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# The European Central Bank as a Sustainability Role Model

Philosophical, Ethical and Economic  
Perspectives

# **Sustainable Finance**

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Bernd Villhauer  
Editors

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Springer

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# Preface

While economists argue about whether the new ECB head Christine Lagarde should continue the relaxed monetary policy of her predecessor Mario Draghi in the interest of financial stability and in the direction of 2% inflation, the Research Group Wirtschaft und Finanzen (Economics and Finance) of the Weltethos-Institut at the University of Tübingen is pushing forward the question of whether the ECB is failing completely regarding this very issue in the interest of environmental, social, and cultural sustainability.

The expert panel meeting on October 29, 2019, at Goethe University was preceded by Petition 429/2017 submitted by economic ethicist Harald Bolsinger to the Committee on Petitions of the EU Parliament. This petition highlights the ECB's active participation in undermining the values of the Charter of Fundamental Rights (i.e., via its portfolio policy) which is binding for all EU institutions.

With this conference, the Wirtschaft und Finanzen Research Group of the Weltethos-Institut at the University of Tübingen posed the important question of whether the ECB, as an EU institution, can act independently of the EU's human rights and sustainability principles. There is a risk that it may in fact fail to take such principles into account for economic reasons. Measured in terms of the volume of funds managed by the ECB, this makes the efforts of ethically sustainable investment virtually meaningless. However, sustainable investment is of great importance as a means of social and economic transformation.

This concern was discussed and made transparent in our expert panel discussion "A Sustainable Europe: The ECB as a cardinal mistake?" We also publicly pointed out the ECB's responsibility to adhere to the ethical and social principles of the EU in their economic policy implementation.

In this respect, the Frankfurt conference brought together philosophical, economic, legal, and political arguments which we present to a wider audience in this publication.

We have already been able to achieve a successful first step; on November 11, 2019 Harald Bolsinger spoke before the Committee on Petitions of the European Parliament. Parliamentarians praised the petition and resolved to pursue the matter. The demands are to be submitted to the new head of the ECB and discussed in the

Committee on Economic and Monetary Affairs of the EU Parliament as well as in other decision-making bodies.

The expert panel discussion was held in a place steeped in the history of Germany, namely the Eisenhower Hall of the Goethe University in Frankfurt. Designed by the architect Hans Poelzig on behalf of IG-Farben from 1928 to 1930, it is the most modern industrial office building of the twentieth century.

After the war, the Americans moved in and the building became their headquarters for the next 43 years. On July 1, 1948, the prime ministers of the various German states were called upon to draft the Basic Law for the Federal Republic of Germany in this very room. Therefore, the IG Farben House can be seen as the birthplace of our German Constitution. The negotiations regarding the introduction of the new currency, the Deutsche Mark, were also conducted here, inextricably linking this place with the Deutsche Mark forever.

In 1995, the Americans moved out, and the question of what to do with the building, or in other words who should move in, was posed. In negotiations between the Federal Government and the State of Hesse, two proposals were in the air, namely the ECB and the Goethe University.<sup>1</sup>

We chose this historic venue for our conference in the hope that it too will contribute to a better future—a truly sustainable Eurosystem...

*P.S. On August 5, 2020, the Committee on Petitions of the European Parliament received a letter from the Directorate General International & European Relations of the European Central Bank. In this letter, it is set out that the ECB has the primary objective to ensure price stability over the medium term. Whether this can or should be done based on the human rights-related principles and obligations is discussed in the following way: the Directorate acknowledges that the ECB is an addressee of the Charter of Fundamental Rights, but “does not automatically have an obligation to enforce the Charter vis-à-vis the issuers of securities it considers eligible for use in its monetary policy operations.” This raises a lot of questions not only for the ECB but for other EU bodies. The short letter, which tries to discuss the complicated matter on two pages, supplies material for further research in more than one perspective. For example one should take a closer look at this conclusion: “The ECB also cannot simply defer to the findings of private self-authenticated sources such as those proposed by the Petitioner.” That is probably aiming at NGOs—but is it also true for credit rating agencies—and what would that mean for the analysis and the European investment policy? All this shows that the discussion about the rules and principles of the ECB strategy has only started...*

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<sup>1</sup>Meißner, Werner/Rebentisch Dieter/Wang, Wilfried HG. Der Poelzig-Bau. From I.G. Farben-Haus zur Goetheuniversität, Frankfurt 1999.

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# Where Do We Stand When It Comes to Sustainable Financial Markets?



Johannes Hoffmann

**Abstract** If we intend to support sustainability in the financial markets, research and analysis must come first. In the last 30 years, the groundwork has been laid by the Ethical Environmental Research Group (Forschungsgruppe Ethisch-Ökologisches Rating) leading to a rating system for Impact Investing. The article shows the progress in Sustainable Finance through the years and highlights essential aspects, connecting environmental, social and cultural compatibility. Only an integrated view can lead the European fiscal and financial policy towards a new level.

## 1 Introduction

After 30 years of scientific work on the promotion of environmental, social and sustainable investments and through the common interest in the Ethical Environmental Rating Research Group, we are now well prepared for sustainable development within the framework of the market economy. The contribution of the Research Group was and is supported by the effort to expose hidden issues: Making the unseen visible, freeing people from outdated traditions, encouraging new ways, and accompanying and promoting effective altruists. Taking the path of “subversive integration,” [1] so that human development can succeed in communion with creation. For the development of environmental, social, economic and intercultural sustainability in the market economy, it makes sense to recall the beginnings and to take a look at the current state of environmental, social and intercultural sustainability in the economy. This will certainly provide clues for consistent environmental and social action in business, finance and the fiscal system. This must be recognised, publicised politically and its political implementation promoted. For me, this means in concrete terms that the example of the ECB’s de facto approach, the central financial management institution in Europe, must be used to promote this more effectively. That is the intention of this conference.

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