

The civil economy strategy
against marginalization: theory,
practice
and policy suggestions

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Outline of the presentation

- Framework: the complexity/interconnectedness of the problem and the logic of civil economics
- The lever: the Vote with the wallet (the concept)
- The Vote with the wallet in action (real life examples and pictures)
- Vote with the wallet: theory, empirical evidence, policy advice

A quote from the founder of «civil economics»

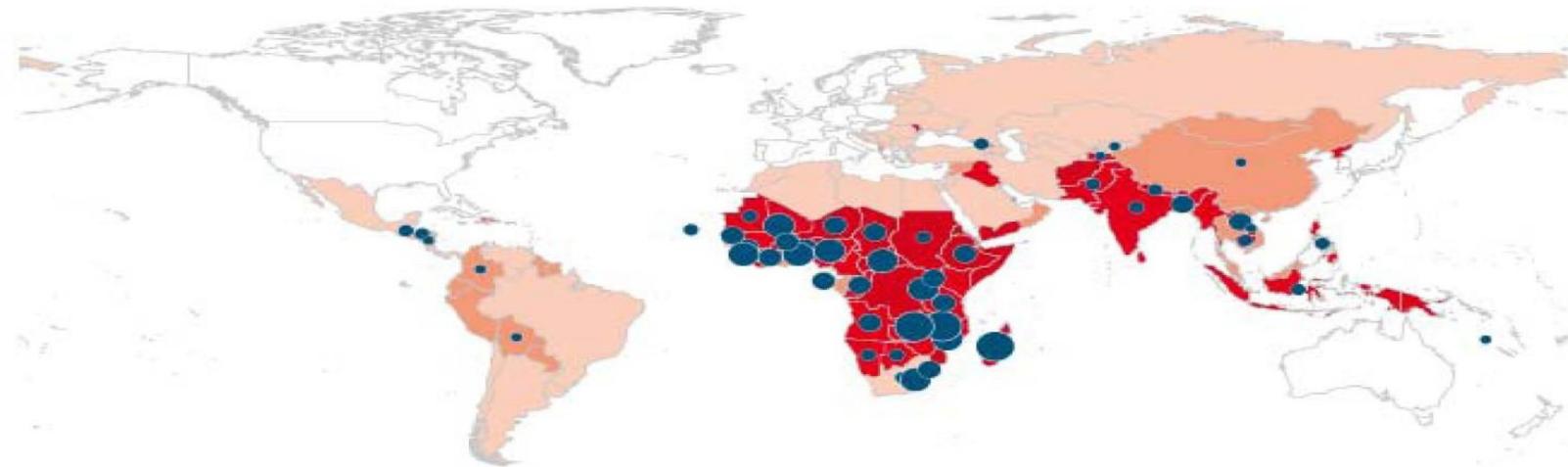
- *“ Niuno consiglio è mai del fine, ma in che modo et con che mezzi al fine si possa venire, onde i medici non consigliano della sanità, ma in che modo facciano sano; nella repubblica non consiglia della pace, ma con che mezzi si abbia la pace; nell’arti minori il calzolaio non delle scarpette, ma con che et come le faccia”*
- *(“An advice is never about the goal, but on how and with what means it is possible to achieve it. So that doctors do not advice about health but on how patients can be healthy; no one in the republic advices about peace, but with what means we can achieve it; in the lower arts the shoemaker does not advice about shoes but on now and with what they can be made”)*
- Antonio Genovesi in BRUNI L. - ZAMAGNI S., *Economia civile. Efficienza, equità, felicità pubblica*, Il Mulino, Bologna, 2004, p. 80

..it is not enough to enunciate a social optimum It must be said how it can be effectively achieved...

Income inequality and poverty

- Poverty headcount ratio (people below 1.9\$ per day) from 35% in 2007 to 10.7% in 2013....
- 1% world income (or 20% military expenditure) enough to solve the problem

Fame nel mondo e povertà monetaria



Popolazione che vive con meno di un 1,25 \$ al giorno (media 2008-12)



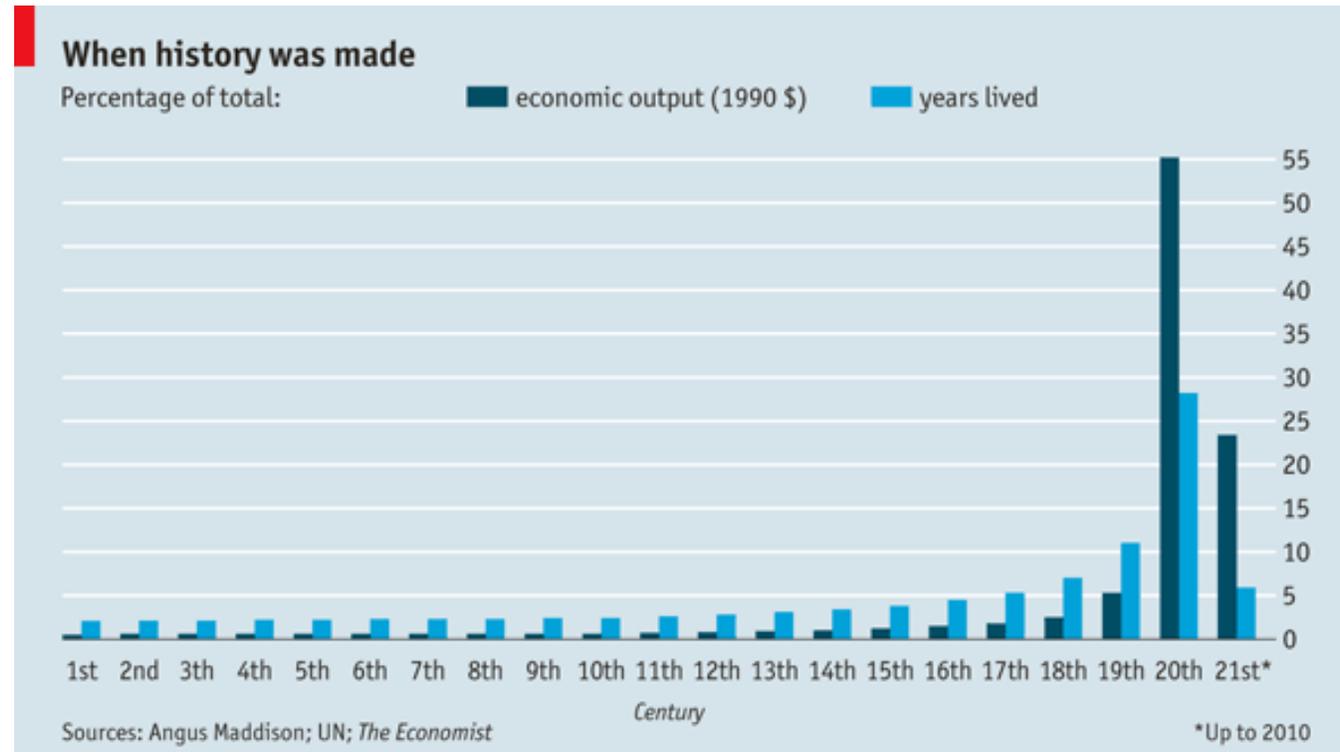
Fonte: www.worldbank.org

Intensità della fame (GHI - 2014)



Fonte: International Food Policy Research Institute

The current economic system has been very good historically in stimulating world aggregate production....



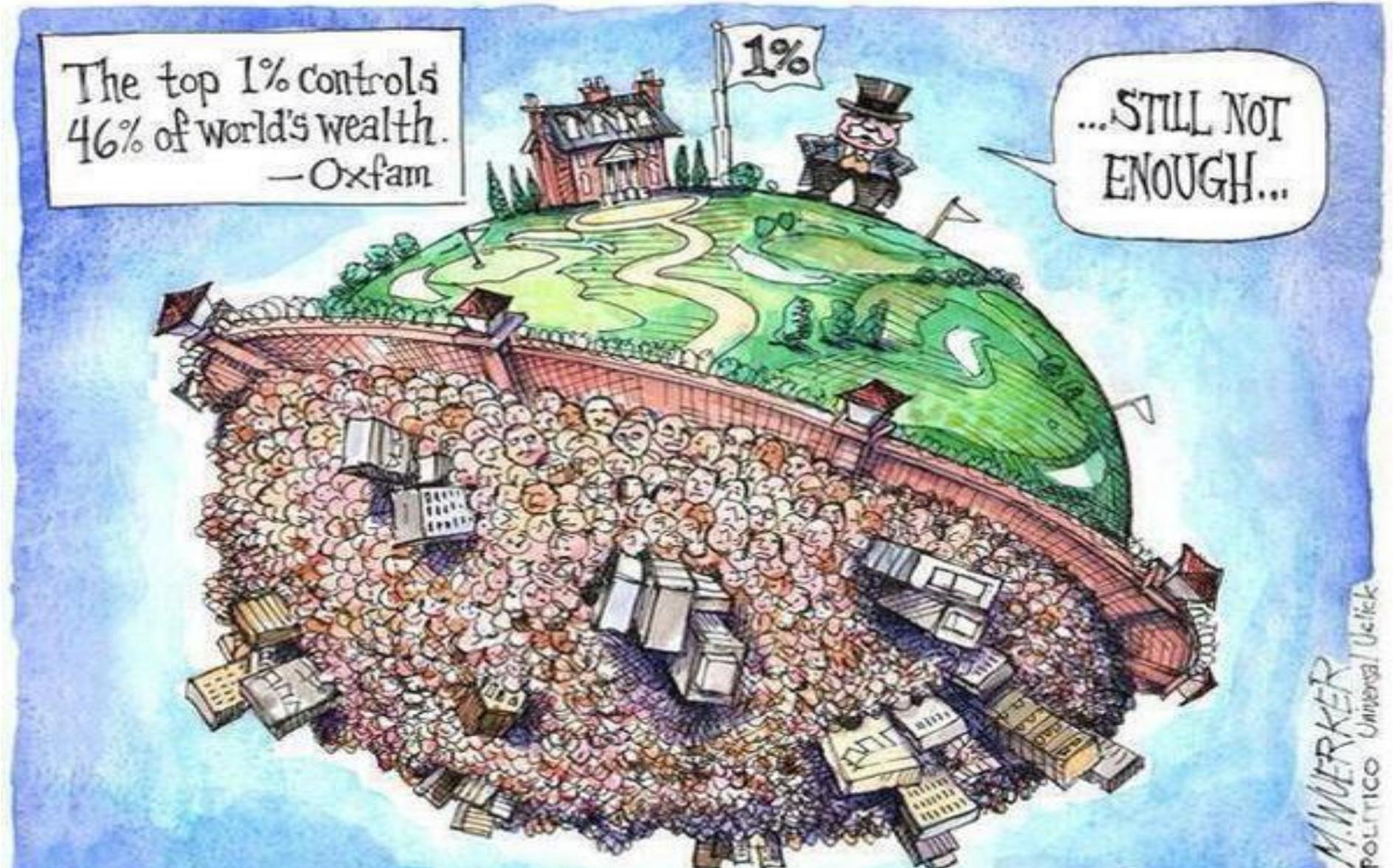
- 23% of good produced since year 0 have been produced after the year 2000...

But much less so redistribution.....

Oxfam 2016 Report

In 2016 the 288 richest in the world had the same wealth as the poorer half of the planet

In 2016 the 62 richest in the world have the same wealth as the poorer half of the planet



IL MONDO IN RIVOLUZIONE

Quote % su produzione manifatturiera mondiale

PAESI	2000	2007	2013	% Popolazione
Cina	8,3	14,3	30,3	19,1
India	1,7	2,8	3,0	17,5
Brasile	2,0	2,6	2,8	2,8
Russia	0,8	2,1	2,2	2,0
<i>BRIC totale</i>	<i>12,8</i>	<i>21,8</i>	<i>39,3</i>	<i>41,4</i>
Stati Uniti	24,5	17,7	14,3	4,4
Giappone	16,0	9,5	7,0	1,8
Germania	6,7	7,5	5,4	1,2
Italia	4,2	4,5	2,6	0,9
Francia	4,0	3,9	2,6	0,9
<i>UE15+Usa+J.</i>	<i>66,0</i>	<i>54,4</i>	<i>39,3</i>	<i>11,8</i>
Corea (sud)	3,2	3,9	3,6	0,7

*Dati Global Insight, elaborazioni CSC, a prezzi e dollari costanti
Quote popolazione mondiale al 2013*

Un sistema fuori equilibrio

Comparazione dei costi del lavoro tra diverse aree concorrenti nell'economia globale, anno 2011

Norvegia	64,1	Spagna	28,4
Svizzera	60,4	Nuova Zelanda	23,4
Danimarca	51,7	Singapore	22,6
Svezia	49,1	Grecia	21,8
Germania	47,4	Israele	21,4
Australia	46,3	Corea	18,9
Finlandia	44,1	Argentina	15,9
Austria	43,2	Rep. Ceca	13,1
Olanda	42,3	Portogallo	12,9
Francia	42,1	Brasile	11,6
ITALIA	36,2	Taiwan	9,3
Giappone	35,7	Ungheria	9,2
USA	35,5	Polonia	8,8
Regno Unito	30,8	Messico	6,5
		Filippine	2,0

Compensation costs orari (paga + oneri nella media dei dipendenti della manifattura) in dollari USA (BLS, Department of Labor, USA, dec 19, 2012)

Fuori dal campo visivo sono per ora rimaste

CINA e INDIA: due elefanti entrati nel negozio delle cristallerie, che ora cominciano a cadere

Costi orari del lavoro rilevati dal Department of Labor US

Anno	2003	2006	2007	2008
CINA	0,62		0,81	1,06	1,36
- Aree urbane	1,07		1,47	1,83	2,38
- Aree non urbane	0,44		0,53	0,64	0,82
% su costo USA	2,2%		2,7%	3,4%	4,2%
INDIA	0,81		0,95	1,17	NA

Un piccolo confronto: ITALIA 2011 = 36,2

*Compensation costs orari pagati nella manifattura in dollari USA
(BLS, Department of Labor, USA, dec 19, 2012)*

Milanovic's «elephant graph» and the success of populism

Global income growth from 1988 to 2008



- The core of the revolt against global integration, though, is not ignorance. It is a sense — unfortunately not wholly unwarranted — that it is a project being carried out by elites for elites, with little consideration for the interests of ordinary people. They see the globalization agenda as being set by large companies that successfully play one country against another. They read the revelations in the Panama Papers and conclude that globalization offers a fortunate few opportunities to avoid taxes and regulations that are not available to everyone else. And they see the kind of disintegration that accompanies global integration as local communities suffer when major employers lose out to foreign competitors.

What's behind the revolt against global integration? Larry Summers April 10 2016

- What will happen going forward? What should happen?
- Elites can continue on the current path of pursuing integration projects and defending existing integration, hoping to win enough popular support that their efforts are not thwarted. On the evidence of the U.S. presidential campaign and the Brexit debate, this strategy may have run its course. This will likely result in a hiatus from new global integration efforts and an effort to preserve what is already in place while relying on technology and growth in the developing world to drive any further integration. The historical precedents, notably the period between World Wars I and II, are hardly encouraging about unmanaged globalization succeeding with neither a strong underwriter of the system nor strong global institutions.
- Much more promising is this idea: **The promotion of global integration can become a bottom-up rather than a top-down project. The emphasis can shift from promoting integration to managing its consequences. This would mean a shift from international trade agreements to international harmonization agreements, whereby issues such as labor rights and environmental protection would be central, while issues related to empowering foreign producers would be secondary. It would also mean devoting as much political capital to the trillions of dollars that escape taxation or evade regulation through cross-border capital flows as we now devote to trade agreements. And it would mean an emphasis on the challenges of middle-class parents everywhere who doubt, but still hope desperately, that their kids can have better lives than they did.**

The right question is.....

- Why inequality has not slowed down with democracy ?
(Bonica et al. JEP, 2014)
- The answer is that electoral vote is not enough (top 1% finances 40% of electoral expenses in the US Congress campaign)..and now brings directly to power a **multibillionaire selling himself as defensor of the poor**
- the **vote with the wallet** must have a role as a complement of electoral vote
- A Vote with the wallet definition: using consumption/investment choice to vote (award) companies that are at the frontier in creating economic value in a socially and environmentally sustainable way

Mainstream economics: on target but on the wrong premises

Mainstream economics was created by a group of moral philosophers who wanted to maximise happiness...

Their anthropological reference was the homo economicus (happier with the best combination of goods given the budget constraint)

The instrument to achieve happiness was competition (more goods, more variety at lower prices «no-matter-how»)

They were extremely successful given their anthropological premises...but their premises were wrong !

Happiness studies (and common sense!) now tell us that life sense and satisfaction depends on dignity of labour, quality of relational life, health, quality of the environment

Hence they left us with the heritage of mainstream economics: a world full of ipermarkets full of products sold at very low prices «no-matter-how», often obtained paying a cost in terms of dignity of labour, quality of relational life, health, quality of the environment

...how to get back the right balance between consumer and other stakeholders satisfaction
?

The civil economy solution in three slides

- The interconnectedness of the problems
- The limits of the two-handed economy
(market and institutions address successfully all failures)
- The potential of the four-handed economy
(active citizenship with the vote with the wallet and responsible corporations are two additional hands that complement the work of market and institutions)

Poverty/unemployment

Environmental
crisis

Financial crisis

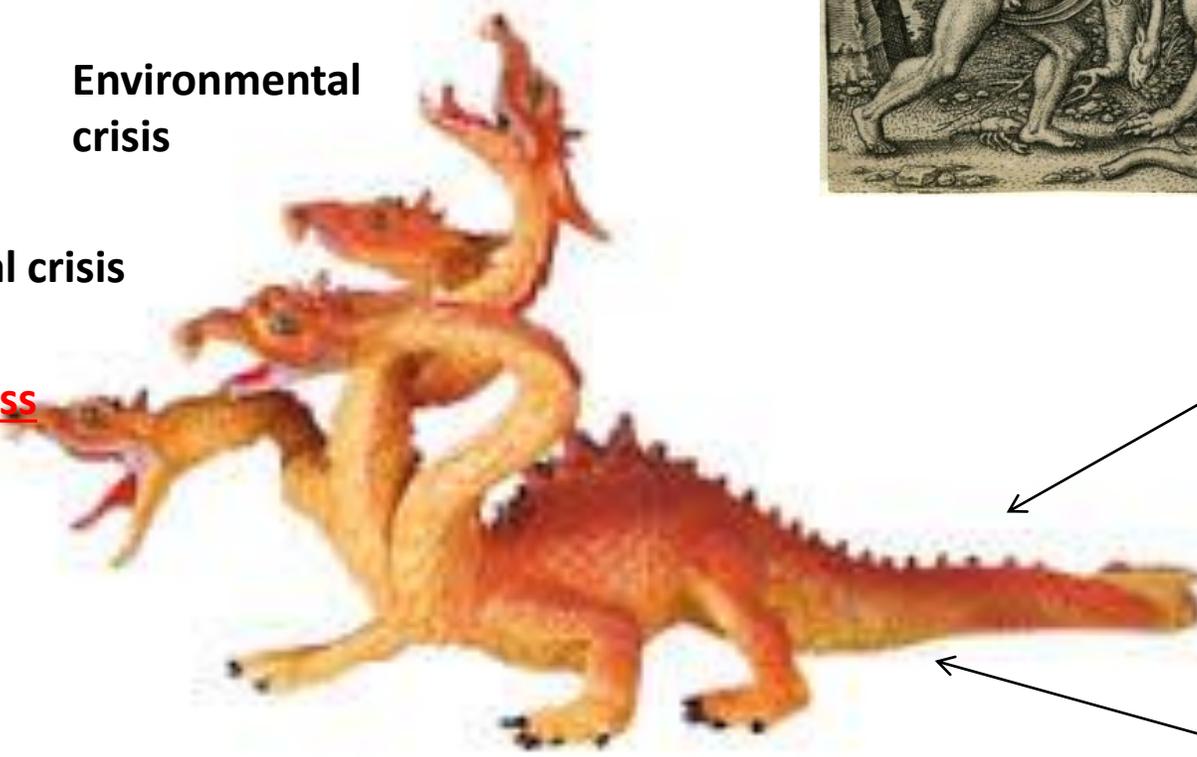
Happiness
paradox



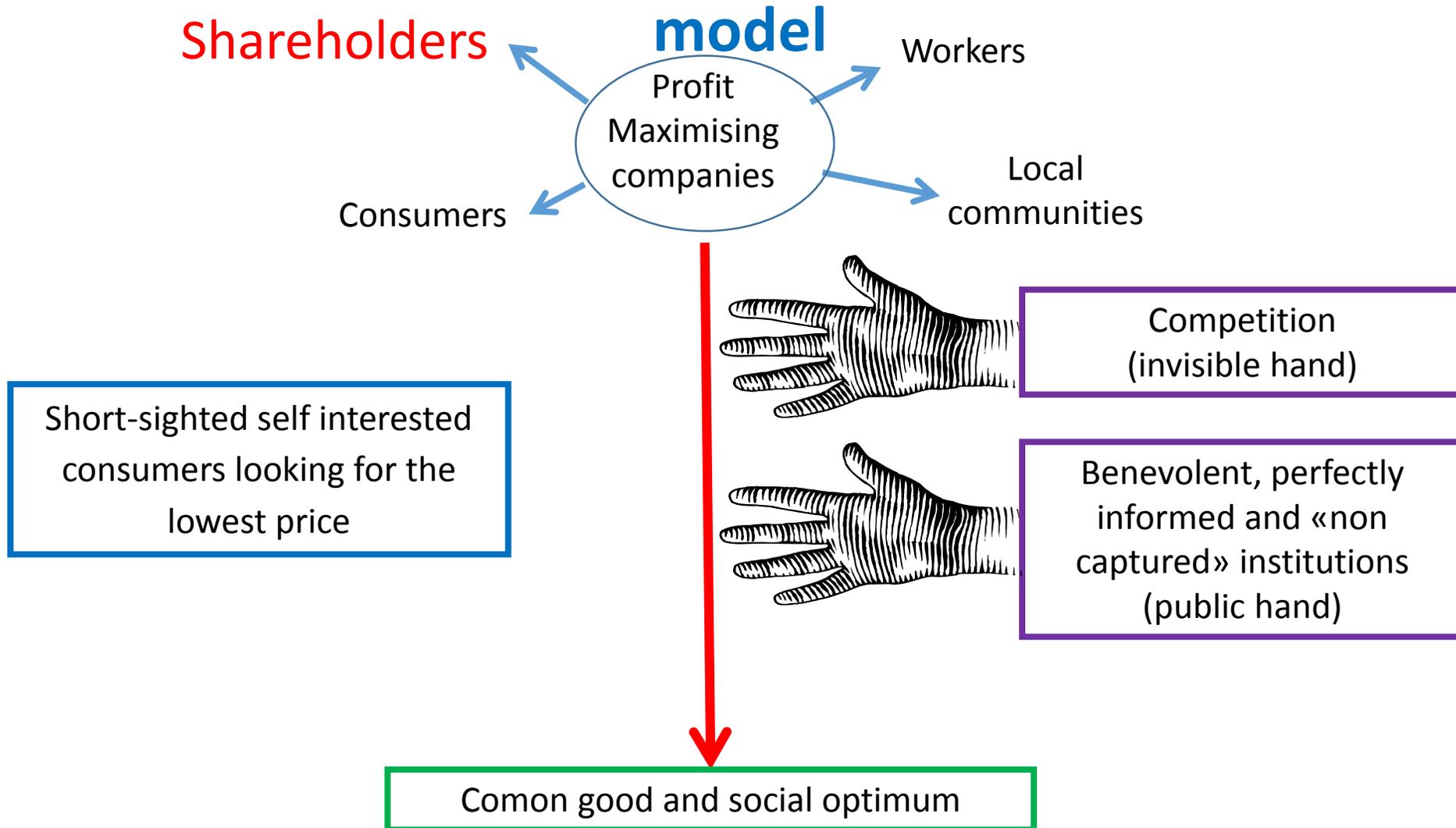
Anthropological
reductionism
Homo economicus

← Value
reductionism
GDP=Wellbeing

← Corporate
reductionism
(capital
gain/profit
maximisation)



The limits of the 2-hands «ptolemaic» reductionist



Why it did not work

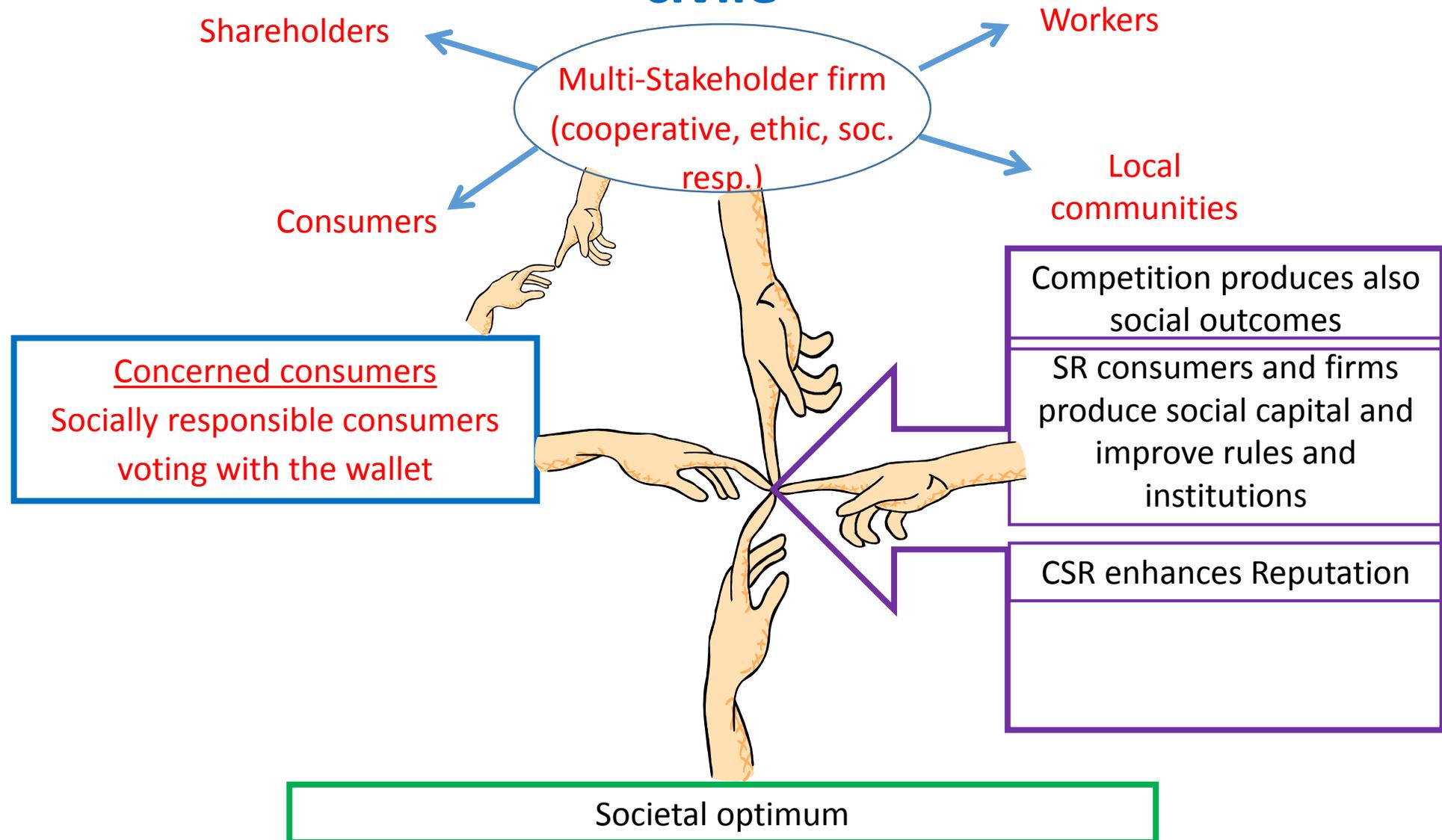
- i) globalisation weakened the power of national institutions vis-à-vis globalised companies;
- ii) the global financial crisis showed that profit maximising companies captured regulators and the market left to itself did not produce competition but oligopolies with too-big-to-fail giants.
- The invisible hand of the market and the visible hand of institutions cannot do all the work (reconciling the self-interested actions of individuals and companies in the common good)

Why it cannot work

The ethical asymmetry: the 2-hand system demands too much civic virtues to institutions and nothing to citizens and corporations...

Given the capital-like law of motion of civic virtues the 2-hand system erodes the ethical foundations on which economic systems are erected (trust, integrity, respect of pacts, cooperation)

The 4-hands Copernincan model of «economia civile»



To sum up: 2 definitions of Civil Economics

- 1. Going beyond anthropological, corporate and value reductionisms
- 2. Moving from a 2-handed to a 4-handed economic system

The role of the vote with the wallet: the lever for moving from the 2-hand to the 4-hand system

- 1) it demonstrates that anthropological and corporate reductionisms are false and is an antidote against them
- 2) it is pragmatic: it does not point to an utopic goal but awards the best practice
- 3) is contagious: duopolistic models show that the optimal reaction of prof.max incumbent to the entry of resp.companies is partial imitation (Besley and Ghatak 2007; Becchetti and Solferino, 2012)

Questions...

how to overcome the price/information critique
which policies to stimulate it

Misure Alternative al PIL: Felicità Interna Lorda in ITALIA

L'ISTAT (il nostro ufficio statistico nazionale) ha presentato l'11 marzo il primo rapporto sul **Benessere Equo e Sostenibile**. Si tratta di un'analisi basata su 134 indicatori raggruppati in 12 dimensioni.



Il Presidente dell'ISTAT Enrico Giovannini (oggi ministro del Lavoro e delle Politiche Sociali) è il promotore di quella che lui definisce l'alba di una nuova “Una nuova Costituzione Statistica”



Misure Alternative al PIL: Cosa misura il BES?

•Il **BES** non è un indicatore unico. Sfrutta piuttosto un approccio orizzontale di aggregazione di diverse statistiche. In particolare, si tratta di **12 dimensioni del benessere** e di **134 indicatori** tra i più utilizzati in letteratura



Salute

Istruzione

Lavoro e conciliazioni tempi di vita

Benessere economico

Relazioni Sociali

Politica e istituzioni

Benessere soggettivo

Ricerca e innovazione

Paesaggio e patrimonio culturale

Qualità dei servizi

Sicurezza

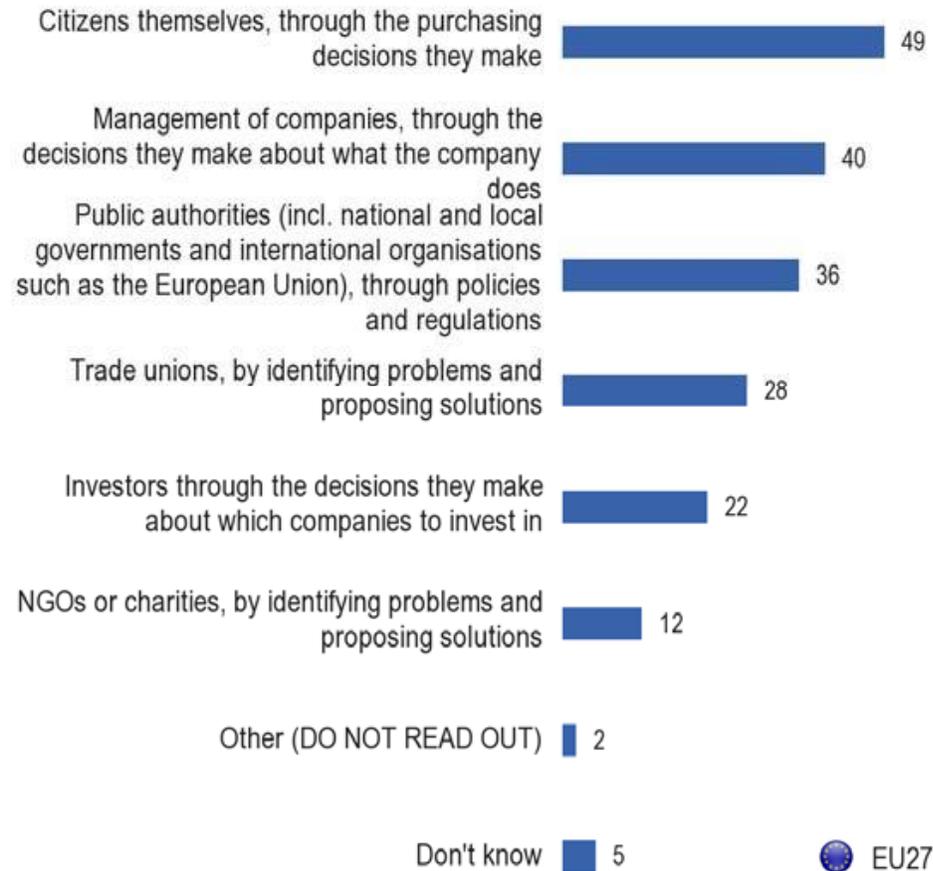
Ambiente

The move from MDGs to SDGs is also a move from the 2-handed to the 4-handed economy (especially goals 3,11,12,and 17)



The growing awareness of the importance of consumers

Q1. Many actors influence what companies do. Who do you think should take the leading role in influencing companies' actions in (OUR COUNTRY)?

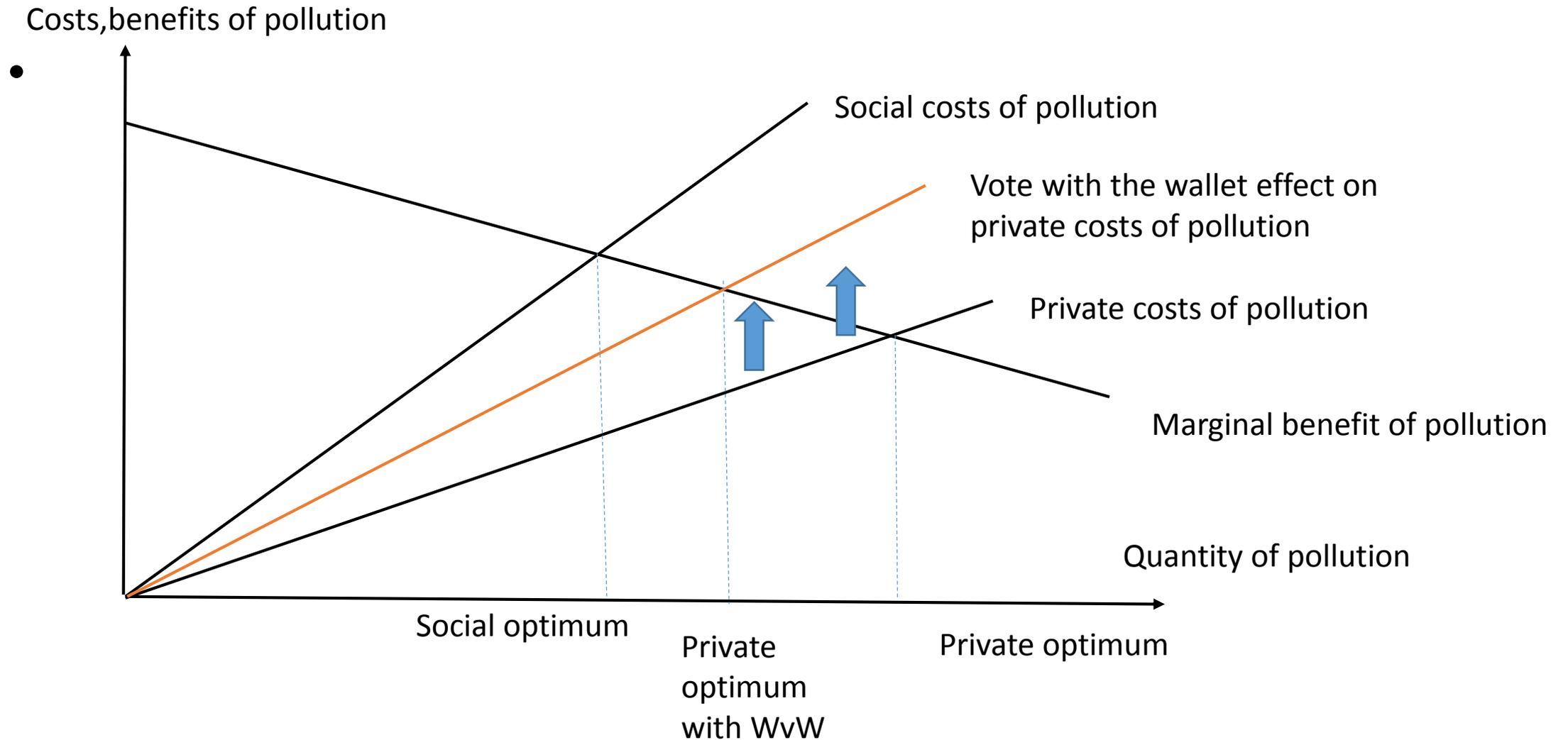


(MAX. 3 ANSWERS)



Fonte: Eurobarometer, 2013

Example: Pigou tax and the vote with the wallet...



Are we aware of our potential ?

«I'm not a superhero but I have a superpower»

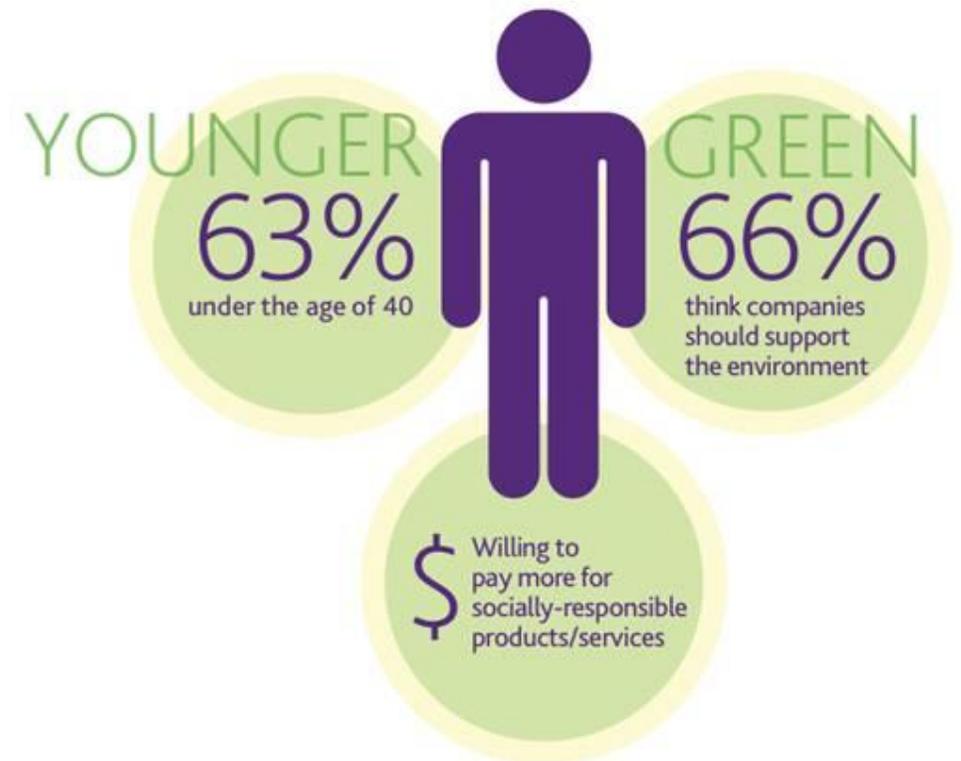
«You can change the world with your choices»



The vote with the wallet requires consumer power

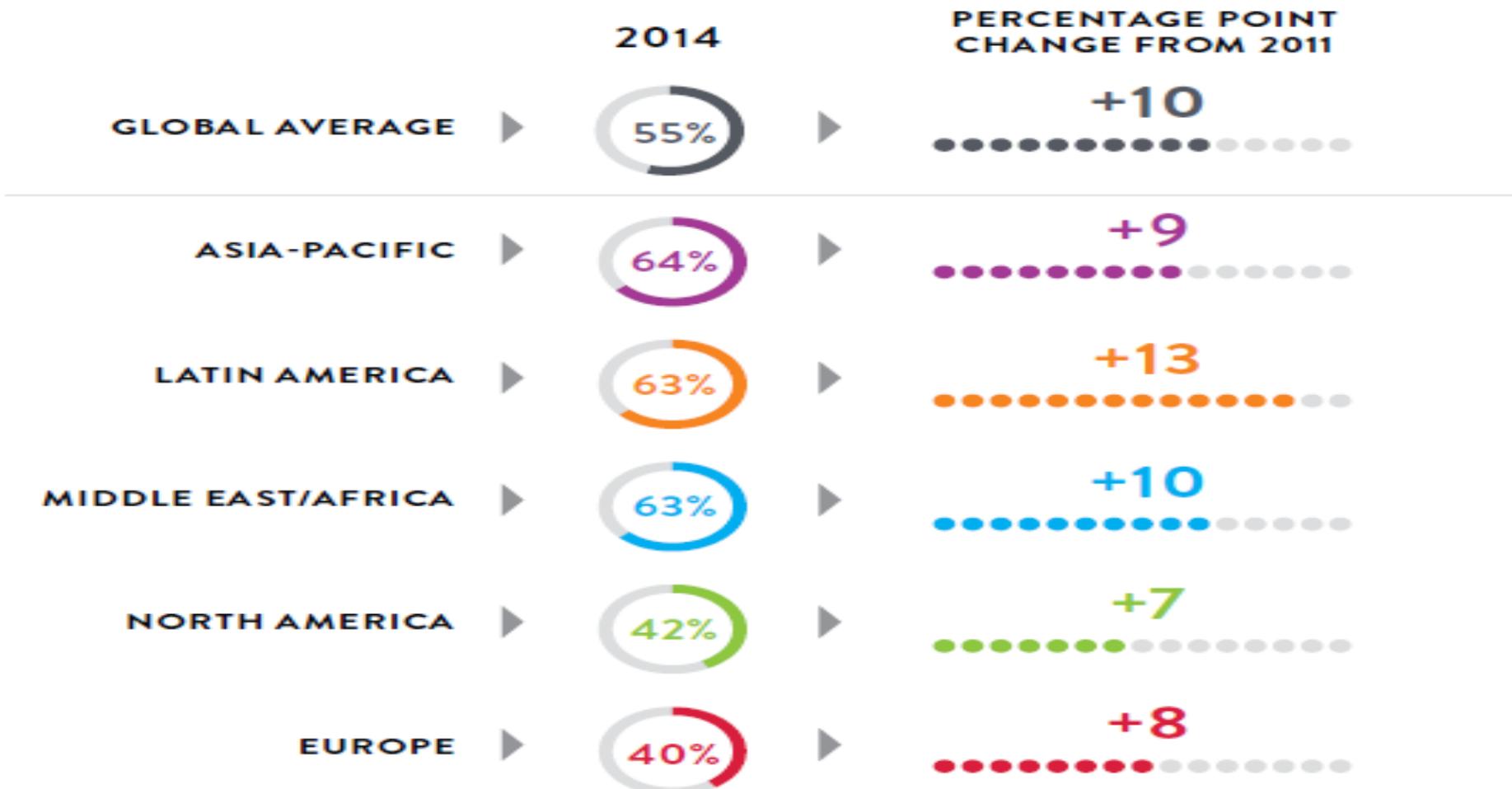
46% of global consumers is willing to pay more for socially and environmentally sustainable products

Nielsen survey on the «globally conscious consumers»
(28.000 interview in 56 countries)



The positive 2011-2014 change

PERCENT WILLING TO PAY EXTRA FOR PRODUCTS AND SERVICES FROM COMPANIES COMMITTED TO POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT



The vote with the wallet problem is a multiplayer prisoner's dilemma mainly a problem of coordination failure

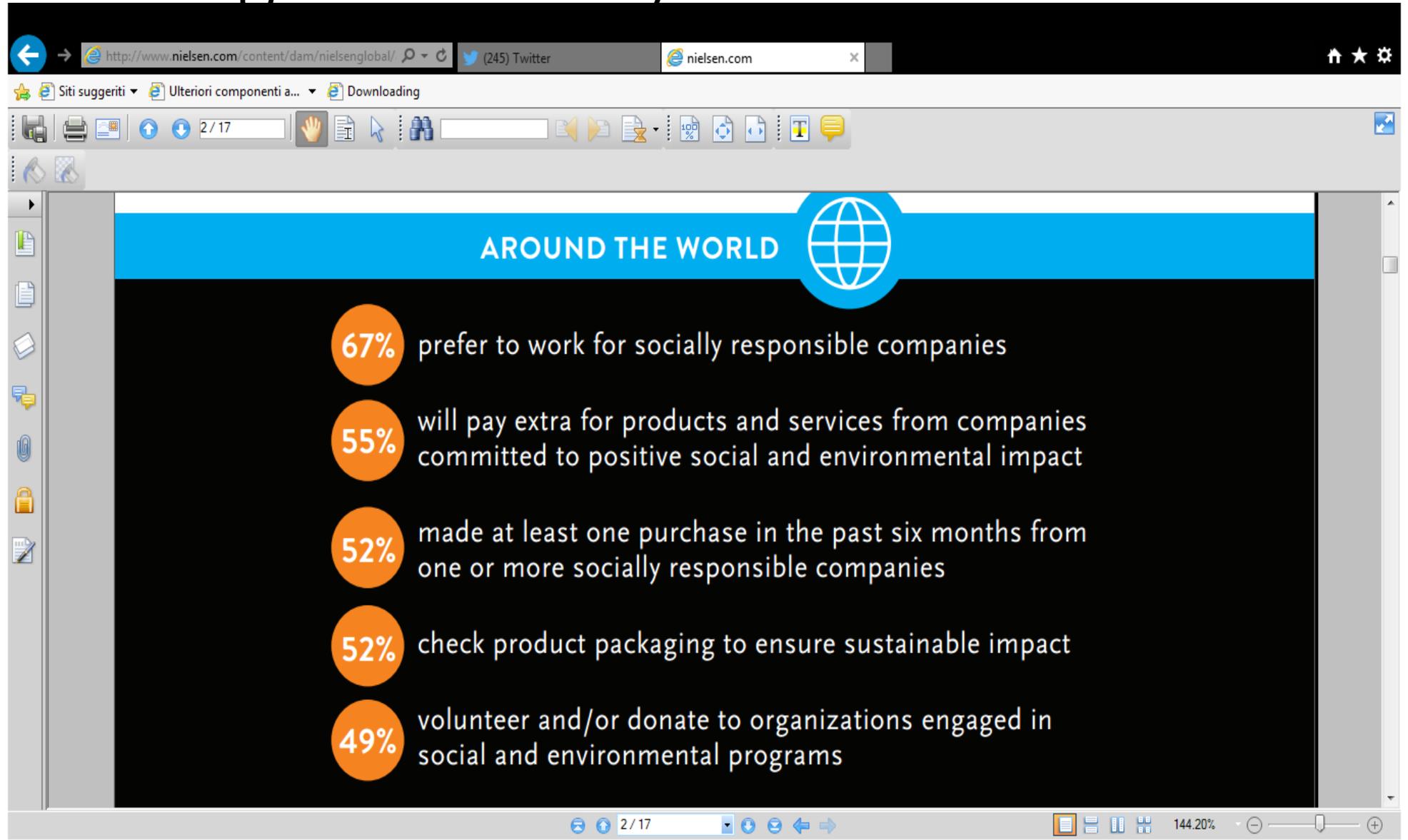


DON'T PANIC,



ORGANISE!

Nielsen 2014 global survey



The screenshot shows a web browser window with the URL <http://www.nielsen.com/content/dam/niensglobal/>. The page features a blue header with the text "AROUND THE WORLD" and a globe icon. Below the header, five statistics are listed, each with a percentage in an orange circle and a corresponding statement.

Percentage	Statement
67%	prefer to work for socially responsible companies
55%	will pay extra for products and services from companies committed to positive social and environmental impact
52%	made at least one purchase in the past six months from one or more socially responsible companies
52%	check product packaging to ensure sustainable impact
49%	volunteer and/or donate to organizations engaged in social and environmental programs

Some promising stories of constructive participation

- World Fair Trade Challenge
- SlotMob Italy
- Ethical investment fund, carbon footprint and Montreal's pledge
- Oxfam Behind the brand campaign
- Nudging experiment and the potential information on corporate responsibility
- Feed-in balanced budget policies
- Final policy suggestions

Some «vote-with-the-wallet» examples (1)

- The 2014 KPMG world report on globally conscious consumers registers, vis-à-vis the 2011 report, an increase of 10 percent of respondents willing to pay more for products of socially and environmentally responsible companies (with a share ranging from 40 to 64 percent around the different continents).
- On May 2016 the network of the world fairtrade organisations organized the **World Fairtrade Challenge** asking consumers around the world to buy fairtrade coffee using the web. The result has been the equivalent of 1,8 million of coffee cups consumed between 15 and 17 of May

Some «vote-with-the-wallet» examples (2)

- The Italian Slotmob movement originated from the decision to contrast the diffusion of slot machines in cafeterias.
- More than 100 organisations and around 10000 people who participated to more than 200 slotmobs around Italy.
- Slotmobs are public manifestations where groups of supporters gather at local cafeterias to buy products there in order to award the owners for their decision not to host slot machines inside.

ROMA



FERMO

MILANO



GENOVA

BIELLA



**QUESTO BAR
SENZA SLOT
HA PIU' SPAZIO
PER LE PERSONE.**





BAR PREMIATO DA slotmob
PERCHÉ LIBERO DA SLOT MACHINES.

Municipio IV
Facebook Non Azzardamoci



CAGLIARI

ITALIA NO SLOT

gioco  NEWS.IT

INCHIESTA ITALIA NO SLOT



-  Regioni con Leggi "Anti-Slot"
-  Regioni con Leggi in fase di attuazione
-  Incentivi fiscali
-  Distanziometro

PIEMONTE

Legge: Art. 7 n° 1/2014 Finanziaria
 In vigore dal: 6 febbraio 2014
 Distanziometro: No
 Incentivi no slot: Irap +/- 0,92 %

LIGURIA

Legge: n° 17/2012 'Disciplina delle sale da gioco'
 In vigore dal: 2 maggio 2012
 Distanziometro: 300 m
 Incentivi no slot: No

LAZIO

Legge: n° 18/2012 'Norme per la prevenzione e il trattamento del gioco patologico'

TOSCANA

Legge: n° 57/2013 'Disposizioni per il gioco consapevole e per la prevenzione della ludopatia'
 In vigore dal: 28 ottobre 2013 / Modificata il 17/12/2014
 Distanziometro: 500 m
 Incentivi no slot: Irap +/- 1 %

LAZIO

Legge: n° 5/2013 'Disposizioni per la prevenzione e il trattamento del gioco patologico'

FRIULI VENEZIA GIULIA

Legge: n° 1/2014 'Disposizioni per la prevenzione, il trattamento e il contrasto della dipendenza da gioco d'azzardo, nonché delle problematiche e patologie correlate'
 In vigore dal: 19 febbraio 2014
 Distanziometro: 500 m
 Incentivi no slot: Prevista riduzione Irap non ancora quantificata

TRENTINO ALTO ADIGE

Legge: Provincia di Bolzano: n°13/2010 'Disposizioni in materia di gioco lecito'
 In vigore dal: 30 novembre 2013
 Distanziometro: 300 m
 Incentivi no slot: No

LOMBARDIA

Legge: n° 8/2013 'Norme per la prevenzione e il trattamento del gioco d'azzardo patologico'
 In vigore dal: 22 ottobre 2013
 Distanziometro: 500 m
 Incentivi no slot: Irap +/- 0,92 %

EMILIA ROMAGNA

Legge: n° 5/2013 'Norme per il contrasto, la prevenzione, la riduzione del rischio della dipendenza dal gioco d'azzardo patologico, nonché delle problematiche e delle patologie correlate'
 In vigore dal: 4 luglio 2013
 Distanziometro: 500 m
 Incentivi no slot: Irap +/- 0,92 %

UMBRIA

Legge: n° 21/2014 'Norme per l'accesso consapevole e responsabile del gioco lecito e per la prevenzione del gioco patologico'
 In vigore dal: 11 dicembre 2014
 Distanziometro: 500 m
 Incentivi no slot: Irap +/- 0,92 % (dal 1 gennaio 2015)

ABRUZZO

Legge: n° 40/2013 'Disposizioni per la prevenzione della diffusione dei fenomeni di dipendenza dal gioco'
 In vigore dal: 20 novembre 2013
 Distanziometro: 300 m
 Incentivi no slot: No

BASILICATA

Legge: n° 30/2014 'Misure per il contrasto all'attività del gioco d'azzardo patologico'

PUGLIA

Legge: n° 43/2013 'Contrasto alla dipendenza dal gioco d'azzardo patologico'

Investment funds' vote with the wallet

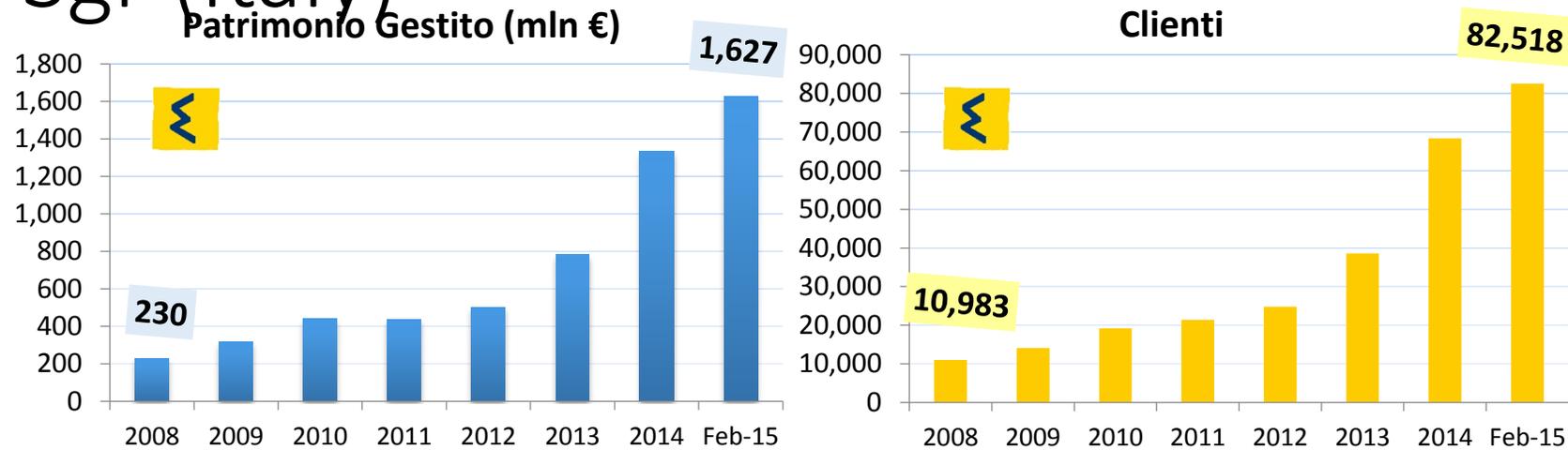
- The most successful contemporary example of vote with the wallet is probably occurring in finance in the field of investment funds where a coalition of funds (totaling at July 2016 around 10 billion dollars of managed assets) signed the Montreal's pledge in September 2014. Signers of the agreement committed to measure the carbon footprint of their portfolios with the goal of progressively reducing it. The move has increased economic convenience and pressure on the energy industry and on all other industries to move toward environmental sustainability <http://montrealpledge.org/>

Fossil fuels

- Laudato Sii

165 *«We know that technology based on the use of highly polluting fossil fuels – especially coal, but also oil and, to a lesser degree, gas – needs to be progressively replaced without delay. Until greater progress is made in developing widely accessible sources of renewable energy, it is legitimate to choose the less harmful alternative or to find short-term solutions»*

Ethical funds at 40% in Europe - Etica Sgr (Italy)



Fonte: Etica Sgr, dati al 27/02/2015

Patrimonio gestito dei fondi etici in Italia al 31/12/2014.

	Patrimonio	Quota di mercato
Etica Sgr	€ 1.333 mln	42%
Eurizon Capital	€ 643 mln	20%
Pioneer Inv. (Unicredit)	€ 470 mln	15%
BNP Paribas	€ 431 mln	14%
JP Morgan AM	€ 167 mln	5%
Altri	€ 110 mln	3%
Totale	€ 3.155 mln	100%



Fonte: Elaborazione su dati Assogestioni, dati al 31/12/2014

		Impact Investment					
		Traditional	Responsible	Sustainable	Thematic	Impact-first	Philanthropy
		Competitive returns					
		ESG risk management					
		ESG opportunities					
		High-impact solutions					
Focus	Finance Only	The New Paradigm					Impact only
	Limited or no focus on ESG factors of underlying investments	Focus on ESG risks ranging from a wide consideration of ESG factors to negative screening of harmful products	Focus on ESG opportunities, through investment selection, portfolio management and shareholder	Focus on one or a cluster of issue areas where social or environmental need creates a commercial growth opportunity for market-rate or market-beating returns	Focus on one or a cluster of issue areas where social or environmental need requires some financial trade-off	Focus on one or a cluster of issue areas where social or environmental need requires some financial trade-off	

THE MONTRÉAL CARBON PLEDGE

By signing the Montréal Carbon Pledge, investors commit to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis.

The Pledge was launched on 25 September 2014 at [PRI in Person](#) in Montréal, and is supported by [the Principles for Responsible Investment \(PRI\)](#) and the [United Nations Environment Programme Finance Initiative \(UNEP FI\)](#).

Overseen by the PRI, it has attracted commitment from over 120 investors with over US\$10 trillion in assets under management, as of the United Nations Climate Change Conference (COP21) in December 2015 in Paris. Support for the Montréal Carbon Pledge comes from investors across Europe, the USA, Canada, Australia, Japan, Singapore and South Africa. The Montréal Carbon Pledge allows investors (asset owners and investment managers) to formalise their commitment to the goals of the [Portfolio Decarbonization Coalition](#), which mobilises investors to measure, disclose and reduce their portfolio carbon footprints. Over US\$100 billion has been committed to this as of COP21.

Montr



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The Montréal Carbon Pledge allows investors (asset owners and investment managers) to formalize their commitment to the goals of the recently announced Portfolio Decarbonization Coalition, which will mobilise investors to measure, disclose and reduce their portfolio carbon footprints at the scale of hundreds of billions of dollars by the December 2015 UN Climate

PDF EticaSgr_CarbonFootprint.pdf - Foxit PhantomPDF Express for HP

FILE HOME MODIFICA COMMENTO VISUALIZZA MODULO CONDIVIDI AIUTO

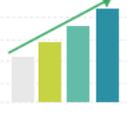
Trova

Avvia CSR Risk Factor_Confer... EticaSgr_CarbonFootprint... x

INVESTIRE IN ETICA AZIONARIO FA RISPARMIARE EMISSIONI

100 €  **28 kg CO₂e**

INVESTITI IN ETICA AZIONARIO

100 €  **501 kg CO₂e**

INVESTITI NEL MERCATO DI RIFERIMENTO

GENERATI IN UN ANNO¹

Un investimento pari a 100 euro nel fondo Etica Azionario consente di **risparmiare 473 kg di CO₂e** all'anno rispetto allo stesso investimento nel mercato di riferimento². Questo risparmio equivale al quantitativo di emissioni generate da un volo aereo da Milano a Dubai³.



BOARDING PASS
INTERNATIONAL AIRPORT
MERCATO AZIONARIO 28 kg CO₂e
501 kg CO₂e
SEAT 26B
MILAN

EticaSgr_CarbonFootprint.pdf - Foxit PhantomPDF Express for HP

FILE HOME MODIFICA COMMENTO VISUALIZZA MODULO CONDIVIDI AIUTO

Trova

Avvia CSR Risk Factor_Confer... EticaSgr_CarbonFootprint.... x

NELLA RIDUZIONE DELLE EMISSIONI

il 57% delle aziende nel portafoglio del fondo Etica Azionario ha intrapreso iniziative di risparmio per ridurre le proprie emissioni inquinanti che hanno portato a risparmi pari a **87.823 tonnellate di CO₂e¹**.
Tale riduzione può essere equiparata alla quantità di CO₂ che una **foresta ampia 305 km²** assorbirebbe in un anno².



¹Elaborazioni Etica Sgr su dati carbon avoided per emittente forniti da CDP.
²Fonte: EPA (US Environmental Protection Agency). Rif: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

GLI INDICATORI PER IL CALCOLO DELLA CARBON FOOTPRINT

Confronto tra banche sostenibili e banche sistemiche (dati 2002-2011)

	Banche sistemiche	Banche sostenibili (GABV)
Prestiti/totale attivo	40,7%	72,4%
Depositi/totale attivo	42%	72.5%
Capitale sociale/totale attivo	5,3%	7,5%
Tier 1	10%	12,2%
Crescita prestiti	7,8%	19,7%

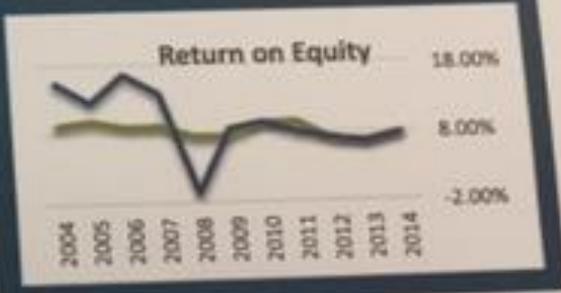


Real Economy	2014		2011		2008		2005	
	SFBs	GSIFIs	SFBs	GSIFIs	SFBs	GSIFIs	SFBs	GSIFIs
Loans/Assets	75%	40%	77%	39%	76%	40%	73%	42%
Deposits/Assets	78%	49%	76%	46%	72%	44%	74%	45%

Capital Strength	2014		2011		2008		2005	
	SFBs	GSIFIs	SFBs	GSIFIs	SFBs	GSIFIs	SFBs	GSIFIs
Equity/Assets	8%	7%	8%	6%	7%	5%	6%	5%
Tier 1 Ratio	13%	13%	12%	12%	11%	10%	12%	8%
RWAs/Total Assets	62%	45%	63%	40%	42%	42%	53%	49%

Financial Returns and Volatility	5y (2010-2014)		10y (2005-2014)	
	SFBs	GSIFIs	SFBs	GSIFIs
Return on Assets	0.60%	0.50%	0.63%	0.52%
Return on Assets - Standard Deviation	0.17%	0.18%	0.24%	0.38%
Return on Equity	7.94%	7.71%	8.38%	8.93%
Return on Equity - Standard Deviation	2.32%	2.87%	2.80%	8.75%

Compound Annual Growth Rates	5y (2010-2014)		10y (2005-2014)	
	SFBs	GSIFIs	SFBs	GSIFIs
Loans	12%	5%	12%	7%
Deposits	12%	6%	12%	9%
Assets	12%	4%	12%	8%
Equity	12%	7%	13%	11%
Total Income	9%	7%	10%	6%



How regulatory pressure and vote with the wallet can work in other fields: tax avoidance

- From Financial Times, OCTOBER 28, 2016
- “Aggressive tax avoidance raises risks for investors
Regulatory pressure has increased the financial implications of tax planning”
- For years, executives have defended these tax arrangements on the basis that they are legal. [Some have even argued](#) that they have a responsibility to shareholders to minimise tax liabilities
- Nordea Asset Management, the €300bn Nordic fund house, has written to a number of companies, including Alphabet and Apple, to warn that pressure from regulators and governments has increased overall risk for investors.
- The pressure for concrete regulatory changes will no doubt continue to raise regulatory risk for companies who prioritise aggressive tax practices in their financial strategies. The risks related to aggressive tax practices have raised investor uncertainty

Behind the brands

- 840 million people hungry, more than one billion overweight, climate change threatening crop yields and the supply of fresh water, competition for land and water leading to conflict and unrest
- In a world with 7 billion food consumers and 1.5 billion food producers, no more than 500 companies control 70 percent of food choice
- The 'Big 10', Associated British Foods (ABF) Coca-Cola, Danone, General Mills, Kellogg, Mars, Mondelez International Nestle, PepsiCo and Unilever, together earn more than \$1.1 billion per day.³ Their annual revenues of more than \$450 billion are equivalent to the GDP of all of the world's low-income countries combined.

0 - 1 Molto debole 2 - 3 Debole 4 - 5 In via di miglioramento 6 - 7 Discreti 8 - 10 Buono

Classifica	Azienda	Punteggio	Terra	Donne	Agricoltori	Braccianti	Clima	Trasparenza	Acqua	Totale
1	Nestlé	64%	5	5	6	7	8	7	7	45/70
2	Unilever	63%	5	5	8	7	7	6	6	44/70
3	Coca-Cola	54%	7	6	2	6	6	5	6	38/70
▲ +2 =4	Mondelez	33%	3	5	4	3	2	3	3	23/70
=4	PEPSICO	33%	2	2	3	3	6	3	4	23/70
=6	DANONE	31%	1	1	2	3	5	5	5	22/70
▼ -1 =6	MARS	31%	1	4	4	3	4	4	2	22/70
8	Kellogg's	29%	2	3	1	1	4	4	5	20/70
▲ +1 9	Associated British Foods plc	27%	3	2	2	3	4	3	2	19/70
▼ -2 10	GENERAL MILLS	21%	2	1	2	2	2	2	4	15/70

- Awareness
- Knowledge and Disclosure
- Commitment
- Supply chain management

Effect of the campaign according to Oxfam

- Our supporters have taken nearly 400,000 actions.⁷ 31 major investment funds, representing nearly 1.5 trillion dollars of assets under management have joined our call on food industry giants to do more to reduce social and environmental risks in their supply chains.
- We all can accelerate this trend if more people mobilize to speak-out in urging companies to do things differently.

Effect of the campaign according to Oxfam

- 9 of the 'Big 10' improved their score (all but General Mills) Nestle, Unilever and Coca-Cola saw highest jump in scores (overall increases of 10, 14 and 13 percent respectively)
- 6 companies (Coca-Cola, ABF, Nestle, Unilever, Kellogg and General Mills) now have policies that commit to implementing the principles of Free Prior and Informed Consent (FPIC)
- 7 of Big 10 improved their score for women's' rights, with Mars, Mondelez and Unilever increasing by 3 points out of 10
- Two companies now have scores of 8 out of 10 in a theme (meaning they have "Good" policies on that theme) – Nestle for climate and Unilever for farmers

The vote with the wallet is a multiplayer Prisoner's dilemma

Individuals vote with the wallet if..

$$\pi b + a - c > 0$$

- b = utility for the voter arising from the change in corporate behaviour toward sustainability
- a = warm glow satisfaction of voting with the wallet due to other-regarding preferences (zero or positive if the individual is sensitive to the issue)
- c = cost of voting with the wallet (cost differential between the responsible and the conventional product)
- π = share of those voting with the wallet (between 0 (no one votes) and 1 (everyone votes))

The potential of feed-in tariffs

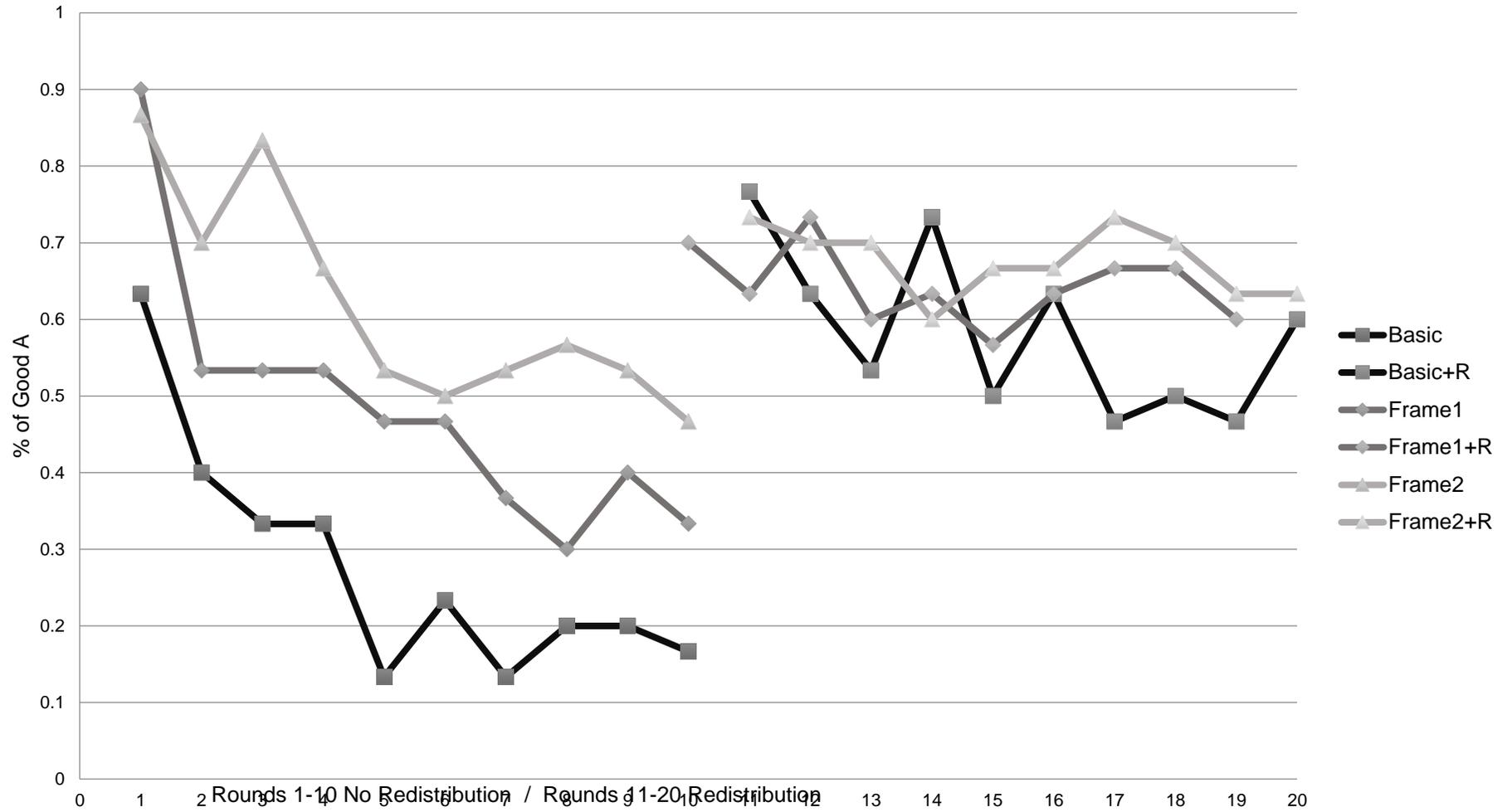
- Product A costs 10 euros (the responsible product).
- Product B costs 5 euros (the conventional product)
- You will get 3 additional euros for any player who decide to buy Product A
- The game lasts 5 rounds. After round 5 the feed-in tariff is introduced. Any buyer of product B pays a tax of 1 euro. The total tax take is divided among buyers of product A
- The feed-in tariff is budget balanced

- Declining share of conditional cooperators

- Hard base of unconditional cooperators

- Effect of the feed-in tariff after round five

Share of players buying the responsible product



Literature references of the vote with the wallet

- "hybrid contribution-prisoners' dilemma" (Arce and Sandler, 2005) where both the classical "cooperation" and "defection" strategies require an action
- Experiments on the interplay of demand and supply in presence of non CSR and CSR products generally identifying an equilibrium price premium for the latter (Cason and Gangadharan, 2002; Rode et al., 2008, and Vasileiou and Georgantzis, 2015).
- We investigate the demand side of the CSR phenomenon and therefore isolate consumers behavior from the concurring dynamics of supply of CSR and non CSR products.

Solutions to social dilemmas

- Fehr and Gächter (2000) private punishment
- Masclet et al. (2003) and Noussair and Tucke (2005) nonpecuniary sanctions
- Nikiforakis and Normann (2008) the effectiveness of punishment,
- Anderson and Putterman (2006) and Carpenter (2007) the price of punishment
- Falkinger et al. (2000) and Becchetti et al. (2015) balanced budget systems of subsidies(taxes) that affect the payoff differential between defection and cooperation strategies



fair & square

These candles have been made under fair labor conditions, in a safe and healthy working environment which is free of discrimination, and where management has committed to respecting the rights and dignity of workers.



A vote with the wallet experiment – ABC New York Hiscox e Smyth (2011)

The shopwindow on the left sold 40 percent more in the following 4 months after showing the sign

Nudging (Sunstein and Thaler, 2003)

- natural “nudging” experiment to stimulate vote-with-the-wallet behavior as a solution to the coordination failure problem
- Contrary to incentive based measures, we keep intact the option set and the monetary incentive of players
- In our case nudging does not need to be inevitably related to bounded rationality (in the VWV perspective the signal has a pos. effect on expectations of cooperators triggering reciprocity)
- Preliminary findings +10% sales of “environmental” and “legal” products

This product comes from organic farming and has been projected and raised keeping into account its environmental impact. By purchasing this product at a fair price you are supporting environmentally responsible producer policies. A cleaner world is better also for you



Perché comprare Vivi Verde

Questo prodotto proviene interamente da agricoltura biologica ed è stato progettato e realizzato tenendo conto del suo impatto ambientale. Acquistando questo prodotto ad un giusto prezzo stai promuovendo le politiche dei produttori in favore dell'ambiente. Un mondo più pulito conviene anche a te.

C.I.COOP VIVERDE MAXIR.4ROT.

2.00 €
al pz. 01

2,00 €

a conf.



0100661628900-39

C.14

8001120823625

1 14 15 05 09:00

Second experiment...nudging ?

Just information or more ?

Higher impact of relative or absolute rankings ? How the brand-company nexus matter ?



Un luogo di **incontro e scambio di informazioni**, sul web
Dove ciascuno può dare il suo contributo per costruire
insieme un modello di economia e società fondato sul
bene comune



NEXT

NUOVA ECONOMIA PER TUTTI

una **piattaforma online**, dove **cittadini-consumatori e imprese** si incontrano sui temi della sostenibilità: un **crocevia della reputazione** per elevare il livello di **consapevolezza** su questo tema

Vieni a conoscerci su

www.nexteconomia.org

registrati (gratuitamente) e inizia a dare **il tuo contributo**:
non limitarti ad essere **spettatore** del cambiamento, **ma**
diventa **protagonista** della costruzione di un

futuro giusto e sostenibile!

Associazione NeXt Nuova Economia per Tutti
Via Giuseppe Marcora 18/20 - Roma
tel. 06 5840330 e-mail: info@nexteconomia.org



NeXt è il frutto dell'incontro di **culture differenti**,
provenienti da diversi ambiti professionali e dai più vari
ambiti valoriali, tenendo sempre presente l'importanza
dell'**ascolto** e del **rispetto** dell'altro.

I **cittadini** su NeXt possono

- ☺ entrare a far parte di una community interessata alla promozione della sostenibilità
- 👁️ conoscere le aziende impegnate nella sostenibilità
- 💬 commentare, "dare un voto" e stimolare le aziende a migliorare le proprie politiche di sostenibilità
- 👍 segnalare aziende particolarmente sensibili alla sostenibilità

Le **imprese** su NeXt possono

- ★ auto-valutare la qualità delle proprie politiche di sostenibilità, rispondendo al questionario
- ✍️ illustrare le proprie iniziative e progetti di sostenibilità
- 📦 presentare i propri prodotti, allo scopo di incentivare il dialogo sulla sostenibilità con i cittadini
- 👤 avviare nuovi percorsi di impegno sostenibile in modo partecipato

Sono soci di NeXt (organizzazioni):

ACLI Nazionale - ADICONSUM - ADIGE - Agisa - Altromercato - Anima - Cittadinanzattiva - CVX Italia - Earth Day Italia - Economia e Felicità - Fairtrade Italia - Federcasse - FIBA - FLAEI - Fondazione Bruno Visentini - Fondazione Lanza - Fondazione Sodalitas - ICEA - Il Fuoco del Futuro - Impronta Etica - Kyoto Club - Legacoop - Primo Consumo - Transparency International - UCI - UCID - Vita Makers

Sono soci di NeXt (persone):

Danilo Barbi - Fabrizio Botta - Giorgio Donna - Giovanni Battista Costa - Leonardo Becchetti - Luciano Hinna - Marco Meneguzzo - Maurizio Gubbiotti - Paolo Mazzoletti - Sebastiano Maffettone - Soana Tortora - Valentino Bobbio - Walter Ganapini

Local action

Progetto **MOBilitarsi X una Nuova Economia**

Rafforzare le Reti territoriali (crearne di nuove solo per necessità)

- Realizzare una Mappatura delle realtà imprenditoriali e organizzative di eccellenza,
- Aggregare i bisogni del Territorio,
- Condividere le competenze
- Sensibilizzare e coinvolgere imprese e cittadini con eventi di MOBilitazione pubblica
- Costruire progetti sostenibili di Rete

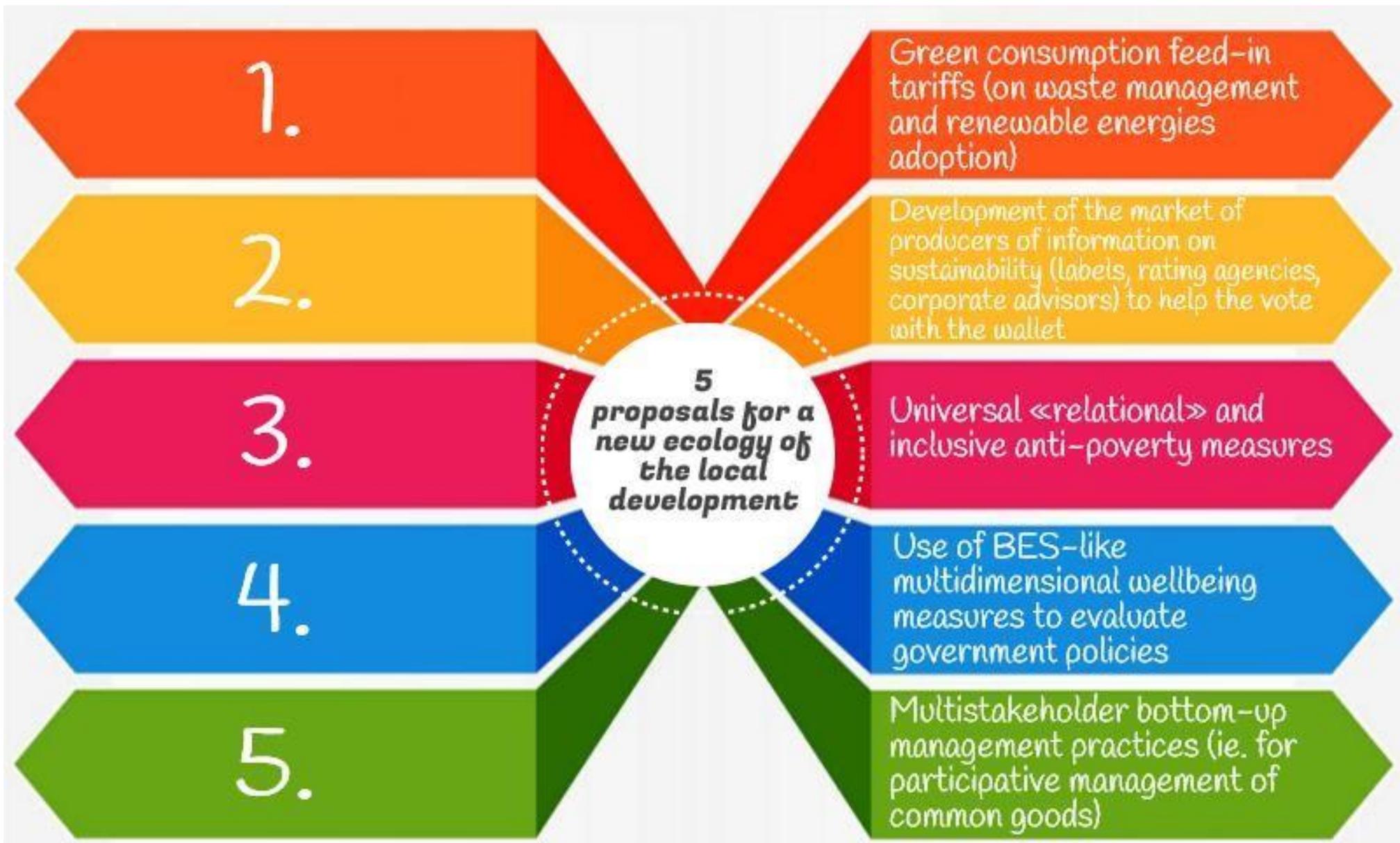
Progetto **Prepararsi al Futuro**

Laboratori formativi sullo sviluppo sostenibile del territorio

- Sensibilizzare i giovani under 35 sui temi della Nuova Economia;
- Connettere il mondo della scuola e dell'università con il territorio;
- Far conoscere le realtà imprenditoriali sostenibili presenti;
- Fornire delle competenze specifiche sulla progettazione sociale;
- Sviluppare progetti per migliorare prodotti e servizi già in essere;
- Creare nuovi prodotti e servizi complementari qualora non ci fosse una risposta esaustiva
- Sperimentare i progetti attraverso la Rete territoriale attivata

MOBilitarsi
x una nuova economia

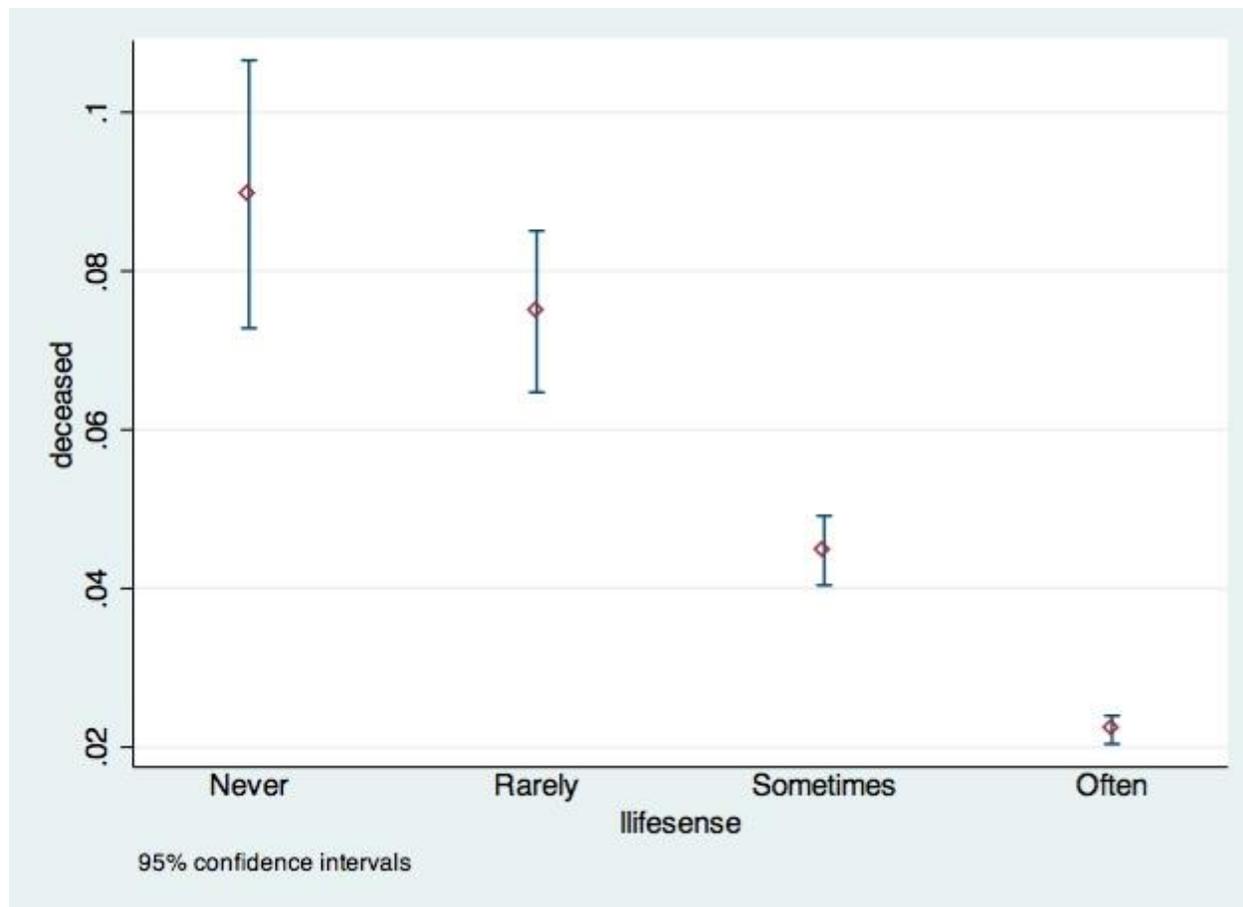




Time is greater than space

- Laudato Sii
- 223. Giving priority to space means madly attempting to keep everything together in the present, trying to possess all the spaces of power and of self-assertion; it is to crystallize processes and presume to hold them back. Giving priority to time means being concerned about initiating processes rather than possessing spaces. Time governs spaces, illumines them and makes them links in a constantly expanding chain, with no possibility of return. What we need, then, is to give priority to actions which generate new processes in society and engage other persons and groups who can develop them to the point where they bear fruit in significant historical events. Without anxiety, but with clear convictions and tenacity.

La correlazione tra senso della vita e mortalità



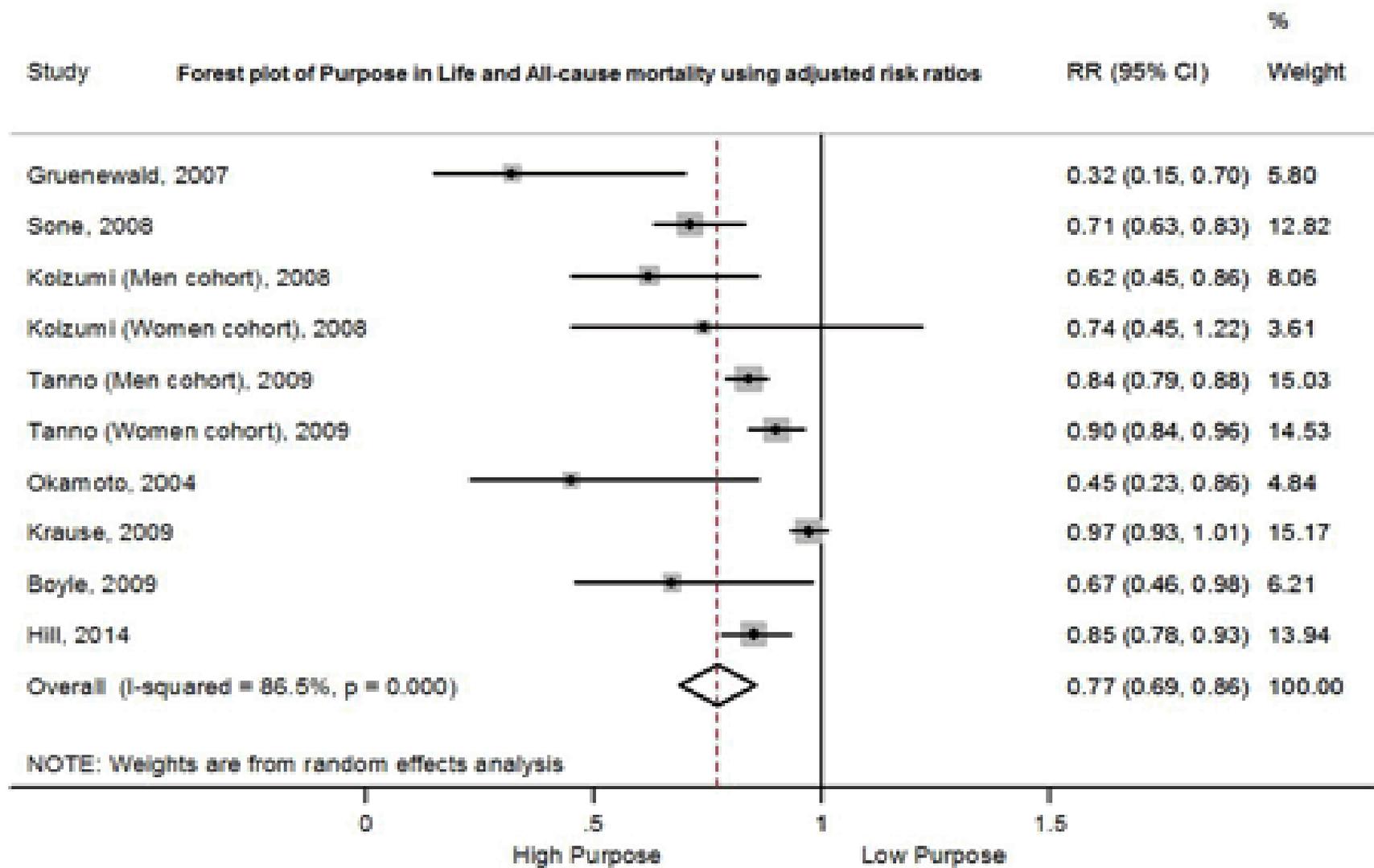


Figure 2.1. The Geography of Happiness

