

【Articles】

Rights-Based Sustainability Theory: The Normative Reconstruction of Sustainable Finance

ライツ・ベースド・サステナビリティ理論：
サステナブルファイナンスの規範的再構築

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Abstract

Sustainable finance has grown rapidly, yet its normative foundations remain disproportionately centered on financial materiality, lacking a framework that adequately addresses global distributive imbalances and the rights of future generations. This paper proposes a “Rights-Based Sustainability” approach, which reconceptualizes sustainability as a three-level structure linking species, institutions, and rights, and repositions sustainable finance within the normative governance of capitalism. Drawing on the normative theories of Rawls, Sen, and Jonas, as well as the EU Taxonomy and related regulatory frameworks, the paper interprets sustainable finance as an attempt to “tame” financialized capitalism.

Incorporating Rice’s concept of ecological unequal exchange, the paper analyzes how environmental burdens and rights violations are systematically shifted from the global North to the global South. It shows that, under this dual structure, ESG investing risks reproducing double standards even as it purports to promote sustainability. At the same time, the paper argues that appropriate institutional design can protect rights and expand capabilities for future generations. By clarifying the allocation of responsibility, the rights-based sustainability framework provides a normative basis for reassessing sustainable finance through the question of whose rights are recognized or marginalized, moving beyond debates that reduce ESG to financial performance alone.

1. Introduction: For Whom is Sustainable Finance Designed?

1.1 The Normative Problem of Sustainable Finance

The concepts of sustainable finance, ESG investing, and ethical finance have rapidly gained prominence in academic research, policymaking, and financial practice. In particular, the European Union (EU) has taken a leading role in institutionalizing sustainable finance through its Action Plan on Financing Sustainable Growth (European Commission, 2018) and subsequent regulatory frameworks, including the EU Taxonomy Regulation (EU) 2020/852, the Sustainable Finance Disclosure Regulation (SFDR, Regulation (EU) 2019/2088), and the EU Green Bond Standard (Regulation (EU) 2023/2631). Together, these initiatives seek to redirect capital flows toward environmental and social objectives by embedding sustainability considerations into financial markets and disclosure systems.

Yet the rapid institutionalization of sustainable finance has not been accompanied by an equally explicit articulation of its normative foundations, particularly with respect to rights, distributive justice, and responsibility toward future generations. In this sense, sustainable finance can be understood not merely as the proliferation of new financial products, but as an attempt to restructure capital allocation mechanisms within securities markets. Rather than

surveying sustainable finance in general, this paper focuses on a specific normative deficit embedded in its prevailing conceptual foundations.

In parallel with disclosure-oriented regulation, a shift toward substantive legal obligations has also emerged. The Corporate Sustainability Due Diligence Directive (CSDDD, Directive (EU) 2024/1760), formally adopted in 2024 after prolonged political negotiations, represents a decisive step in this direction. The directive transforms previously soft-law principles concerning human rights and environmental due diligence into binding legal obligations for corporations operating within the EU. By requiring companies to identify, prevent, mitigate, and remedy adverse impacts throughout their value chains, it signals a transition from voluntary corporate social responsibility to compliance frameworks centered on the protection of rights. This development highlights that sustainability is increasingly framed not only as a matter of risk management or reputation, but as a normative requirement grounded in rights.

Similar trends can be observed outside the EU, albeit in diverse forms. In Japan, the Government Pension Investment Fund (GPIF) has positioned ESG investing as a core element of its investment policy, disclosing evaluations of climate- and nature-related risks and promoting sustainability-oriented investment products through capital markets. At the same time, regional divergence has become increasingly visible. In the United States, for example, sustainable finance and ESG investing have become sites of intense political contestation. While ESG considerations formally remain permissible under federal pension regulation, state-level “anti-ESG” legislation and broader political opposition have introduced significant uncertainty into the institutional environment governing sustainable investment. These developments indicate that sustainable finance is deeply embedded in political and institutional contexts rather than representing a universally accepted market logic.

Beyond regional variation, sustainable finance is also intertwined with structural asymmetries in the global economy. Advanced economies often promote sustainability by reducing domestic environmental and social risks, while simultaneously relying on global supply chains rooted in emerging and developing economies where regulatory standards and labor protections are weaker. Through this configuration, environmental degradation and labor exploitation tend to be externalized geographically, allowing high-income countries to sustain consumption and profitability while presenting themselves as “sustainable.” This structure has been described as a form of “ecological unequal exchange,” in which resource use and environmental burdens are disproportionately borne by lower-income countries (Rice, 2007). Importantly, this pattern also reflects a dilemma: export-oriented industrialization under lax standards has contributed to poverty reduction and income growth in emerging economies, even as it concentrates unsustainable practices within their territories.

Against this backdrop, a fundamental question arises: can sustainable finance function as a normative framework capable of correcting these structural imbalances, or does it

instead operate as a mechanism that legitimizes existing global inequalities by rebranding them in the language of sustainability? Developed economies increasingly demand that emerging economies comply with stringent sustainability standards, even while continuing to depend on externalized unsustainability within global supply chains. At present, it is difficult to conclude that sustainable finance, as currently practiced, has resolved these contradictions. Rather, there is a risk that the designation of certain markets and investment behaviors as “sustainable” functions as a form of self-justification that obscures externalized social and environmental costs.

At the same time, empirical research in financial economics suggests that ESG investing does not necessarily undermine financial performance (Atz et al., 2023). Meta-analyses and review studies indicate that ESG-oriented investments are, on average, comparable to or even advantageous in terms of risk-adjusted returns and capital costs. However, such findings depend heavily on how “sustainability” or “ESG” is defined and operationalized. The scope of sustainable investment remains highly contested, shaped by political compromise and regulatory negotiation—as illustrated by debates over the inclusion of natural gas and nuclear power within the EU Taxonomy. These ambiguities have fueled concerns about greenwashing and the arbitrariness of ESG ratings and labels (Delmas & Burbano, 2011).

More fundamentally, sustainability itself is a normative concept whose meaning is not self-evident. What should be sustained, for whom, and according to which standards are questions that admit multiple answers depending on ethical, political, and social perspectives. Acknowledging this ambiguity, this paper approaches sustainability as a normative concept that entails both a negative requirement—not infringing upon the rights or capabilities of others—and a positive requirement—establishing institutions capable of restoring infringed rights and preventing future harm. This understanding serves as the conceptual foundation for the analysis developed in subsequent chapters.

Building on these considerations, this paper examines how sustainable finance and ESG investing, mediated through securities markets, interact with the operating principles and governance structures of capitalism. Rather than focusing next on product-level design or market-size trends, it asks how normative judgments concerning rights, justice, and responsibility are embedded—selectively or incompletely—within financial institutions, disclosure regimes, and investment practices.

1.2 Perspective and Purpose of This Paper

This paper theoretically examines the normative content underlying sustainable finance, ESG investing, and ethical finance, as well as their implications and limitations within capitalist economies. It adopts three interrelated perspectives.

First, it focuses on the historical transformation of the actors governing capitalism. While the state and corporate managers once played central roles in shaping market behav-

ior, financialization and corporate governance reforms have increasingly positioned investors and financial institutions as key agents of discipline and control. Sustainable finance can be understood as an extension of this shift, whereby investors seek to influence corporate behavior through ESG criteria and market-based mechanisms (cf. Schoenmaker & Schramme, 2019).

Second, the paper examines the gap between the normative premises of sustainability and their translation into financial practice. Normative debates on sustainability draw on pluralistic values such as justice, dignity, intergenerational equity, and human capabilities. By contrast, many sustainable finance instruments incorporate environmental and social concerns primarily as long-term financial risks, remaining embedded within profit-oriented logics. This paper analyzes which normative elements are incorporated into financial practice and which are marginalized.

Third, the paper situates sustainable finance within global norm formation and power relations. Regulatory frameworks developed in advanced economies may influence international standards and corporate behavior beyond their borders, even as emerging economies pursue development paths shaped by different priorities. This asymmetry raises the question of whether sustainable finance can contribute to correcting global structural imbalances or whether it reinforces existing hierarchies through new legitimizing discourses.

1.3 Previous Research and the Positioning of This Paper

Existing research on sustainable finance can be broadly grouped into three strands. The first consists of empirical studies examining the relationship between ESG indicators and financial performance. Meta-analyses suggest that ESG investments are, on average, not financially inferior to conventional investments, supporting their compatibility with prevailing market logic. However, these studies rarely address the normative assumptions embedded in ESG criteria.

The second strand focuses on institutional design, analyzing regulatory frameworks such as taxonomies, disclosure regimes, and stewardship codes. This literature examines how financial institutions internalize environmental and social risks and how regulatory and voluntary standards reshape market behavior. While valuable, it often treats sustainability as a policy instrument rather than a contested normative concept.

The third strand engages directly with the ethical foundations of sustainability, drawing on theories of justice, capabilities, and responsibility toward future generations. Although this literature richly explores normative questions, it has seldom taken financial practice or the institutional structure of securities markets as its primary object of analysis.

This paper seeks to bridge these strands by situating sustainable finance within the financial governance of capitalism and by analyzing it through the lens of rights-based sustainability. Rather than evaluating ESG investing solely in terms of financial performance, it

asks whose rights are recognized, protected, or marginalized through sustainability-oriented financial frameworks. By doing so, the paper aims to provide a normative and analytical foundation for assessing sustainable finance as a potential mechanism for re-embedding financialized capitalism under social and environmental constraints.

Accordingly, this paper does not aim to provide a comprehensive overview of sustainable finance, but focuses exclusively on its normative foundations and implications from a rights-based sustainability perspective.

2. Normative Foundations and the Reconstruction of Sustainability

2.1 The Polysemy and Historical Context of the Sustainability Concept

As highlighted in the Introduction, sustainable finance and ESG investing are increasingly institutionalized through regulation, disclosure frameworks, and market practices. Yet this rapid diffusion has not been accompanied by a corresponding clarification of the underlying concept of “sustainability.” Despite its central role in contemporary policy and finance, sustainability remains a normatively indeterminate term. In some contexts, it refers primarily to climate mitigation or biodiversity protection; in others, to the long-term viability of public finance or welfare institutions; and in still others, to poverty reduction, inclusion, and the protection of human rights. This polysemy indicates that sustainability functions as a concept of “consensual ambiguity,” enabling coordination across diverse actors while concealing substantial normative differences. Such ambiguity may facilitate policy diffusion, but it also obscures a fundamental question that is central to this paper: what, precisely, should be sustained, at what level, and for whom.

Contemporary international discourse often traces the modern articulation of sustainability to the Brundtland Report (World Commission on Environment and Development, 1987), which famously defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” This formulation is significant in explicitly linking present and future generations and in integrating environmental, economic, and social dimensions. At the same time, it deliberately leaves key notions—such as “needs” and the content of a desirable future—underspecified. Rather than resolving normative disagreement, the Brundtland definition provides a flexible framework within which divergent interpretations can coexist. Sustainability, therefore, cannot be treated as a purely technical or descriptive concept; it is inherently normative, shaped by value judgments and political priorities.

From a broader historical perspective, concerns with sustainability long predate their modern articulation in international policy. Ideas emphasizing intergenerational balance and the reproduction of resources can be found in early modern European forestry practices, indigenous norms of long-term collective responsibility, and pre-industrial systems of land

and forest management. These historical examples demonstrate that the question of how to regulate human activity in light of future conditions is not unique to contemporary environmentalism. At the same time, they reveal that the content of sustainability has never been fixed. Rather than pointing to a single, universally agreed objective, sustainability has always been shaped by prevailing social structures, ethical norms, and power relations.

In contemporary discourse, this indeterminacy becomes particularly salient because sustainability is invoked across distinct analytical domains. In Earth system science and environmental policy, sustainability is often framed as maintaining the physical stability of the Earth system by respecting ecological thresholds. From this perspective, what must be sustained is the resilience of ecological processes—such as the climate system, biodiversity, and essential resource cycles—within which human activity is embedded. This approach highlights the seriousness of ecological constraints and the impossibility of sustaining any social order if biophysical limits are exceeded. At the same time, it raises normative questions regarding distribution and legitimacy, including whose livelihoods are constrained by environmental policies and how the associated costs are allocated.

In economic and social policy discourse, by contrast, sustainability frequently refers to the long-term viability of institutional arrangements, such as growth paths, fiscal regimes, pension systems, and welfare institutions. Here, sustainability concerns whether existing socio-economic structures can be maintained over time under demographic, fiscal, and environmental pressures. While this perspective is practically important, it also tends to treat prevailing institutions as given, thereby shifting normative questions about justice, exclusion, and legitimacy into the background.

A further strand of sustainability discourse emphasizes social and normative dimensions, focusing on the conditions required for people to live with dignity across generations. From this viewpoint, sustainability cannot be reduced to aggregate environmental indicators or the mere persistence of institutions. Instead, it requires attention to whether social orders protect individuals and groups against systematic deprivation and discrimination and whether they secure access to essential conditions for human flourishing.

Taken together, these heterogeneous usages indicate that sustainability discourse operates simultaneously at different normative levels. Environmental protection, institutional continuity, and the protection of rights are often discussed under a single label, even though they imply distinct evaluative criteria and may come into tension. This ambiguity is particularly consequential for sustainable finance, where environmental indicators, macroeconomic resilience, and rights-based concerns are frequently aggregated within unified ESG frameworks. To avoid conceptual conflation, it is analytically necessary to distinguish the levels at which sustainability claims operate. The next section therefore systematizes sustainability discourse by distinguishing three analytical levels—species, institutions, and rights—and clarifies their respective normative implications.

2.2 Three Levels: Species, Institutions, and Rights

Sustainability is a concept characterized by plural meanings and contested normative premises. Competing interpretations emphasize different objects of concern: some prioritize the survival of the human species and the ecological conditions necessary for sustaining life, others focus on the continuity of socio-economic institutions, while still others center on the protection of individual rights and freedoms. These differences are not merely semantic. Each implies a distinct answer to the question of what should be sustained, for whom, and under what normative constraints. To clarify these premises, this section organizes sustainability discourse into three analytical levels—species, institutions, and rights.

The first level prioritizes species survival and the ecological conditions necessary for sustaining life. From this perspective, sustainability refers to maintaining the physical stability of the Earth system, including climate regulation, biodiversity, and essential resource cycles. This level provides an indispensable foundation, since no institutional order or rights regime can endure if ecological thresholds are irreversibly crossed. Planetary boundaries and Earth system science have played a central role in articulating these constraints. However, when species-level sustainability is treated as an overriding objective, sustainability tends to be framed primarily in terms of aggregate environmental impact. Distributional questions—such as who bears the costs of environmental protection, whose livelihoods are constrained, and whose freedoms are limited—are often left underdeveloped. Species-level sustainability thus supplies a necessary physical constraint, but it does not by itself provide sufficient normative criteria for evaluating social institutions or financial practices.

The second level concerns the sustainability of institutions. In policy discourse, sustainability is frequently invoked in expressions such as “sustainable growth,” “fiscal sustainability,” or the sustainability of pension and social security systems. Here, what is to be sustained is the continuity and solvency of institutional frameworks that organize production, redistribution, and social cooperation. This level addresses practical questions of stability and resilience and plays a central role in economic governance. At the same time, it often treats existing institutional arrangements—capitalist markets, public finance regimes, or welfare systems—as given. Normative questions concerning justice, exclusion, and legitimacy tend to be displaced by technical considerations of efficiency, solvency, or intertemporal balance. As a result, sustainability risks becoming synonymous with preserving the status quo, even when existing institutions systematically generate inequality or externalize social and environmental costs.

The third level evaluates sustainability in terms of rights and freedoms. From this perspective, sustainability concerns whether the conditions enabling people to live with dignity and to pursue diverse life plans can be secured across generations. Rather than focusing solely on species survival or institutional continuity, this level asks whether social and economic arrangements protect fundamental rights and capabilities, including access to

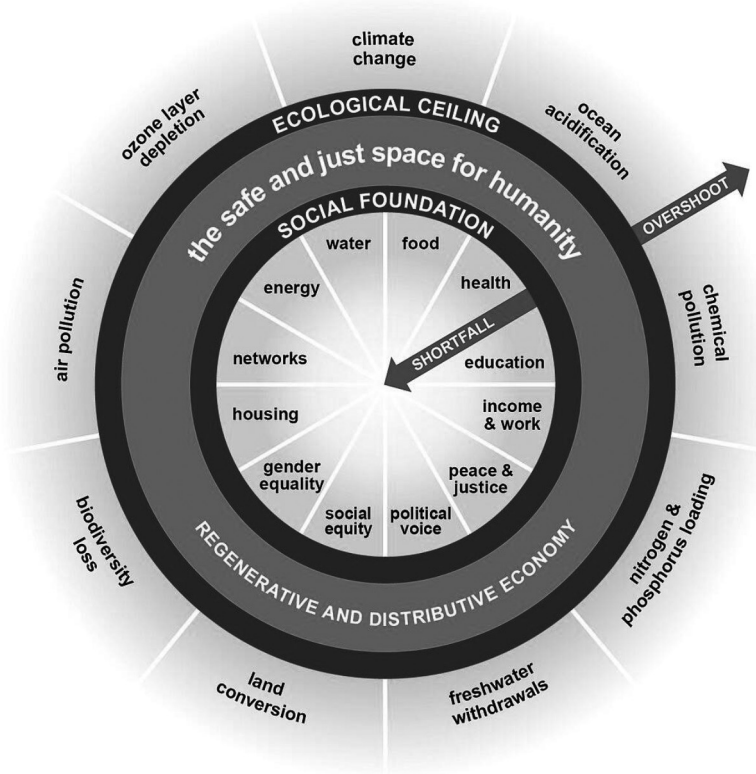
education, healthcare, safe working environments, and political participation. It foregrounds questions of justice and moral equality that are often obscured in aggregate or institution-centered approaches. Sustainability at this level is violated not only when ecological thresholds are crossed or institutions collapse, but also when social orders persist by systematically depriving specific groups or future generations of meaningful freedom.

These three levels correspond to influential strands in normative theory. Rawls's theory of justice conceptualizes intergenerational sustainability in terms of preserving just institutional conditions rather than maximizing aggregate welfare. His "just savings principle" directs attention to whether future generations can enjoy basic liberties and fair equality of opportunity under a just basic structure (Rawls, 1999). Sen's capability approach shifts evaluation from resources and outputs toward substantive freedoms, framing sustainability as the intergenerational protection of people's real opportunities to live with dignity (Sen, 1999). Jonas's ethics of responsibility emphasizes the unprecedented scale and irreversibility of modern technological and ecological risks and argues for heightened ethical caution when actions threaten the very conditions for life and the possibility of choice for future generations (Jonas, 1984). While these approaches differ in emphasis—rights and justice on the one hand, responsibility and precaution on the other—they illuminate complementary dimensions of sustainability.

The three levels—species, institutions, and rights—are analytically distinct but normatively interdependent. Species-level sustainability identifies the physical limits within which human activity must operate. Institution-level sustainability concerns the durability and reformability of social orders. Rights-level sustainability evaluates whether these orders secure equal freedom and dignity across generations. A framework that absolutizes one level while neglecting the others risks normative distortion: environmental protection that systematically infringes rights, institutional stability that preserves unjust structures, or rights claims that ignore ecological constraints all fail to capture sustainability in a robust sense.

This multi-level structure can be visually summarized by the Doughnut Model, which conceptualizes sustainability as a "safe and just space" bounded by an environmental ceiling defined by ecological limits and a social foundation defined by basic human needs and rights (Figure 1). By simultaneously illustrating ecological upper bounds and social lower bounds, the model provides an intuitive representation of why sustainability must be evaluated as a joint-constraint problem rather than as a single-objective optimization. It also clarifies why sustainable finance cannot be assessed solely by the expansion of "green" assets or the internalization of long-term risk, but must be examined in light of institutional continuity and rights-based conditions.

Figure 1. Kate Raworth's Donuts Economics



Source: Adapted from Doughnut Economics Action Lab
 (<https://doughnuteconomics.org/about-doughnut-economics>).

2.3 Reconstructing Sustainability as a Rights-Based Framework

Sustainability is not a unitary concept. As shown in the preceding section, different interpretations prioritize species survival, institutional continuity, or the protection of rights and freedoms, and these priorities imply different judgments about what ought to be sustained and at what cost. This section develops Rights-Based Sustainability (RBS) theory as a normative framework that places rights and capabilities at the center of sustainability evaluation, while explicitly acknowledging ecological and institutional constraints.

In this paper, “rights” refers both to legally codified rights grounded in constitutions, domestic statutes, and international human rights treaties, and to the broader moral rights that underlie and justify these legal forms. RBS is consistent with the institutional logic articulated in the UN Guiding Principles on Business and Human Rights, which distinguish the state duty to protect human rights, the corporate responsibility to respect human rights, and the need to ensure access to remedy. From an RBS perspective, sustainability-oriented gov-

ernance—including sustainable finance and ESG investing—should be evaluated not only by environmental indicators or financial performance, but by whether it avoids infringing upon rights and capabilities and whether it contributes to institutional conditions that prevent foreseeable harms and provide remedies when harms occur.

RBS does not deny that ecological stability and species survival constitute physical prerequisites for any human value. Nor does it ignore the practical importance of maintaining institutions that enable social cooperation. However, it rejects accounts of sustainability that treat the preservation of species or institutions as normatively sufficient regardless of how systematically specific groups' freedoms and capabilities are sacrificed. Sustainability cannot be regarded as normatively valid if it is achieved through persistent patterns of exclusion, coercion, or marginalization, even when such patterns are justified in the name of economic growth, national survival, or environmental necessity. In this sense, RBS proposes an ordering among the three levels discussed earlier: ecological and institutional sustainability are necessary conditions, but they are normatively justified only insofar as they remain compatible with the intergenerational protection of rights and capabilities.

This ordering is particularly important because sustainability claims often conceal trade-offs. Policies framed as environmentally sustainable may disproportionately burden low-income households or vulnerable workers; institutionally “sustainable” fiscal or pension reforms may stabilize public finance while eroding social rights; and market-based sustainability initiatives may improve aggregate indicators while leaving structural inequalities intact. RBS treats such outcomes not as unfortunate side effects, but as normatively decisive failures when they entail systematic rights infringement. In this way, RBS transforms sustainability from an aggregate optimization problem into a question of justice and legitimacy.

RBS also provides a critical lens for analyzing sustainability in the context of the contemporary global economy. Advanced economies increasingly present themselves as “sustainable” through domestic regulation, ESG investing, and disclosure regimes, while continuing to rely on production bases and supply chains located in emerging and developing economies where environmental and labor protections are comparatively weaker. Under these conditions, deforestation, greenhouse gas emissions, hazardous working environments, and other social and environmental burdens are geographically displaced, allowing high-income countries to sustain consumption and profitability while claiming sustainability leadership. RBS conceptualizes this configuration as a form of externalized unsustainability, emphasizing that the core normative issue is not aggregate improvement but the distribution of rights, risks, and capabilities across borders and generations.

From this perspective, sustainable finance cannot be adequately assessed by asking whether environmental and social risks are internalized into asset prices or whether ESG investments deliver competitive returns. Translating climate change, biodiversity loss, or social conflict into “financially material” risks may be instrumentally useful, but it does not

amount to a rights-based justification. Harms that remain immaterial to investors may be ignored, and remedies may be treated as optional when enforcement is weak. RBS insists that rights and capabilities function not merely as inputs to valuation, but as normative constraints on what can be legitimately pursued and justified within markets.

At the same time, RBS does not rely exclusively on rights-claiming logic. It incorporates insights from responsibility-oriented ethics, particularly in contexts involving irreversible or catastrophic risk. While rights-based reasoning specifies what must not be infringed upon, responsibility ethics highlights the limits of ex post remedy when actions threaten the background conditions of any rights regime. This tension is not a weakness but a constitutive feature of sustainability as a concept that spans ecological, institutional, and normative dimensions. RBS therefore treats responsibility not only as a backward-looking obligation to avoid rights violations, but also as a forward-looking duty to preserve and regenerate the conditions under which rights and capabilities can be meaningfully exercised.

In sum, Rights-Based Sustainability theory evaluates sustainability claims through a rights-centered criterion: sustainability-oriented governance is normatively valid only insofar as it is compatible with the intergenerational protection of rights and capabilities and does not rely on entrenched patterns of externalized unsustainability. This framework provides the conceptual foundation for analyzing sustainable finance and ESG-oriented governance not merely as technical instruments or market innovations, but as mechanisms for reshaping the operation of capitalism under normative limits grounded in justice and responsibility.

3. Prosperity, Justice, and Future Generations: The Scope of Rights-Based Sustainability

3.1 Standards of Prosperity and Justice in a Rights-Based Perspective

From the perspective of Rights-Based Sustainability (RBS) theory, sustainability means maintaining a social condition in which, within the physical constraints of the Earth system, both present and future generations can pursue diverse life plans without systematic infringement of fundamental rights and capabilities. This requires explicit standards of prosperity and justice: what counts as a decent and meaningful life, how the benefits and burdens of socio-economic activity are distributed, and how the institutional foundations that support these outcomes are evaluated. Without clarifying these standards, “sustainability” risks being reduced either to an aggregate environmental target or to a managerial vocabulary of long-term risk.

Modern economics has often treated prosperity as measurable through income and production volume, using indicators such as GDP per capita as proxies for living standards. Yet GDP-centered evaluation has well-known limitations, repeatedly emphasized in international debates on measurement reform. The Commission on the Measurement of Economic Performance and Social Progress, led by Stiglitz, Sen, and Fitoussi, argues that GDP captures

only monetized market activity and can render crucial determinants of well-being statistically invisible—such as household care work, unpaid community support, and qualitative dimensions of life. It also obscures distributional structure: rising averages can coexist with stagnation or deterioration in the living conditions of large segments of the population (Stiglitz, Sen, & Fitoussi, 2009). If sustainability is evaluated using GDP-like aggregates alone, the question of whether people’s basic capabilities are actually secured becomes secondary.

Against this background, existing normative research on sustainability has extensively debated questions of justice, well-being, and intergenerational responsibility, often drawing on Rawlsian justice, the capability approach, or ethical theories of responsibility. While this literature has provided indispensable conceptual foundations, it has tended to remain at a relatively high level of abstraction, focusing on ideal principles rather than on how standards of prosperity and justice are mediated through concrete economic and financial structures. Building on these normative traditions, this paper departs in one crucial respect by shifting the analytical focus from moral ideals to institutional mediation within financialized capitalism. Rather than treating prosperity, justice, and responsibility as purely moral benchmarks, it examines how these standards are operationalized, constrained, or transformed within financialized capitalism. By foregrounding capital allocation, distributional structures, and institutional mediation, the analysis seeks to clarify not only what should be sustained, but whose rights and capabilities are effectively secured in practice through sustainability-oriented financial governance. In this sense, rights-based sustainability is developed here not as an abstract ethical ideal, but as an evaluative framework for assessing the normative consequences of contemporary financial institutions and market practices.

In response, alternative indicators and frameworks have been proposed that incorporate health, education, environmental stocks, and multidimensional deprivation—such as the Human Development Index (HDI), the Multidimensional Poverty Index (MPI), and wealth-based sustainability measures. These proposals are not mere technical refinements; they embody a normative shift in the question “what should count as prosperity?” RBS theory treats this shift as essential, because prosperity is normatively inadequate if it is achieved through persistent patterns of exclusion, dispossession, or capability deprivation, even when aggregate output expands.

Classical and institutional critiques help clarify why market-visible demand cannot be equated with social flourishing. Mill’s discussion of a “stationary state” suggests that the quality of human life and environmental preservation may be compatible with a society in which material expansion slows or ceases; at the same time, it leaves open distributional and power questions that determine “prosperity for whom” (Mill, 1848/1976). Veblen’s analysis of conspicuous consumption highlights that consumption is often driven by status competition and social recognition rather than genuine welfare improvement, implying that market demand can amplify resource-intensive lifestyles with weak welfare justification (Veblen,

1899/1994). These perspectives matter for sustainable finance because financial markets can translate such patterns into profitability and asset-price appreciation, thereby reinforcing the very consumption structures that undermine ecological and social sustainability.

Japanese debates provide an additional conceptual bridge between prosperity and rights. Uzawa's (2005) notion of "social common capital" conceptualizes natural environments, social infrastructure, and institutional capital—such as education, healthcare, and legal systems—as shared foundations that enable individuals to live with dignity and exercise substantive freedoms. From a Rights-Based Sustainability (RBS) perspective, social common capital helps specify the substantive objects that rights and capabilities (Sen, 1999) require: clean water and air, stable climate conditions, accessible education and healthcare, and reliable institutional safeguards. When such foundations are degraded or commodified in ways that restrict access, the harm is not merely an efficiency loss but a rights-relevant deprivation. Consequently, sustainable finance should be evaluated not only by whether it labels projects "green" or "social," but by whether capital allocation contributes to strengthening these foundational conditions and expanding capabilities, especially for vulnerable groups.

Justice, however, is not exhausted by the quality of prosperity; it also concerns distribution. Even if sustainability-oriented investment increases aggregate welfare, a society is not sustainable in a robust sense if the benefits systematically accrue to those already advantaged while burdens are shifted onto those with weaker voice and bargaining power. Rawls's difference principle provides one benchmark: inequalities are permissible only if they improve the position of the least advantaged under fair institutions (Rawls, 1999). Piketty's historical analysis suggests that when returns on capital structurally exceed growth ($r > g$), wealth concentration can intensify, undermining democratic foundations and social cohesion even in periods of growth (Piketty, 2014). From an RBS standpoint, such concentration is not only a political problem but also a sustainability problem, because it tends to create capability deprivation and weakens the institutional conditions for equal freedom.

Sen's capability approach offers a direct evaluative lens that unifies prosperity and justice. Capabilities are the real freedoms people possess to achieve valuable functionings—health, education, social participation, and political agency (Sen, 1999). Under this view, sustainability requires not merely maintaining institutional stability but securing intergenerational capability thresholds: preventing severe capability losses today and preserving the conditions under which future persons can exercise meaningful choice. For sustainable finance, the decisive question becomes whose capabilities are expanded and whose are constrained by investment-driven returns and by the socio-environmental burdens embedded in production and supply chains.

These normative perspectives have also informed parts of the business ethics and sustainability literature, where Rawlsian justice and the capability approach are used to evaluate sustainability practices in terms of fairness, stakeholder inclusion, and the distribution of

rights and responsibilities. Such studies examine how corporate governance arrangements, sustainability standards, and SDG-oriented business practices affect distributive outcomes and intergenerational equity, thereby extending rights- and capability-based reasoning into firm-level and organizational contexts. At the same time, this line of research tends to remain focused on corporate ethics and organizational design, leaving largely unexamined how broader structures of financialized capitalism condition the scope and effectiveness of sustainability norms (Fia & Sacconi, 2019; Abramovich & Vasiliu, 2022).

These standards must therefore be connected to the contemporary structure of financialized capitalism. Financialization refers to processes through which corporate strategies, household decisions, and even public finances become increasingly disciplined by financial markets and asset-price movements (Krippner, 2005). ESG and sustainable finance are often presented as correctives to short-termism by incorporating long-term risks. Yet when sustainability is translated into market metrics—scores, indices, labels—it can also be reabsorbed into the same valuation machinery, narrowing justice to what becomes “financially material.” RBS therefore treats measurement as a political-normative choice: the standards that define prosperity and justice must not be allowed to collapse into market-internal indicators alone.

These considerations suggest that sustainability-relevant standards of prosperity and justice are structured along three dimensions: ecological feasibility (the level and composition of socio-economic activity compatible with planetary constraints), distributional justice (how benefits and burdens affect the least advantaged and capability thresholds), and institutional foundations (whether social common capital and rights-protecting institutions are strengthened or eroded). These standards cannot be confined to intra-generational evaluation. Once prosperity and justice are framed in terms of rights and capabilities, sustainability becomes inseparable from a temporal question: whether future generations will inherit the conditions under which these standards can be meaningfully pursued. The next section therefore reframes responsibility toward future generations as a concrete criterion of judgment within this tri-dimensional evaluative space.

3.2 Responsibility toward Future Generations: Risk, Capital Stocks, and Choice

The standards of prosperity and justice discussed in the previous section cannot be confined to a single generation. If sustainability is evaluated in terms of rights and capabilities, the central question becomes temporal: whether future generations will inherit conditions under which they can exercise meaningful freedoms of their own. The issue is not whether the present generation can preserve its current welfare level, but whether it transmits a social condition that preserves the space for future persons to pursue diverse life plans without systematic rights and capability deprivation.

This paper primarily interprets responsibility in relation to future human generations.

Environmental ethics also contains influential arguments that attribute moral standing to non-human entities such as ecosystems and animals. Those approaches are important for understanding ecological value. However, the focus on future human generations is adopted here for policy realism and analytical clarity: sustainable finance operates through institutions that assign obligations, liabilities, and remedies in largely human-centered legal and political frameworks. The practical question for financial governance is therefore how intergenerational responsibility toward future persons can be rendered institutionally actionable, without denying broader ethical debates about non-human value.

Reframed in these terms, responsibility toward future generations is not an obligation to impose particular lifestyles, values, or institutional templates upon them. It concerns the preservation of conditions that leave future people free to choose their own social, economic, and political trajectories. Intergenerational justice is thus defined by the protection of choice and capability, rather than by the continuation of present growth paths or consumption levels.

This perspective draws on, but also reorganizes, classical theories of intergenerational justice. Rawls conceptualized responsibility toward future generations through the “just savings principle,” under which each generation has duties to maintain the institutional and material conditions necessary for successors to enjoy basic liberties and fair equality of opportunity (Rawls, 1999). Read alongside Sen’s capability approach, the point is not to transfer a predetermined volume of income or wealth, but to sustain the foundations that enable education, health, political participation, and security against environmental harm (Sen, 1999). Responsibility toward future generations is therefore more appropriately understood not as a question of short-term flows—such as fiscal deficits or financial asset balances—but as a question of the condition and composition of capital stocks transmitted across time.

These stocks include natural capital (forests, water resources, biodiversity, and climatic stability), social and institutional capital (education systems, healthcare, legal frameworks, and the credibility of governance), human capital embodied in skills and knowledge, and infrastructure stock. Infrastructure stock refers here to the accumulated level and quality of infrastructure assets—energy networks, transportation systems, and communication systems—that function as social capacity enabling collective life, rather than “infrastructure” understood merely as isolated facilities. In this stock-oriented framing, Rawls’s just savings principle and Jonas’s ethics of responsibility converge on a shared normative question: what level and composition of these stocks ought to be maintained so that future generations can lead distinctively human lives under conditions that preserve rights and capabilities (Jonas, 1984).

This stock-oriented view also clarifies why responsibility toward future generations cannot be reduced to simplistic narratives of “burden shifting.” If the present generation depletes natural capital, allows infrastructure stock to deteriorate, and erodes institutional

trust while simultaneously accumulating financial liabilities, future generations inherit compounded constraints. Conversely, when debt-financed public investment strengthens infrastructure stock, enhances human capital, and mitigates environmental degradation, future generations may inherit expanded capabilities even under higher nominal debt levels. The normative content of responsibility therefore lies in the qualitative composition of what is handed down, not merely in quantitative balances.

Jonas's ethics of responsibility deepens this insight by foregrounding irreversible risk. In a technological civilization, human action can have global and long-term consequences; ethical judgment must therefore prioritize the avoidance of actions that could undermine the background conditions for human existence and meaningful choice (Jonas, 1984). This logic informs the precautionary principle and is directly relevant to systemic risks such as climate change and biodiversity loss, which involve thresholds, non-linear dynamics, and deep uncertainty.

This connects to Beck's diagnosis of modernity as a "risk society," in which manufactured risks are produced by technological, financial, and institutional systems rather than arriving as purely external shocks (Beck, 1992). Climate change, nuclear accidents, large-scale financial crises, and fiscal instability are outcomes of organized socio-economic systems; once realized, their harms extend across generations and regions. The normative issue is therefore not merely how expected losses should be distributed, but which types of risks are unacceptable because they threaten the background conditions of rights and capabilities for future generations.

The ethical tension becomes visible in economic and financial analysis through the treatment of time. Standard financial models discount future cash flows at fixed rates, sharply reducing the present value of distant harms. Discounting can facilitate comparison across time, but it also embeds an ethical judgment that systematically devalues the welfare of future generations. Climate-economics debates over appropriate discount rates illustrate how normative choices are often concealed within apparently technical parameters. Where long-term risks involve irreversibility and deep uncertainty, treating them as ordinary financial risks becomes increasingly problematic.

Sustainable finance and ESG frameworks have partly emerged as attempts to incorporate long-term risks into decision-making: disclosure regimes, scenario analyses, and stress tests require financial institutions to recognize transition and physical risks as financially material. Yet this translation often narrows responsibility to a technical exercise in risk identification and disclosure. Normative questions—whose rights are endangered, which harms are unacceptable, and who should bear duties of prevention and remedy—are treated as external assumptions rather than objects of governance.

From the perspective of rights-based sustainability, this is a critical gap. Responsibility toward future generations cannot be exhausted by avoiding financially material risks within a

given investment horizon. It must include obligations to preserve and regenerate the capital stocks that underpin future capabilities and to prevent foreseeable harms that would systematically constrain the freedom and dignity of future persons. Responsibility therefore has both a negative dimension (non-infringement) and a positive dimension (securing the conditions under which rights and capabilities can be exercised across generations).

The next section builds on this framework by examining how responsibility is distributed in practice—its scope, depth, and bearers—and by assessing whether contemporary sustainable finance initiatives remain confined to passive forms of responsibility or meaningfully contribute to active rights- and capability-protective governance.

3.3 Translating Normative Responsibility into Sustainable Finance

Responsibility in sustainability debates can be analytically decomposed along three dimensions: scope (the temporal and spatial reach of obligations), depth (how demanding those obligations are), and bearers (which actors are responsible, and through which mechanisms). Rights-Based Sustainability (RBS) theory further distinguishes between two modes of sustainability within this framework: a passive mode centered on non-infringement (“do no harm”) and an active mode oriented toward the protection and restoration of rights and capabilities.

Passive sustainability focuses on avoiding the infringement of others’ rights and capabilities. In environmental terms, it includes preventing pollution or emissions beyond recognized limits; in social terms, it encompasses the avoidance of forced labor, child labor, and overt discrimination. The scope of responsibility under this mode typically remains close to existing legal and market horizons, such as firm-level compliance, directly controlled operations, and financially material risks within a given investment period. The depth of responsibility is correspondingly limited, emphasizing minimum standards, disclosure, and the exclusion of severe violators.

Active sustainability, by contrast, treats responsibility as extending beyond avoidance. It includes obligations to restore rights and capabilities when they have been infringed and to build institutional and material conditions that prevent foreseeable future harms. This mode resonates with the intergenerational dimension emphasized in responsibility-oriented ethics, particularly where irreversible or catastrophic risks threaten the background conditions of rights. Within RBS theory, active sustainability expands the scope of responsibility to include distant supply-chain communities, future generations, and systemic conditions that no single actor can control alone. It also increases depth, shifting from compliance to remediation, from disclosure to capability-building investment, and from risk management to rights-protective governance.

These distinctions clarify how sustainable finance currently operates. Many ESG frameworks translate environmental and social concerns into financially material risks and

prioritize disclosure and portfolio risk management. Such practices can contribute to passive sustainability by discouraging severe abuses and internalizing selected long-term risks. Yet this translation remains incomplete. Harms that are immaterial to investors, or that occur where enforcement is weak, may remain unaddressed, and rights risk being treated as inputs to valuation rather than as normative constraints on permissible market behavior.

Actor structure is therefore central. Passive sustainability relies primarily on state regulation and corporate self-discipline. Active sustainability requires a broader set of bearers, including institutional investors, pension funds, banks, insurers, and—in mediated forms—households and civil society. Engagement, voting, and collective action can function as governance mechanisms when they are directed toward preventing severe rights infringements and supporting remediation. The “universal owner” logic is also relevant: long-horizon, broadly diversified investors depend on macroeconomic and systemic stability, and widespread ecological disruption or rights violations can propagate as system-level risks.

RBS theory nevertheless insists on a normative boundary. Active sustainability is not justified merely because it is profitable or reduces portfolio risk. Its validity depends on whether it actually strengthens rights and capabilities and avoids entrenched patterns of burden shifting across global supply chains and across generations. This criterion enables analysis to move beyond debates over ESG performance or label design and toward an evaluation of sustainable finance as a form of governance that either constrains or reproduces the structural conditions of injustice.

The following chapter applies this framework in an explicitly international political economy context. It examines how sustainability norms are embedded in different rights regimes and how their translation into financial rules can generate double standards—protecting certain rights-holders while rendering others invisible. The central question is whether sustainable finance reduces externalized unsustainability in practice or merely reorganizes it under the language of sustainability.

4. Normative Asymmetry and Double Standards: Sustainable Finance in the Global Political Economy

4.1 Rights Regimes and Sustainability Norms in Europe and the United States

Previous sections have established that sustainability cannot be understood as a purely technical objective or as an investor-facing vocabulary of long-term risk. From a rights-based sustainability perspective, the core evaluative question is whose rights, freedoms, and capabilities are recognized, protected, and prioritized, and through which institutional mechanisms such protection is rendered effective. International rulemaking on sustainable finance must therefore be interpreted not merely as coordination over disclosure standards or environmental metrics, but as an expression of underlying rights regimes that shape the translation of sustainability norms into financial governance.

The contrast between Europe and the United States is analytically central because both jurisdictions exert disproportionate influence on global standards, yet embed sustainability within distinct legal and political traditions.

In Europe, sustainability norms increasingly operate within a rights regime that integrates civil liberties with social rights and, in evolving forms, environmental protection as a public value. Postwar welfare-state development institutionalized claims to education, health-care, and social security alongside classical freedoms, while environmental regulation—shaped by experiences of transboundary pollution and major industrial and nuclear accidents—has progressively framed ecological protection as a safeguard of shared background conditions for life. Within this context, sustainability is not merely a matter of cost internalization or efficiency, but a means of embedding markets within social and democratic constraints.

Polanyi’s critique of disembedded markets provides a useful conceptual background: market integration is not treated as normatively sufficient in itself, but as legitimate only insofar as it remains compatible with social protection and collective goods (Polanyi, 2001). Similarly, the postwar compromise often described as “embedded liberalism” sought to reconcile international market openness with domestic social stability (Ruggie, 1982). Contemporary European sustainable finance can be interpreted as an extension of this logic into financial governance, subjecting capital allocation and corporate behavior to norms that explicitly invoke social and environmental constraints.

This orientation is reflected in institutional design. The EU’s sustainable finance architecture emphasizes “double materiality,” requiring assessment not only of how sustainability factors affect corporate value (financial materiality), but also of how corporate activity affects the environment and human rights (impact materiality). Taxonomy-based classification, disclosure obligations, and corporate reporting requirements can therefore be understood as attempts to institutionalize the view that sustainability is not merely a portfolio risk-management tool, but a governance framework concerned with the protection of rights and social commons, including the intergenerational dimension developed in Chapter 3.

By contrast, in the United States, sustainability norms have more frequently been filtered through a rights regime in which property rights and freedom of contract occupy a central position, while social rights have historically been less salient as rights-based claims. Environmental regulation exists, but sustainability debates are often framed as tensions between regulatory constraint and economic liberty rather than as efforts to institutionalize social or environmental rights. Within this framework, ESG and sustainable finance have tended to be justified primarily as instruments of fiduciary prudence: sustainability factors are considered legitimate insofar as they are financially material to investors’ long-term returns and thus relevant to the protection of beneficiaries’ property interests. The prominence of political contestation over ESG, including state-level anti-ESG initiatives, is

consistent with this framing, as ESG-based constraints may be interpreted as illegitimate restrictions on property rights when they cannot be defended as return-relevant risk management.

From a rights-based sustainability perspective, the analytical point is not that one regime is normatively coherent while the other is deficient. Both contain internal tensions and both are capable of externalizing social and environmental burdens beyond their borders. The crucial difference lies in how rights-regime structures condition the operative logic of sustainable finance. Europe more readily frames sustainability as a constraint on market behavior justified by the protection of affected rights-holders, whereas the United States more readily frames sustainability as a method for managing long-term financial risk on behalf of investors. This divergence shapes whose rights are centered, whose interests are rendered secondary, and which harms are treated as normatively salient within sustainability-oriented financial governance.

What these approaches share, however, is a structural tendency to apply domestic rights and protection standards less rigorously to workers, communities, and ecosystems located upstream in global supply chains. As a result, sustainability norms that appear robust within domestic jurisdictions may coexist with persistent externalization of social and environmental burdens abroad. The following section examines how this normative asymmetry becomes socially embedded through the interaction of states, corporations, and investors, producing double standards in the concrete allocation of rights, risks, and capabilities.

4.2 Embedding Normative Asymmetry through States, Corporations, and Investors

Differences in rights regimes do not operate only at the level of legal texts or regulatory design. They become effective—or distorted—through their social embedding in concrete structures of production, finance, and governance. Sustainability norms are therefore not implemented in a vacuum. They are mediated by global supply chains, capital flows, and institutional power relations that shape how rights, risks, and capabilities are distributed across borders. This section examines how such embedding occurs by focusing on three interrelated actors—states, corporations, and investors—whose interaction organizes the practical allocation of rights and burdens in the global political economy.

Contemporary production and finance are characterized by a spatial division of labor in which consumption markets and financial centers are concentrated in high-income economies, while production sites and resource frontiers are disproportionately located in emerging and developing economies. Consumers in Europe, North America, and Japan benefit from low-cost goods and stable supply, while many of the environmental and social burdens associated with production are borne elsewhere. Global value chain theory explains how governance within these networks is shaped by transaction complexity, codifiability, and supplier capability, often generating asymmetric power relations in which lead firms exercise

control over standards, pricing, and contract continuity (Gereffi, Humphrey, & Sturgeon, 2005, p. 78). From a Rights-Based Sustainability (RBS) perspective, this configuration is not merely an efficiency-enhancing structure; it is a distributive structure that systematically organizes whose capabilities are expanded and whose are constrained.

The consequences of this structure become visible in recurring patterns of rights and capability deprivation. Low wages, excessive working hours, unsafe labor conditions, limited freedom of association, land expropriation, violations of Indigenous rights, and degradation of water resources and local ecosystems are not accidental side effects but structurally produced outcomes. The Rana Plaza collapse in Bangladesh and repeated factory fires in garment supply chains illustrate how cost pressure, fragmented responsibility, and weak enforcement can translate into catastrophic infringements of basic rights. Similarly, the exploitation of migrant labor in parts of European and global agriculture demonstrates how rights protections can be selectively applied: formally robust for citizens, yet precarious for non-citizens whose legal and bargaining positions are weaker. Allegations of forced labor linked to the Xinjiang Uyghur Autonomous Region further show how severe rights violations upstream can be embedded within global supply chains and investment portfolios, with geographic and informational distance functioning as mechanisms of moral and legal invisibility (Xu et al., 2020). These cases differ in context, but they exhibit a common structural logic: sustainability claims at the consumption or investment end coexist with systematic rights infringements at the production end.

Within this structure, states play a dual and often contradictory role. On the one hand, states are institutional guarantors of rights through labor law, environmental regulation, and access to remedy. On the other hand, they act as growth strategists concerned with competitiveness, energy security, fiscal stability, and geopolitical positioning. Advanced economies have increasingly introduced due-diligence and reporting frameworks that extend expectations beyond domestic borders, most prominently in the EU's corporate sustainability initiatives. At the same time, these states face pressures related to industrial policy and strategic dependence that can limit enforcement or generate selective exemptions. Governments in emerging and developing economies confront equally acute dilemmas. Export-oriented growth and foreign investment can contribute to employment, infrastructure development, and poverty reduction, yet these strategies may also intensify environmental degradation and weaken protections for local communities when regulatory capacity is limited. Highly indebted or resource-dependent states may be incentivized to relax standards or offer regulatory concessions to secure foreign exchange and fiscal revenues, producing a persistent tension between the state as a guardian of rights and the state as a competitive market actor.

Corporations operationalize this tension through supply-chain governance. Multinational firms and brand companies frequently adopt codes of conduct, auditing systems, and certification schemes that formally commit them to human rights and environmental standards.

However, these commitments often coexist with governance practices that shift risk downstream. Lead firms typically retain unilateral power to impose price reductions, shorten lead times, terminate contracts, or relocate production, transferring cost pressure onto suppliers and workers with weaker bargaining positions. Sustainability reporting and compliance mechanisms can therefore function in parallel with practices that reproduce vulnerability. From an RBS perspective, the central issue is not whether companies possess ESG policies, but whether their governance structures effectively prevent rights infringements and provide access to remedy across the full length of the supply chain.

Investors and financial institutions both sustain and potentially transform this structure. Conventional financial logic has treated environmental harm and rights violations primarily as financially material risks that may affect future cash flows, litigation exposure, or reputational value. The expansion of ESG investing has strengthened exclusion strategies and pressure against egregious abuses, but divestment alone does not necessarily improve rights conditions on the ground; it may simply reallocate ownership without altering production structures. Engagement, stewardship, and impact-oriented finance, by contrast, can in principle operate differently. When they set concrete expectations, monitor performance, and link capital provision to verifiable improvements in labor conditions, land rights, community participation, and environmental outcomes, they can translate sustainability norms into capability-protective governance rather than mere portfolio hygiene.

Taken together, the interaction of states, corporations, and investors embeds sustainability norms within an international structure that systematically produces double standards. Rights and protections tend to be strengthened for citizens and investors in high-income economies, while the rights of workers, local communities, and future generations elsewhere are reframed as technical issues—“risk factors,” “compliance challenges,” or elements of the “investment climate.” This is the concrete manifestation of the double-standard problem identified in this paper. The following section examines whether sustainable finance can function as an institution capable of taming capitalism in a rights-based sense, or whether it primarily reorganizes existing patterns of externalization under the language of sustainability.

4.3 Sustainable Finance as an Attempt to “Tame” Capitalism

If sustainability is understood as a rights-based constraint on economic activity, a further question arises: can contemporary capitalism be governed in ways that prevent the systematic externalization of social and environmental burdens across borders and across generations?

Historically, attempts to tame capitalism have relied primarily on state regulation and redistribution, labor law, competition policy, and environmental standards. Corporate governance and professional ethics have also functioned as partial constraints on market excesses.

A more recent development is “financial taming” through sustainable finance, in which investors and financial institutions use their influence over capital allocation and corporate governance to impose constraints and incentives regarding corporate behavior and industrial structure. The question is whether this newer form of governance can move beyond reputational management and become an institution that materially protects rights and capabilities.

Much existing ESG practice remains compatible with only a limited form of taming. Sustainability is often introduced as a risk-management device to protect investors’ and beneficiaries’ property interests: climate risks, litigation risks, and reputational risks are treated as factors affecting future cash flows and asset prices. In such cases, the operative criterion is whether investors might incur losses, while the infringement of others’ rights enters analysis only indirectly through financial materiality. From an RBS perspective, this tends to center investors and beneficiaries in high-income economies as the implicit rights-holders, leaving workers, communities, and future generations elsewhere visible mainly as sources of risk rather than as bearers of claimable rights and capabilities.

At the same time, sustainable finance contains pathways toward more substantive taming. Engagement and stewardship can demand concrete improvements in labor conditions, freedom of association, and land rights upstream in supply chains. Transition finance and project finance can support decarbonization while embedding just-transition conditions for workers and affected communities. Long-term investment in social commons—public transportation, social housing, healthcare and education infrastructure, and nature restoration—can strengthen the foundations that sustain capabilities across generations. These practices do not merely avoid “dirty assets”; they attempt to alter the structures that generate rights infringement by linking capital provision to capability-protective outcomes.

Such proactive taming nevertheless faces structural constraints. One constraint is fiduciary interpretation and competitive pressure: where fiduciary duty is narrowly equated with maximizing short-term returns, the institutional space for prioritizing rights- and capability-protective outcomes remains limited. A second constraint is informational and metric bias: prevailing ESG scores and disclosure systems often privilege what is easily measurable in listed-company reporting, while underrepresenting rights violations and capability constraints in parts of the Global South and in complex supply-chain tiers. A third constraint is normative asymmetry: sustainability standards developed under the rights regimes of advanced economies can operate as unilateral demands on emerging and developing economies when they are not accompanied by technology transfer, finance, and credible mechanisms of shared responsibility, thereby reproducing double standards rather than reducing them.

Whether sustainable finance can tame capitalism in a rights-based sense ultimately depends on three institutional dimensions: the scope of responsibility, its depth, and its bearers. The critical issue is whether responsibility is defined primarily by investors’ portfolio

risks or instead by the standpoint of rights-holders, including upstream communities and future generations. It also concerns whether responsibility extends beyond exclusion and disclosure toward remediation and capability-building investment, and whether states, corporations, investors, and civil society are subject to effective mechanisms of accountability and democratic control. To the extent that these conditions are met, sustainable finance can be interpreted as a governance mechanism that materially reduces externalized unsustainability. Failing this, it risks operating as a legitimizing discourse that reproduces asymmetry under the language of sustainability.

5. Conclusion: The Significance and Limitations of Sustainable Finance

This paper reframed sustainability not as a catch-all slogan combining environmental concern with long-term returns, but as a normative principle centered on rights and capabilities. By distinguishing three analytical levels—species and Earth systems, institutions, and rights—it re-examined prosperity, justice, and responsibility toward future generations from the standpoint of whose rights and capabilities are protected, to what extent, and through which institutional arrangements. The central contribution of the paper lies in demonstrating that a rights-based sustainability perspective provides a coherent normative framework for analyzing sustainable finance not merely as an investment technique, but as an element of the governance structure that organizes the allocation of rights, risks, and responsibilities within contemporary capitalism.

From this perspective, the analysis showed that standards of prosperity cannot be adequately captured by indicators such as GDP or rates of return on capital alone. Instead, attention must be paid to distributional structures, the effects of financialization on capabilities, and the condition and composition of capital stocks transmitted across generations. Responsibility toward future generations was thus reframed not as a matter of short-term fiscal or financial flows, but as an intertemporal question concerning natural capital, infrastructure stock, institutional trust, and human capabilities. Along the axes of scope, depth, and bearers of responsibility, the paper clarified how far existing sustainability practices succeed—or fail—in avoiding and remedying rights violations, and whose rights tend to be protected or obscured in practice across global supply chains and jurisdictions.

On this basis, the analysis suggested that whether sustainable finance can meaningfully “tame” capitalism depends less on the proliferation of individual ESG products than on broader institutional and political conditions. In this context, “taming” capitalism should not be understood as eliminating its contradictions, but as subjecting capital allocation to normative constraints grounded in rights and capabilities. Under prevailing arrangements, much ESG investing continues to function primarily as risk management aimed at protecting the property interests of investors and beneficiaries, while the rights and capabilities of future

generations and of people located upstream in global supply chains often enter consideration only indirectly, through the lens of investor-relevant risk. In this sense, sustainable finance frequently remains at the level of passive sustainability—avoiding egregious harm—without fully realizing the potential of active sustainability, which would involve correcting rights violations and proactively strengthening capability-supporting conditions.

Advancing toward such active sustainability requires institutional arrangements that translate normative demands into binding market rules, including taxonomy frameworks, disclosure and due-diligence regulations, reinterpretations of fiduciary duty, stewardship regimes, and human-rights-based governance standards. At the same time, sustainable finance already contains elements that point beyond passive risk management. Practices such as impact investing, transition finance, project finance for just transitions, and long-term investment in social commons illustrate pathways through which capital allocation can contribute to the protection and expansion of capabilities. For long-horizon, broadly diversified investors acting as universal owners, climate change and severe human rights violations can materialize as systemic risks capable of undermining macroeconomic stability itself, suggesting a possible redefinition of long-term fiduciary responsibility.

Sustainable finance is not a magic solution to the contradictions of capitalism. It can legitimize existing power relations and obscure injustice if applied uncritically. At the same time, it remains one of the few concrete levers through which capital flows can be interrogated and reshaped from the perspective of rights and capabilities. The rights-based sustainability framework developed in this paper provides a basis for critically assessing both the limits and the conditional potential of sustainable finance as a mechanism of governance. Whether sustainability becomes an empty slogan or a substantive expansion of rights and capabilities ultimately depends on which norms are institutionalized, which capital flows are permitted, and which are contested in democratic practice.

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要旨

本稿は、近年急速に拡大するサステナブルファイナンスを、金融パフォーマンスや ESG 投資の技法としてではなく、金融化された資本主義をいかに規範的に統治しうるかという理論的課題として再構築することを目的とする。

既存研究では、サステナブルファイナンスの制度的枠組みや情報開示の整備が重視されてきた一方で、「誰の持続可能性が、どのような権利概念に基づいて正当化されているのか」という規範的前提は十分に検討されてこなかった。本稿は、サステナビリティを「種・制度・権利」から構成される多層的概念として捉え、その規範的基盤の再検討を行う。

その上で、本稿は、ロールズやセンの正義論、責任倫理、およびグローバル政治経済論を踏まえたライツ・ベースド・サステナビリティ (Rights-Based Sustainability) の枠組みを提示し、サステナブルファイナンスを、金融市場を通じて権利と能力を保護し、資本主義の暴走を抑制しようとする制度的試みとして位置づける。さらに、Rice (2007) の不等交換論を援用し、環境負荷や権利侵害がグローバル・ノースからグローバル・サウスへと移転されるメカニズムを分析する。

結論として、本稿は、このような負担移転構造の下では、ESG 投資がサステナビリティを目的とするのではなく、結果としてのみ生み出す可能性にとどまることを示す。他方で、ライツ・ベースド・サステナビリティの枠組みは、責任主体と統治の射程を明確化し、サステナブルファイナンスを人権と能力の保護に資する規範的基盤として再構築する理論的基礎を提供する。