Furthermore, environmental injustices extend to communities of color and impoverished peoples who are unable to claim Indigeneity, all of whom would need to participate in decision-making in transformative investment initiatives. Presently, most SRI initiatives are fundamentally disembedded from the communities and ecological systems they seek to respond to and benefit. SRI will not be transformative unless the investment community broadens and deepens its systems of accountability.

We return to the example of the Boston Ujima Project to illustrate embedded accountability. Investors in the Ujima Project may have one of two designations: residents of color and/or low-income residents in the Boston area or people who do not live in the Boston area and/or do not identify as working class or people of color. All members contribute what they can as an investment in the project’s fund, but only those in the first category receive votes in decision-making about investments (Boston Ujima Project, 2021). Thus, the project serves to redistribute decision-making power into the hands of the community members who have the least power in broader society. Furthermore, since all investments are local, decision-making power is geographically embedded in the Boston community.

**Counter-Hegemony**

Principle three directs attention to the counter-hegemonic relationship that transformative investment initiatives must have to structures of exploitation, oppression, and inequality, and related strategies of social change. This can be contrasted with status quo or neoliberal SRI, through which investment strategies and practices are congruent and symbiotic with existing structures of the dominant
Transformative investment, using EJ conceptions of justice, acknowledges the limitations of market-based solutions to resolve systemic inequalities rooted in capitalist exploitation and advocates for regulatory regimes that could significantly limit corporate activities in favor of socio-environmental protections. Such efforts would be committed to widespread, structural changes across the global economy. Principle 3 addresses both the critique of SRI’s ability to generate collective action and the question of whether SRI’s profit motivation weakens its ability to produce positive socio-environmental outcomes.

Framed as a win–win for both growth and social good, SRI initiatives have generally led from the assumption that the financial system, without major change, can be congruent and symbiotic with equitable political economic systems (King & Gish, 2015; Weber, 2014). Most of the metrics used to exclude companies from investment portfolios serve to make investment funds merely appear more ethical as opposed to promoting social change (Richardson, 2009; Shamir, 2008). Such neoliberal SRI initiatives may come at a cost of weakening or displacing more robust forms of public policy and regulation.

Institutions that practice SRI have little incentive to lobby for top-down regulation that might standardize expectations for SRI. By creating their own metrics, they enjoy the reputational boost that SRI provides without having to commit to any standard that might damage their financial performance. Advocating for regulation and other means of systemic change would be a major shift for a financial sector that generally promotes unrestricted markets as the means to optimize the good in the world.

It is thus not surprising that SRI initiatives focus on moral and ethical forms of change mostly to the extent to which such initiatives align with the core logic of hegemony. As discussed above, neo-Gramscian theory suggests that such concessions to moral-ethical considerations and demands are unlikely to challenge unregulated and uninhibited accumulation of capital. The “decisive nucleus of economic activity” of the financial industry is rooted in a neoliberal doctrine that endorses markets as the best means for enhancing human and environmental well-being. This is epitomized by the core principle of “doing well, by doing good” (Talan & Sharma, 2019).

As such, the SRI industry provides a humane cloak to the neoliberal financial project and its beneficiaries. Modest concessions to the values of human rights and environmental sustainability make the financial industry less vulnerable to critique and confrontation, forming what Gramsci refers to as a “compromise equilibrium” (1971/1989, p. 161). While having minimal tangible impact on shifting investments into ethical practices broadly, SRI serves to greenwash the industry in ways responsive to normative critiques of neoliberalism.

In contrast, the Boston Ujima Project successfully engages in counter-hegemonic organizing in civil society. Beyond its inherently counter-hegemonic, anti-neoliberal structure as a collectively owned and operated investment project that seeks to redistribute wealth, the Ujima Project also explicitly engages in organizing and advocacy for regulations and collective action to forge an economy founded on justice. The project also engages in civil society movements beyond the realm of investing, including supporting the rights of domestic workers and defending Boston residents against evictions (Boston Ujima Poject, 2021). While the work of the Ujima Project alone cannot represent the formation of a historic bloc, the project’s intersectional organizing represents the kind of coalition-building that could ultimately lead to the emergence of a counter-hegemonic bloc.

If investment initiatives follow all three principles presented here, they could produce an economic and political project to contest neoliberal capitalism. Each of the three principles of transformative investment is contrary to the current incentive structure of the financial industry. Notably, it is possible or even likely that individual principles may be implemented while others continue to be neglected. For example, a company could improve its embeddedness with impacted communities, but still seek relatively narrow changes. The framework presented here demonstrates that transformational possibilities available to practitioners must be evaluated beyond single criteria. It also can serve as a practical guide to civil society groups involved in market campaigns, especially as they formulate their demands.

Opportunities and Conditions for Transformative Investment

Given evidence on the existing neoliberal bent of SRI, the principles of transformative investment are highly unlikely to be adopted within the SRI community and related financial institutions without broad-based and powerful movements demanding change through state policies and direct pressure. Through the lens of neo-Gramscian power relations, such processes inevitably challenge not only the financial industry’s ability to accumulate as much capital as possible on its own terms, but its socially sanctioned rights to do so. As such, purely voluntary SRI measures will maintain their character as reformist concessions rather than transformative measures that offer real change to systems of exploitation.

The realization of transformative investment is also highly unlikely if not accompanied by other transformative changes to structures of domination and hegemony in society. As discussed previously, neo-Gramscian theory of strategic power provides a framework for understanding what social processes must occur for such transformative change to take
Summarize the discussion in the document about the need for a new historic bloc to challenge neoliberal hegemony. The document highlights the importance of strategic organizing and the necessity for a broad-based coalition that unites around transformative investment. It emphasizes the role of civil society in pressing for change and the significance of ecological class consciousness. The text also touches on the challenges of legitimizing new hegemonic ideologies and the need for mass movements and social justice frameworks in the face of organic crises.
and economic project to neoliberal capitalism will be made possible only to the extent that social movement members and allied NGOs commit to such deep critique of and pressure on existing practices.

### Conclusion

Drawing upon the principles and scholarship of EJ, this paper has offered a framework to differentiate between investment initiatives that are likely to reinforce hegemonic power relations from efforts that could contribute to transformative change. We have applied neo-Gramscian theory to provide a context of global power relations that has been lacking in analyses of SRI. We conclude with three main tensions that will likely be necessary to address to shift investment in the direction of EJ, and potential complementary areas of research.

First is the question of the extent to which there are limits to the ability of any investor functioning in a capitalist system to ‘do well by doing good.’ Specifically, high returns on investment which contribute to rapid economic growth are likely to exacerbate ecological problems. While there has been some decoupling of the number of resources it takes to drive certain sectors of the economy, there is very limited evidence that an absolute decoupling of economic growth from resource extraction and degradation is possible at an economy-wide scale (Hickel & Kallis, 2020). The Boston Ujima Project may offer a way forward: much smaller returns on investment promised to those who contribute to its fund (Boston Ujima Project, 2021). It is not an investment that will significantly grow individual wealth—instead it is intended to expand collective wealth, and the majority of funds remain cycling among the members of the project. The result of such projects may be a slower-growth, collective economy that sheds the capitalist ideology of uncontrolled growth.

To achieve this kind of collective, regenerative economy on a large scale, strategies to leverage investments must move in concert with more ambitious counter-hegemonic strategies of social and economic change. More research should focus on understanding the efficacy of advocacy and activist campaigns that seek to integrate SRI and transformative investment strategies with those of non-violent direct-action, state-focused advocacy, alternative economic and participatory governance models, and other transformation-oriented strategies of social change.

Second, voluntary investment initiatives may prove to undermine, rather than work in concert with, more robust avenues of change. While voluntary investment strategies may have potential to cause tipping points away from harmful financial practices, they may distract from efforts to secure shifts in policy which provide more certain, transparent, and compulsory measures to regulate harmful industries in practices. Future research should investigate the conditions under which investment initiatives help to spur or complement state regulatory or incentive efforts that support a more sustainable and socially just economy.

Third, it seems unlikely that, absent large-scale pressure or regulation, a critical mass of investors will adopt the ideal forms of the EJ principles identified here. While models which promote procedural justice may emerge, they are likely to be niche and exemplary rather than commonplace. We are highly skeptical that under current conditions of profit maximization, short-termism, deregulation, and investor autonomy, investors will take on a set of principles that increase the costs of their investment processes and decrease their control over those same processes. Nevertheless, these principles provide a basis both for diagnosing ongoing injustice that underlies conventional SRI and for informing policymakers, investors, and campaigners who do envision a transformed financial industry. Research on best practices and real-world cases like the Boston Ujima Project that move investments towards embeddedness in impacted communities, cumulative gains, and broader advocacy would be valuable.

Overall, investment initiatives are a strategy embedded in the infrastructure of a financial system that has wreaked havoc on environmental and social justice and sustainability. It seems highly unlikely that investment will emerge as a transformative strategy of social and economic change through voluntary means alone. This does not mean that SRI should be thrown out altogether. While SRI clearly does not supply a replacement for environmental and social regulation, markets defined by a stringent set of justice-oriented norms would no doubt do less harm than the current state of deregulation enjoyed by the financial sector. Work to transform SRI must not be pursued instead of, but in addition to, demands for increased regulatory protections from governments and strategies of social change that confront systems of exploitation and oppression.

The possibility of transformative investment has not always seemed so out of reach. SRI grew out of grassroots struggles for justice. Contemporary SRI practices resulted from hegemonic co-optation of the original premise—to put negative pressure on businesses that perpetuated injustices. While the business case for SRI has encouraged more widespread adoption of social responsibility, it has also neoliberalized SRI, limiting its radical demands. Nevertheless, the crises now putting pressure on neoliberal economic systems provide an opening for change, and transformative investment could operate as a piece of the broad alliance that will be needed to support a transformative economic shift. If SRI practitioners are serious about social impact, then replacing neoliberal justice with EJ could support the emergence of transformative investment as the kind of competing political
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