

Journal of Banking, Finance & Sustainable Development

Volume 1, Issue 1 (July 2020)

Contents

Survey: David F. Hendry: A short history of macro-econometric modelling 1-32

Charles A. E. Goodhart: Central bank policies before and after the crisis 33-41

József Móczár: The Arrow-Debreu model of general equilibrium and Kornai's critique in the light of neoclassical economics 42-68

Rashmi Arora and Hossein Jalilian: Financial development, human capital and economic growth at the sub-national level: The Indian Case 69-83

Guoxiang Song: The role of fair-value accounting in the global financial crisis: Evidence from U.S. global systemically important banks 84-103

Jinning Hong, Keith W. Glaister and Jane Frecknall-Hughes: The relative importance of tax incentives in the motives for and location of FDI: Evidence from UK MNEs 104-128

Neil Lancaster: Rethinking macroeconomics: How G5 currency markets have responded to unconventional monetary policy 129-144

N. D. van Egmond and B. J. M. de Vries: Modelling the dynamics of the financial-economic system: Understanding the current 'money as debt' crisis 145-168

N. D. van Egmond and B. J. M. de Vries: Modelling the dynamics of the financial-economic system: Exploring the 'debt free money' alternative 169-180

Policy Paper: Andy Mullineux: Have we made British banking good? 181-198

Unknown Classics: Lev N. Tolstóy: Economics as deception and money as tool to exploit, illustrated by the case of the enslavement of Fiji: An excerpt from the book *What Shall We Do Then?* 199-214

Special Theme: Binswanger

Richard A. Werner: Obituary: Hans Christoph Binswanger 215-221

Guido Preparata: Mephisto – a fragment unpublished—original introduction drafted for Chapter 5 of *Conjuring Hitler*. 222-228

Richard A. Werner: Book Review: The alchemy of banking: An introduction to the economics of Money and Magic, *The Modern Economy as an Alchemical Process – Deciphering the Message of Goethe's Faust, with a Foreword by Lord Adair Turner*, by Hans Christoph Binswanger. Quantum Publishers, 2016. 229-236

Editor

Richard A. Werner

Managing Editor

Plamen Ivanov

Advisory Editors

Philip Arestis, Cambridge

Charles Goodhart, LSE

Peter Howells, UWE Bristol

Neil Marriott, Winchester

Michael Northcott, Edinburgh

Gaston Reinesch, Banque Central du Luxembourg

Bertram Schefold, Frankfurt

Robert Wade, LSE

Vladimir I. Yakunin, Moscow

Assad Zaman, PIDE Islamabad

Associate Editors

Dana Brown, Carleton Ottawa

Taufiq Choudhry, Southampton

Huasheng Gao, Fudan Shanghai

Harald Hagemann, Hohenheim Stuttgart

Jens Hölscher, Bournemouth

Tim Jackson, Surrey

David Llewellyn, Loughborough

Paul McNelis, Fordham New York

Alistair Milne, Loughborough

Tapas Mishra, Southampton

Andy Mullineaux, Birmingham

Avner Offer, Oxford

Daniel Palotai, MNB Hungarian central bank

Gioia Pescetto, Portsmouth

Louis-Philippe Rochon, Laurentian Ontario

Charles Sutcliffe, Reading

Subject Editors

Rashmi Arora, Bradford

Hugh McNeill, FfioA London

Jinning Hong, Worcester

Tobias Hoschka, ADB Manila

Gregory James, De Montfort Leicester

Arben Kita, Southampton

Kang-Soek Lee, Banque Centrale du Luxembourg

Achraf Mkhaiber, Bedfordshire

Mamata Parrhi, Roehampton

Heinz-Werner Rapp, FERl





College Press, Oxford

Journal of Banking, Finance & Sustainable Development

Journal homepage: www.collegepress.org.uk/jbfdsd

IN MEMORIAM HANS CHRISTOPH BINSWANGER

Mephisto – a Fragment¹

Guido Preparata²

Abstract

JEL Classifications:
E50

Keywords:
central banks;
monetary policy;
economic history;
Germany;
Goethe;
Hjalmar Schacht

Available online:
1 July, 2020

The emergence of the Third Reich, punctuated by Germany's economic recovery (1933-1938), stands as a most intriguing episode in the history of Europe – intriguing for its geo-political significance, for what it reveals of the economic structure in which we (still) live, and for the sociological record of humanity. No less uncanny than the episode itself and the experience of Nazi Germany in general is the prophetic anticipation of the Reich's dynamic beginnings which Goethe penned in the second part of *Faust* (1832), a whole century before the facts. The striking parallel between the financial trickery performed by the Devil in the play and the discount bills later circulated by Hitler's banker, Schacht, has already been drawn and is now a matter of semi-common knowledge; what is not sufficiently emphasized – and such is the purpose of the fragment presented here – is how, not just the stylized monetary diatribe, but the virtual entirety of Faust's second part, —its plot of imperial conquest, the very characters and their sequential shenanigans, and the saga's climactic epilogue— can be seen as a vision of the rise and fall of Hitler's Reich. It is this juxtaposition of poetic narrative and historical tragedy that is attempted in this piece.

1. Mephisto and the Kaiser in *Faust, Part II*

It is not a little strange that, in their pivotal phases, the plots and misdeeds that coursed through Germany during her tormented prelude to war had already been, *mutatis mutandis*, foretold with an accuracy that is little short of eerie in the second part of Goethe's *Faust*.

The significance of *Faust Part Two* as a titanic fresco of modernity is an undisputed tenet of scholarship: therein Goethe conjures imaginary landscapes tenanted by species issued from medieval bestiaries. And these landscapes, Man (Faust), possessed by the Devil (Mephisto), proceeds blindly to savage, alter and transform with the use of technique and business investment. In *Faust*, economics is portrayed, and feared, as the continuation by other means of some dark alchemy (see Binswanger, 1982, 2016).

¹ Previously unpublished original introduction to Chapter 5 of Preparata (2005).

² Fellow of the Association for Research on Banking and the Economy (ARBE).
Email: preparata@arbe.org.uk

But beyond the allegories, the poet's superhuman prosody, and his human dread of amoral tech-business, there lies in this opus, sown through endless streams of clear visions, a story, or rather, a mold, in which History, so it appears, is condemned to pour the sludge of men's living experience, whenever they, in droves, persevere along the stray path –that is, whenever such men show to favor the truck with demons over a decent existence. With a prescience of one hundred years – Part Two was completed in 1831 – Goethe could have very well been telling the tale of the Third Reich. The First Act of the second part of the tragedy, which is truly Mephisto's play rather than Faust's, opens with a hectic scene in the throne-hall of the Imperial Palace.³ The Kaiser, besieged by throngs of stewards and retainers, who afflict him with a buzz of dismal reports on the condition of his empire, asks for his buffoon –to seek solace in his jests. 'Where's my Fool?' he wails. Rumor has it that the jester fell down the stairs –dead or drunk nobody knows. A Junker in the crowd notices that stealthily and with surprising quickness, another presence has insinuated itself at court. Mephisto (literally 'he who shuns the light'⁴) has arrived. Striding on towards the throne, he introduces himself with a riddle: 'What is accursed and always welcome?...'. The Emperor having no time for charades bids the new 'fool' take place at his left instantly, while the swarm is heard muttering: a new Fool means new trouble.

There follows the train of the Imperial Cabinet, wrapped in a scroll of terrible news. 'Illegality and crime', laments the Chancellor, 'have become the law of the land –it's all a bad dream'. 'Horrible feuds', interrupts the Commander-in-Chief, 'are fragmenting the State; the Parties are useless, the burghers have locked themselves behind doors, while powerful knights minister justice alone. The soldiers of fortune demand to be paid, and the monarchs abroad are utterly indifferent'. 'Subsidies shall not be forthcoming', the Treasurer threatens, 'the money is hoarded, and the gates to gold are shut tight. Bills are written for their advances, yet the Jews, dunning, are cold to the Empire's mischances. We're utterly bankrupt'.

Nonplussed, the Kaiser turns to his Fool: any other complaint of which you may know?' 'Me?', the Devil candidly replies,... 'not a bit'. 'What is the matter?', soothes Mephisto, 'you are the Kaiser, you have control...'

Commanding the attention of the audience, the Devil begins: 'What is needed here is *money*. Of course, it may be not be plucked from the ground, but wisdom can provide what lies deepest-hidden. There is money in the veins of the mountains –let it be brought to the surface. 'Money then', the Kaiser exclaims, 'all right, procure it now, fast'. 'Whatever you want, and more', the Devil replies —'it's a cinch. But easy things are difficult –it is artistry you need'.

Reasoning aloud, Mephisto exposes the ruse: 'Think of the terror through the ages, of the rapine and plunder that must have led scores of inhabitants to hoard their mite in the depths of their yards. Thus, year after year, the soil has perforce swallowed enormous amounts of plate, jewels and pieces of eight. So, the Devil concludes, the soil belongs to the Emperor, his is the gold'.

The Chancellor smells a fiendish rat and brings himself to protest, but he's soon overwhelmed by the enthusiasm of the other retainers, who, truly, are impressed by the scheme. The Treasurer concedes: 'Not bad for a Fool'. 'Yes, a smart plan', confirms the Army Commander, 'as it promises what is for the good of every individual, the soldier will not question where it comes from'. The State Secretary seals the agreement: 'I don't mind gifts', he avers, 'even at the cost of a pinch of wrong-doing'. 'Just make up your minds', entices Mephisto, 'grab shovels and picks and go on

³ What follows is a paraphrasis of Goethe's poem (*Faust*, Part II) that draws freely upon three different translations of the original, these being respectively by Max Diez (Bryn Mawr, Pa, 1949), Charles E. Passage (Indianapolis: Bobbs-Merrill, 1965), and Philip Wayne (New York: Penguin Classics, 1975).

⁴ From the Greek *me-fos-to-phileo*.

with the digging’. ‘Hurry, hurry,’ the Emperor pants. ‘Take the spade’, he’s told by Mephisto, ‘and go dig yourself, such labor will make you triumphant’.

The session is adjourned in contentment, and is followed that evening by a masked ball, which is the occasion for a pagan celebration in honor of Pan. Mephisto takes part, disguised, duly, as the infernal god Plutus, while the Emperor is scheduled to appear later in the guise of the god Pan himself. In the meantime Plutus plays a little magic with the rabble, provoking its greed with clever make-believe and toy-money. His show seeks to produce in the masses an alternance of fright and delight: he cajoles them an instant, and, with his staff, shocks them the next to make them retreat like cowering cattle. Then, wild squads from the mountains, hollering tunes of brawn and bravado, come join the party –to scorn the Junkers in their finery, and boast their own toughness.

Yet the purpose of the masquerade is to subdue the crowds entirely with a grandiose display of terror, which Plutus has prearranged in collusion with an array of subhumans and complicit retainers. To them Mephisto confides: ‘Now a most terrible thing will directly come into view, world and posterity will obstinately deny it, but you can record it faithfully in your minutes’. The great surprise is sprung when a column of dwarves amid the Carnival’s tumult accompany the Kaiser as Pan, who’s made his appearance with fake beard and all, to an improvised crater at the center of the stage. Fiery spouts jet from the aperture –the heat bubbles all over. As the Emperor stoops over the maws of the gorge, his beard suddenly catches fire, spreading swiftly to his breast, wreath, and eventually to the whole clump of masks. Panic, screams everywhere. Now the entire venue is enveloped by flames, which like pointed tongues lick their way up to the molding that frames the high ceilings. When terror reaches its peak, Plutus intervenes to put out the fire –with drizzle and with breeze the mock-flames are turned into harmless heat-lighting. The show is presently over.

As they gather the following day, the Kaiser confesses to the courtiers and his Fool that he has not at all minded the flaming legerdemain (*das Flammengaukelspiel*) of Mephisto; verily, he should like more pranks of the sort. As he continues to praise the Devil, the State Secretary bursts into the hall, gripped by visible excitement –he brings much fairer tidings: each and every bill has been paid. He is seconded by the Field Marshal: the troops are paid up their full due and the whole army has been sworn anew. The mercenary’s blood’s revived and the wenches are living it up. The Chancellor himself, a skeptic at first, reveals the heart of the scheme by reading to the Kaiser the wording of the fateful edict (*das schicksalsschwere Blatt*), which embodies the Mephistophelean suggestion: ‘To whom it may concern we do announce: the present note is worth a thousand crowns. The holder is assured by guarantee of untold buried wealth in Imperial land. That treasure once it is dug up, shall be redeemable for this sum on demand’. ‘Enormous fraud!’, roars the Emperor, ‘who counterfeited my signature?’ ‘You yourself signed it’, rejoins the Treasurer, ‘last night, in the garb of Pan’. The ministers vouch, passionately, for the financial ruse until the Kaiser is convinced: money has been printed in the shape of notes, in cuts of 10, 30, 50 and 100 crowns. The Emperor, the retinue swears, cannot imagine how well the artifice has done for the nation – it’s made it come back to life. Almost in disbelief, the State Secretary describes how impossible it is now to recall these scampering bills; they scatter quick as flash on their way. The acceptance banks have flung their doors wide open to honor every bill duly, with gold and silver, minus a sliver – discount—which they deduct as their income. In the taverns it’s “Long Live the Emperor!” they toast while clattering with their plates.

Mephisto refines the explanation: ‘Paper-money of this sort is far more convenient than, say, gold coin or pearls –after all, you know what you’ve got; you don’t have to dicker or barter, if you

want coin, a banker will be at hand. People would not want anything else –they shall become used to it’.

The Kaiser cannot but highly reward such magnificent craft. Mephisto, and his disciple Faust, are appointed Masters of the Imperial Treasure, and invited thereby to fulfill, with pleasure, the honors of their post. The curtain falls, as the members of Government are busily conceiving ways of dissipating, for their personal joy, their newly created source of enrichment –the bills. Eventually Mephisto departs.

A few seasons elapse, and the Devil returns to the Empire to find it on the brink of collapse. The upswing, which he had helped engineer, had been but a bonfire: it reflatd the economy but did not set it on a more equitable basis. To stem the resurgence of chaos, the initial euphoria had thus given way to a rearmament program –and the Kaiser is presently at war, against an anti-Kaiser, whose powerful armies can be seen rolling from their base in the East. We have reached the fourth act of the play.

This might be the Emperor’s last battle, and Mephisto decides to rescue the Kaiser yet one more time –with a view, that is, to obtaining for his inspired tool, Faust, fiefs of boundless land on the shore. This, in the bargain, may be easily wrested from the victorious empire. As a military adviser the Devil offers his services to the preoccupied sovereign, who hires him at once. Thereafter, Mephisto rouses an army of ghosts, summons three demoniacal warriors, and so disrupts the enemy’s offensive by means of hallucinations as to break up the advancing columns in two drifting, and befuddled, contingents, which are finally smashed on two fronts by the Kaiser’s divisions.

Victory. Solemn ceremonies and lavish distribution of spoils are appropriately performed: Faust is awarded his beaches; the defeated fall to be scorned again and again, and everyone joins in the kermess of the winners. The Kaiser, somewhat ridden by guilt, produces some justification: ‘Even though some sleight-of-hand was implicated in our conflict’, he grants, ‘in the end we fought it alone...’. ‘Not so fast, your Most Serene Highness’, retorts the Archbishop, who’s belatedly, though suddenly, appeared on stage to claim his own share of the loot. ‘The Pope has not forgotten’, the Archbishop menaces the Kaiser affably, ‘how you consorted with magicians –cheating your way to imperial success. Thus beat your breast, and in penitence, give back a moderate mite to the sanctuary.’ Deeply frightened by his trespass, the Kaiser acquiesces: ‘the boundaries shall be set forth’, he quails, ‘according to your measure’. ‘The land, yes’, qualifies the priest, ‘plus rents, tithes and tolls in perpetuity’.

The pact is sealed, and so the story ends.

This was fiction. Now to reality.

2. Hitler and his Mephisto

From Conjuring Hitler:

...On the night of February 27, 1933, late stragglers loitering round the administrative quarter of Berlin are beckoned by the Reichstag whose cupola blazes like a giant piece of charcoal. The Führer is summoned at once to the site. Upon reaching the smoldering catafalque of what used to be the Parliament, he exclaims: “This is a beacon from heaven... No one can now prevent us from crushing the Communists with a mailed fist”...

... As Chancellor, Like *Faust*'s Plutus, Hitler delights and likewise frightens the masses: he shatters the opponents, and re-employs the jobless. In the late fall of 1933, he is in dire want of a roaring endorsement from the people; he addresses them on November 12: "Men of Germany! Women of Germany! Do you approve the policy of the government? Are you prepared to declare that it expresses your opinion and your own will, and solemnly to make it your own?" This time the plebiscite is in the Führer's favor by over 90 % of the vote....

... "There are two great unknowns in the history and politics of the Third Reich: the army and the finances." Associated with the latter is none other than the 'old wizard' himself, Hjalmar Schacht, the financial druid plugged by Dulles and the Anglo-American cabal in early 1922, and *Reichsbankspräsident* from 1923 to 1930. Thus was he stored in the memory of the French ambassador to the Reich:

Schacht was a cynic, a frantic blusterer, a person possessed of unbridled ambitions. A tall, dry, spare devil of a man, his features might have been hacked out by a bill hook, and his long wrinkled neck was like the neck of a bird of prey (François-Poncet, 1949, p. 221).

It must have been harrowing, for such a craving creature as he, to sit still away from the levers of power for three interminable and comatose years, 1930-33. Of the opportunists that swarm to Nazism, after the momentous election of September 1930, which raises the Nazi share from 2.6 to 18.7 % of the vote –the *Septemberlinge*, as Goebbels contemptuously tags them—, Schacht is the most prestigious by far.

At the time, Schacht tells himself that he has to commit; he just cannot keep calm at the thought of Germany falling prey, should Hitler storm the Chancellery, to all sorts of unsavory monetary cranks, who teem the back rows of the Nazi apparatus –they must have professionals there at the top. *He* has to come back, and "do the trick," as his friend, by now most intimate, Montagu Norman, has been taunting him to do, publicly, since 1931. In due time he would. For the time being, he advises Hitler to be in his speeches as vague and noncommittal as possible in matters relating to the economy. "Easy things are difficult" indeed, and are better left to 'artists' of the grid like himself.

Like Mephisto, Schacht waits for the situation to degenerate to the point at which his new ingress in the halls of command would be effortless and most welcome. In early July 1932, during the international conference at Lausanne, which would lead to the abolition of reparations, the then Premier von Papen perorates the decline of the Reich, as if reading the lines of the Treasurer in *Faust*: "What an abyss between the glowing days [of post-inflation Weimar] and the pessimism and despair of today!...An ever growing number of young people have no possibility and no hope of finding employment and of earning their livelihood....The capitalists of wealthy countries, far from collaborating in a reasonable distribution of capital, think only of withdrawing as rapidly as possible the credits they have granted...In the creditor countries gold has become sterile, and in Germany the absence of gold is causing a growing paralysis of the economic machinery"...

...In 1932, the setting is precisely that of *Faust*: the money, in the form of cash, stocks and bonds, is sunk in the veins and clefts of the underground grid. A succession of ministers plead with the bankers, entreat them, while searching for a clever argument that may bring the absentee gentlemen to turn on the money spigots. Brüning tries when the match is already lost. Under Papen, instead, because of his connections, the Interests make some room for a trial at reform...

... A few days after the Purge [June 1934], in early July, Minister Schmitt, an asset of the insurance lobby, addresses an assembly of German exporters. No sooner has he opened his allocution,

“What, then, is to be done?” than he faints dead away, and is hauled off to convalesce in seclusion, like the Kaiser’s buffoon. Four weeks later, Schacht is summoned by Hitler, who immediately probes him: “I must find someone else for the post and would like to ask you, Herr Schacht, whether you would be prepared, in addition to your office of President of the Reichsbank to take our Ministry of Economic Affairs?” How can he say ‘no’? “There remained the one and only possibility,” Schacht would recall in his autobiography –the possibility of “working from within outwards.” In Nuremberg, he would confess: “I’d even join the devil, for a big, strong Germany.”

On July 30, 1934, Schacht officially succeeds Schmitt as Economic Minister; President Hindenburg signs off on the appointment and dies three days later (Mühlen, 1939, p. 157). Germany has her new Fool: Schacht is *Reichsbankpräsident* and newly-appointed Economic Minister, vested with the superadded honorific of *Generalbevollmächtigte für die Kriegswirtschaft* (“General Plenipotentiary for the War Economy”). They now say of him that he is the “Economic Dictator of Germany.” When summoned, the devil does come...

...In August 1933 something decisive comes to pass: Schacht meets the lords of German steel – amongst them the giants Krupp and Siemens. Together they found the Metallforschungsgesellschaft, or MEFO (Research Corporation of the steel industry) –a fictitious corporation with a meager capital endowment (250 000 Marks), against which, from 1934 to 1938, 12 billion Reichsmarks worth of bills are issued for the first war commissions, with the same procedure previously outlined. The Mefo-bill is the true spark that triggers the process of rearmament. Although until the outbreak of hostilities, only 20 percent of the total rearmament expenditure will be financed in this manner, the Mefo-allotment will cover 50 percent of total expenditure on military orders during the initial years. “The absolute secrecy of this arrangement [will be] preserved until after the war.”

The Mefo-bill is the bill of Mephisto: it rests upon virtual treasures –upon titles of ownership which, during the twilight of Weimar, are amassed in the sparse hands of those absentee owners, the new indisputable masters of Germany. The Mefo-bill is the fruit of a compact between the overlords and a tenebrous knighthood, between the highest German dynasties and the Nazis, who, with the monopoly of violence and the promise of war, fulfill two fundamental economic prerequisites: they ensure taxation, and warrant the yield promised by the Nazi bill, respectively –that four percent stamped upon the paper. Namely, the price of gold, of money, which, in a world contorted by vehement protectionism, shall hopefully be repaid with the surplus forthcoming from the rapine of war. Hitler would confirm three years into the war...

... In *Faust* no one bothers to scoop up the sod searching for gold; likewise in the Reich, where gold reserves officially amount to 1 % of note circulation in 1936, the bill’s promise suffices –the paper’s unquestionably taken...

... On June 22, 1941, a little over a month after the event, at 3:30 am, while German planes bomb Byelorussia, Hitler’s ‘herdsmen’ invade the Russian forest –they make up a highly mechanized legion of three million Germans, Croats, Finns, Romanians, Hungarians and Italians –with the SS stinging in the tail. Awaiting them is an equally large pack of ‘red dogs’, which in the heat of the clash will grow to be four times as numerous...

... Not until May 1944 will the English agree to open the western front with the Cross-Channel operation (Overlord), which has been timidly prefaced by the Mafia-assisted debarkation of the Americans in Sicily—Operation Husky of July 1943...

...Then and then only does England deem that the time has finally come to dispatch this creature, by now mortally wounded, that she has nurtured over a quarter of a century for the sake of her Eurasian ambition...

...That Hitler, in time, would lose the war, was understood –and this despite the reprieve the Nazis were afforded by such economic ‘help’. Eventually, in 1949, when Germany was torn along the East-West divide, the new Federal Republic was not asked to pay any reparations in cash: it surrendered in kind a mere 4 per cent of its industrial capacity. The securities of the German absentees were temporarily sequestered by the occupying Command; the giant industrial combines of the past were broken into smaller concerns and reintegrated into the Common Market of Europe, which was, by way of the new clearings, the IMF, and Marshall Aid, solidly anchored to the outlets of the American Empire. Now Washington had Germany *and* the Mediterranean, along with the Pope, whose absolution it bought by refurbishing the bank of the Vatican with millions of dollars earmarked for pro-American action....

Bibliography

Binswanger, Hans Christoph (1985). *Geld und Magie. Deutung und Kritik der modernen Wirtschaft anhand Goethes Faust*. Stuttgart: Weitbrecht. In English: Binswanger, Hans Christoph (2016). *Money and Magic. The Modern Economy as an Alchemical Process Deciphering the Message of Goethe's Faust*, Winchester: Quantum Publishers. www.quantumpublishers.com

François-Poncet, André (1949). *The Fateful Years. Memoirs of a French Ambassador in Berlin, 1931-38*. London: Victor Gollancz.

Goethe, Johann Wolfgang von (1832). *Faust II*. J. G. Tübingen: Cotta'sche Buchhandlung

Norbert Mühlen (1939). *Schacht: Hitler's Magician. The Life and Loans of Dr. Hjalmar Schacht*. New York: Alliance Book Corporation.

Preparata, Guido Giacomo (2005). *Conjuring Hitler – How Britain and America made the Third Reich*. London: Pluto Press

Journal of Banking, Finance & Sustainable Development

About the Journal

The Journal of Banking, Finance and Sustainable Development is dedicated to scholarly and high quality research publications that adopt the scientific methodology. This methodology, common in the natural and social sciences, but less common in economics, is the inductive methodology, whereby truth is sought on the basis of establishing empirical evidence. In 1978, when Deng Xiaoping argued that it was necessary to drop ideological blinkers in order to progress, he replaced ideology with the call and the imperative to "Seek truth from facts". Since facts are in the past, whether in the form of data or other factual information, including concerning institutions, such a scientific and empirical approach to economics often adopts a historical perspective or analyses data series statistically.

Concerning empirical econometric methods, the Journal for Banking, Finance and Sustainable Development again favours the scientific approach, which is to allow the data to reveal its behaviour, instead of allowing prior biases to dictate the analysis of data. Thus the general to specific econometric methodology is favoured. Overall, the journal is a pluralistic journal, open to all approaches, and especially aims to provide scientific researchers with platform to present their important insights and findings. As the title indicates, topics include banking, finance, monetary economics, macroeconomics, growth, development and sustainability, as well as economic history and the history of economic thought.

