

Economic, financial, and social challenges

Leonardo Becchetti

The socio-economic system is unstable from its origin. The project was designed as a car with two well inflated tyres (profits and consumer surplus) and two flat tyres (labour dignity and environmental sustainability)..with the focus on (environmental and social) sustainability we are amending the project....



More specifically, inequality is harming social sustainability...

and creation of economic value without attention to resource limits is endangering environmental sustainability





They had a telephone
and a PC in the
seventies....



....they have a
telephone and a PC
today....



...hence same
wellbeing level ?

Who is better and who
is worse the young or
the old generation ?



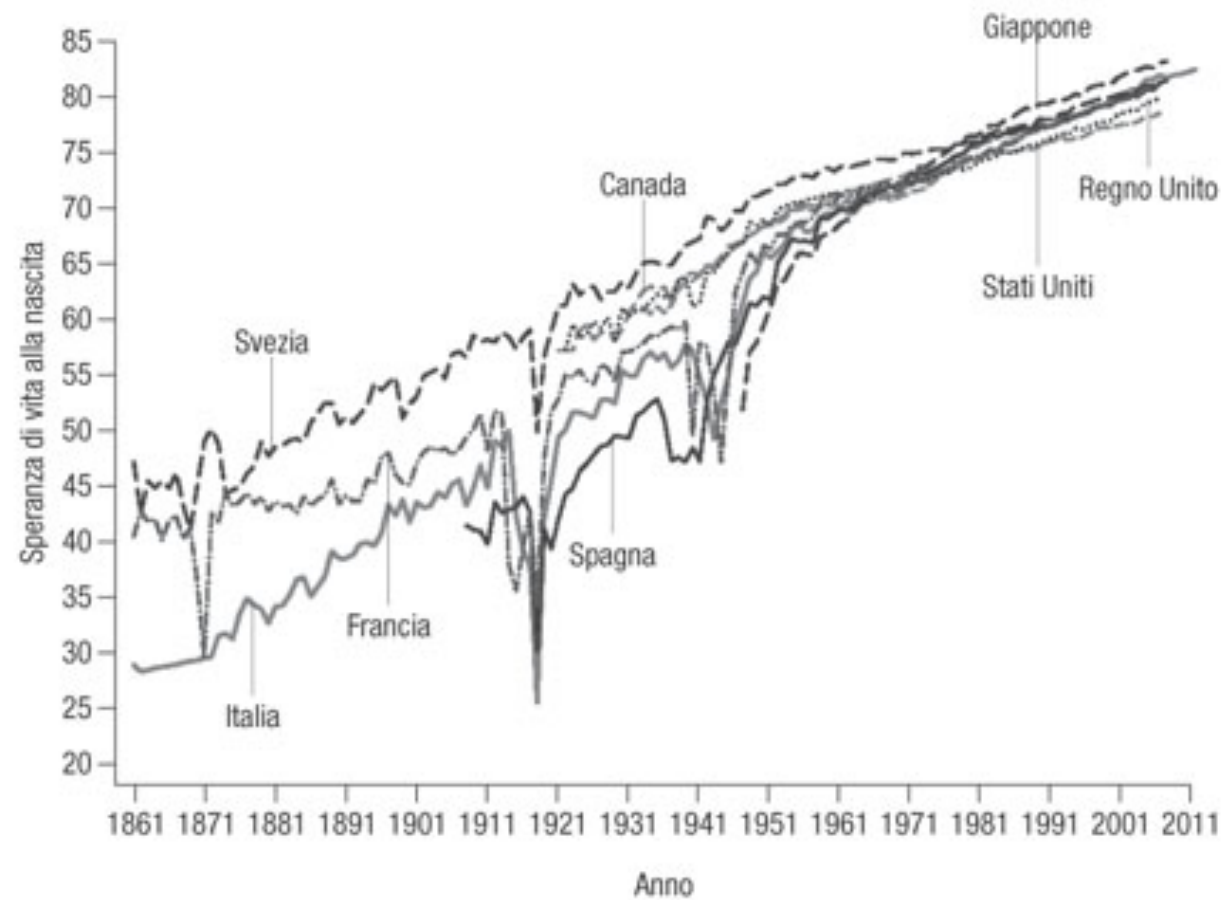
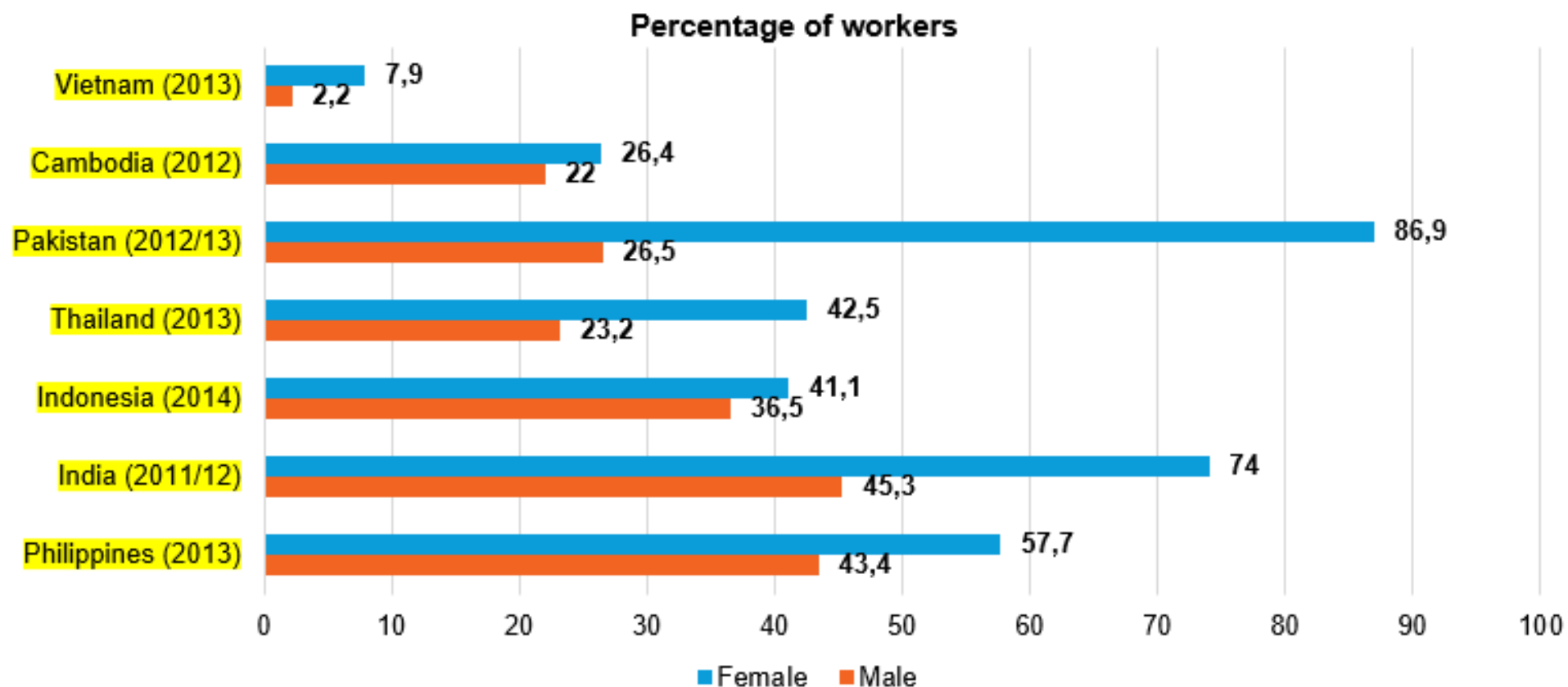


Figura 2 - La vita media in Italia a confronto col resto del mondo, 1861-oggi. Fonti: nostre elaborazioni su dati Hmd (2010) e altre fonti descritte nell'Appendice.

Figure 10: Non-compliance rates with the minimum wage in the garment sector by gender, lower bound estimates



Source: Cowgill, M. and P. Huynh. (2016). *Weak Minimum Wage Compliance in Asia's Garment Industry*. Asia-Pacific Garment and Footwear Sector Research Note Issue 5| August 2016. Retrieved 6 September 2017, from http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_509532.pdf

Figure 8: Comparison of minimum wage and living wage in selected garment-producing countries, 2014

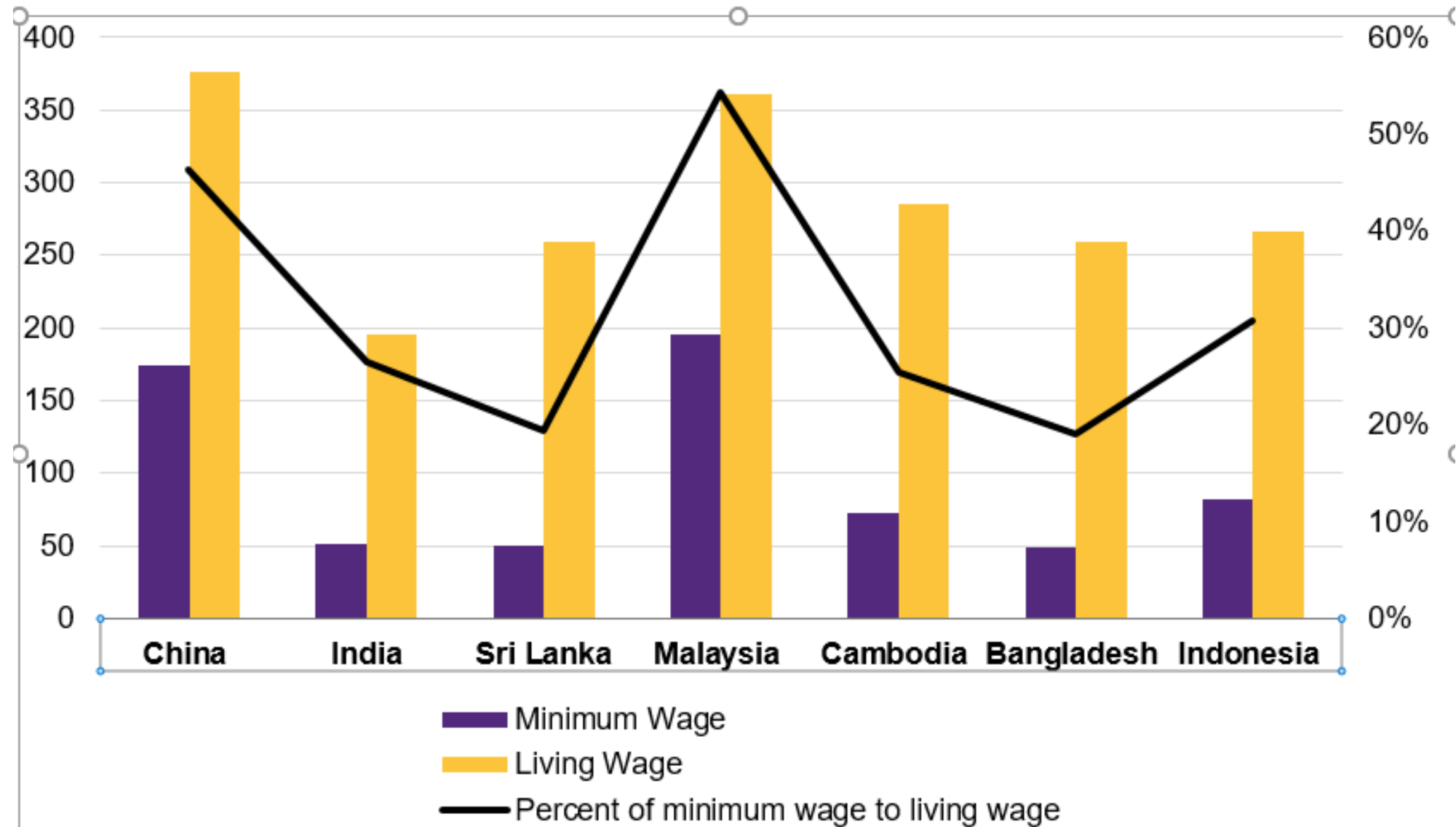
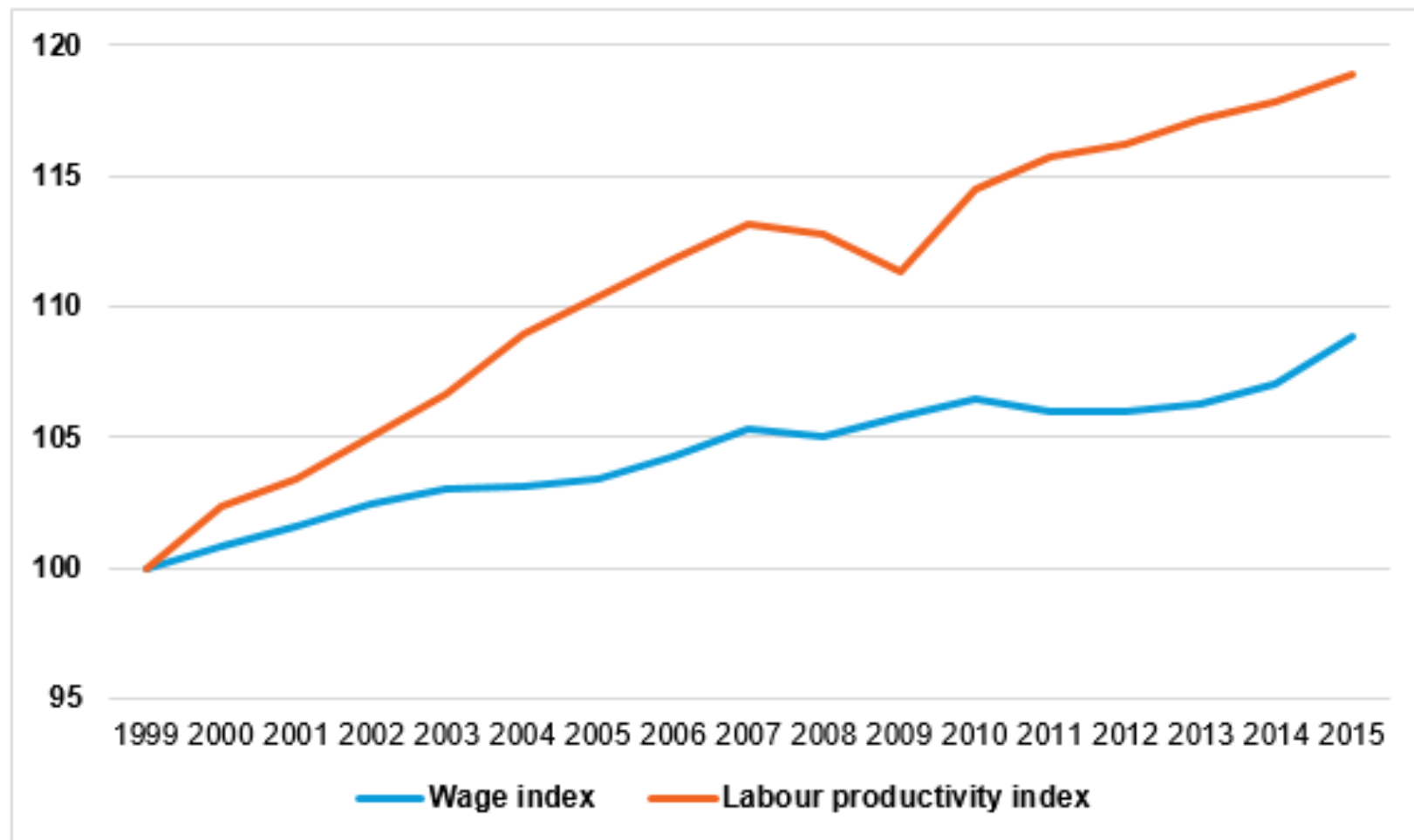


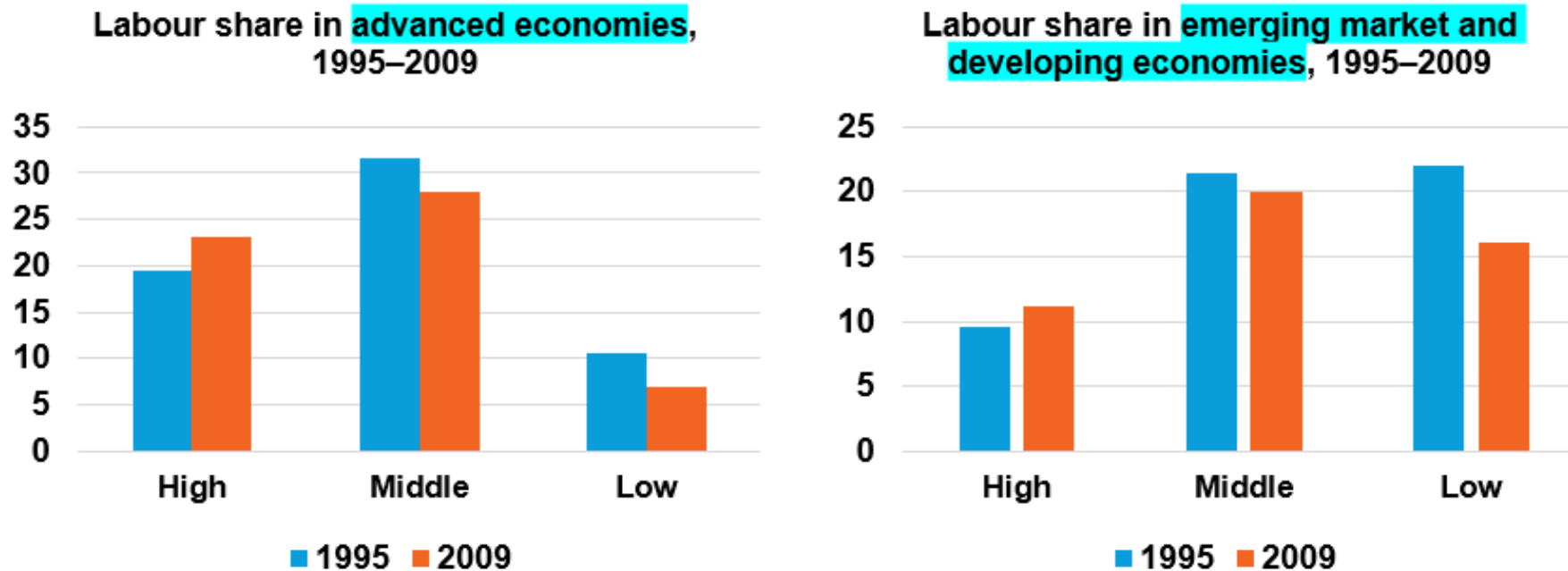
Figure 7: Growth in average real wages and labour productivity in developed economies, 1999–2015 (index: 1999 = 100)



Source: Figure 11 from ILO. (2016). *Global Wage Report 2016/17: Wage inequality in the workplace*. <http://www.ilo.org/global/research/global-reports/global-wage-report/2016/lang--en/index.htm>

Polarisation and increasing skill wage differentials

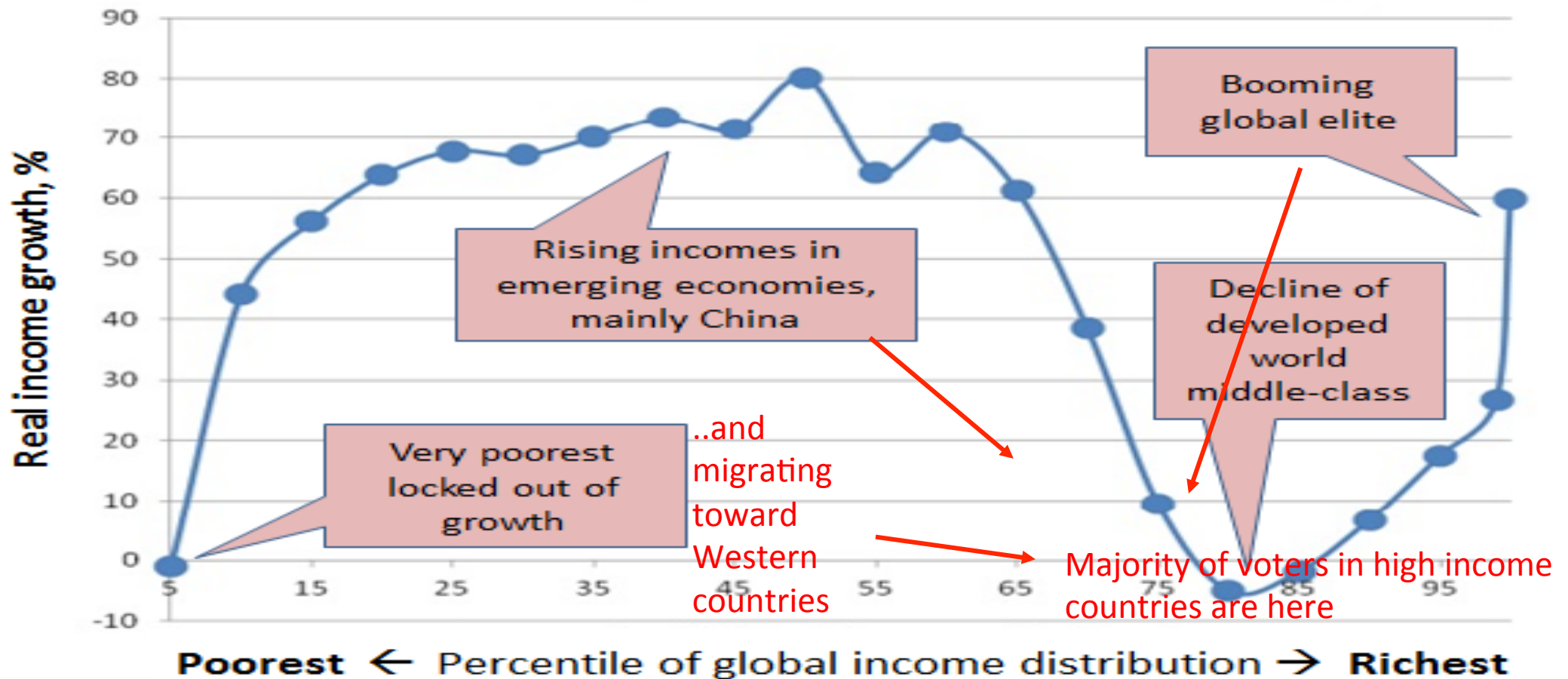
Figure 11: Labour share in advanced and emerging market and developing economies for high-, middle- and low-skill workers, 1995–2009 (percentage)



Source: World Input-Output Database; and IMF staff calculations. Reproduced from IMF (2017).

Political sustainability of globalisation in high-income countries endangered....(Branko Milanovic elephant's graph)

Global income growth from 1988 to 2008





- 33. All that we have been talking about so far is not only the work of an entity that operates out of our control, but that is also in the sphere of our responsibilities. This means that we have within our reach important instruments capable of contributing towards the solutions of many problems. For instance, the markets live thanks to the supply and demand of goods. In this regard, every one of us can influence in a decisive manner by giving shape to that demand.
- It becomes therefore quite evident how important a critical and responsible exercise of consumption and savings actually is. Shopping, for example, a daily engagement with which we procure the necessities of living, is also a form of a choice that we exercise among the various products that the market offers. It is a choice through which we often opt, in an unconscious way, for goods, whose production possibly takes place through supply chains in which the violation of the most elementary human rights is normal or, thanks to the work of the companies, whose ethics in fact do not know any interest other than that of profit of their shareholders at any cost.

- It is necessary to train ourselves to make the choice for those goods on whose shoulders lies a journey worthy from the ethical point of view, because also through the gesture, apparently banal, of consumption, we actually express an ethics and are called to take a stand in front of what is good or bad for the actual human person. Someone spoke of the proposal to “vote with your wallet”. This is in reference to voting daily in the markets in favor of whatever helps the concrete well-being of all of us, and rejecting whatever harms it.[48]
- They must also have the same considerations towards the management of their savings, for instance, directing them towards those enterprises that operate with clear criteria inspired by an ethics respectful of the entire human person, and of every particular person, within the horizon of social responsibility.[49]
Furthermore, in general, each one is called to cultivate procedures of producing wealth that may be consistent with our relational nature and tend towards an integral development of the human person.

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)



Tendenze · Modifica

#29giugno

@luchi50135, @salvisone21 e altri 5 stanno twittando su questo argomento

#3YearsSinceWWATSanSiro

#tempodelledonne

#InSicilia

2.930 Tweet

#facebook samo

#Sanpietroepaolo

#G7University

#Disinformazia

La Gabbia

2.256 Tweet

#comunicaredomani

Sustainable Brands
@SustainBrands

Segui

"Each time we eat and drink, we can vote for the world we want to live in." @Danone #SBMember #FoodJustice

Traduci dalla lingua originale: inglese



Food Is a Human Right, Not a Commodity

sustainablebrands.com

22:00 - 28 giu 2017

Chi seguire · Aggiorna · Visualizza tutto

Mosquitas @M...
Segui

Elisabetta Scalambra @...
Segui

monica @Molo31Monica
Segui

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Applicazioni Lavora con noi Pubblicità
Aziende Sviluppatori

Are we aware of our potential ?

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

«You can change the world with your choices»





Positive.News



SOCIETY ECONOMICS SCIENCE ENVIRONMENT LIFESTYLE PERSPECTIVE JOIN SHOP Q



New online platform aims to harness the power of community to support ethical retail

BUySmart.jpg



BuySmart.jpg-large



Mostra tutto



and sector, but as the community grows, Bryant hopes to develop an increasingly sophisticated platform that will allow for more tailored results. Users will be able to create a detailed profile of preferences and values that could then be matched up with specific brands, he hopes.

**If our members believe in our mission,
and vote with their wallets, there's no
end to what we can achieve**



Bryant believes the platform has the potential to have a big impact on the UK economy in the long term.

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

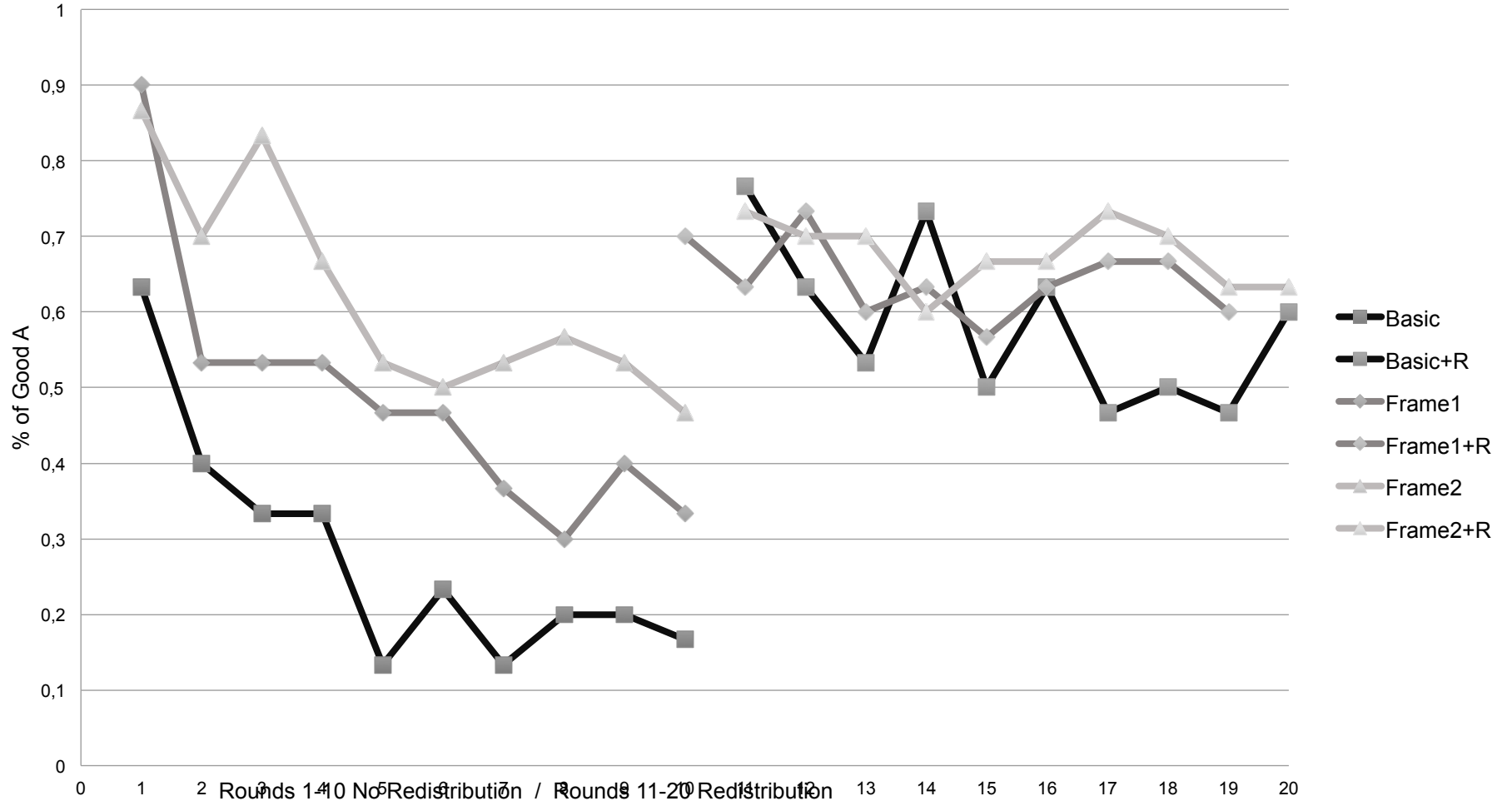
- Product A costs 10 euros (the responsible product).
- Product B costs 5 euros (the conventional product)
- You will get 3 additional euros for any player who decide to buy Product A
- The game lasts 5 rounds. After round 5 the feed-in tariff is introduced. Any buyer of product B pays a tax of 1 euro.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



		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.

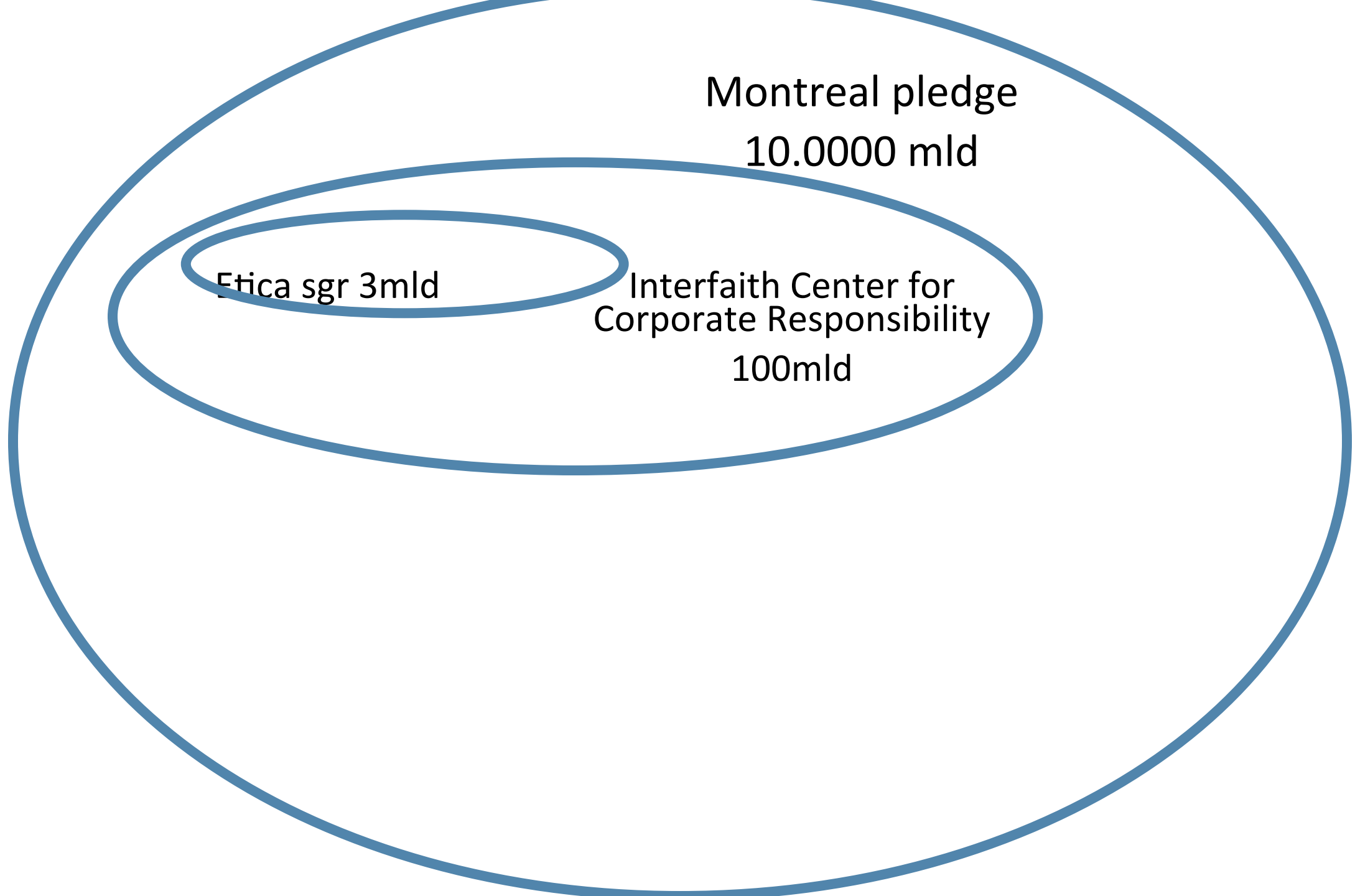
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The Montréal Carbon Pledge allows investors (asset owners and investment managers) to formalize their commitment to the goals of the recently announced Portfolio Decarbonization Coalition, which will mobilise investors to measure, disclose and reduce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



Etica sgr 3mld

Interfaith Center for
Corporate Responsibility
100mld

Montreal pledge
10.0000 mld

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

Third potential gain: minimisation of transaction costs with stakeholders

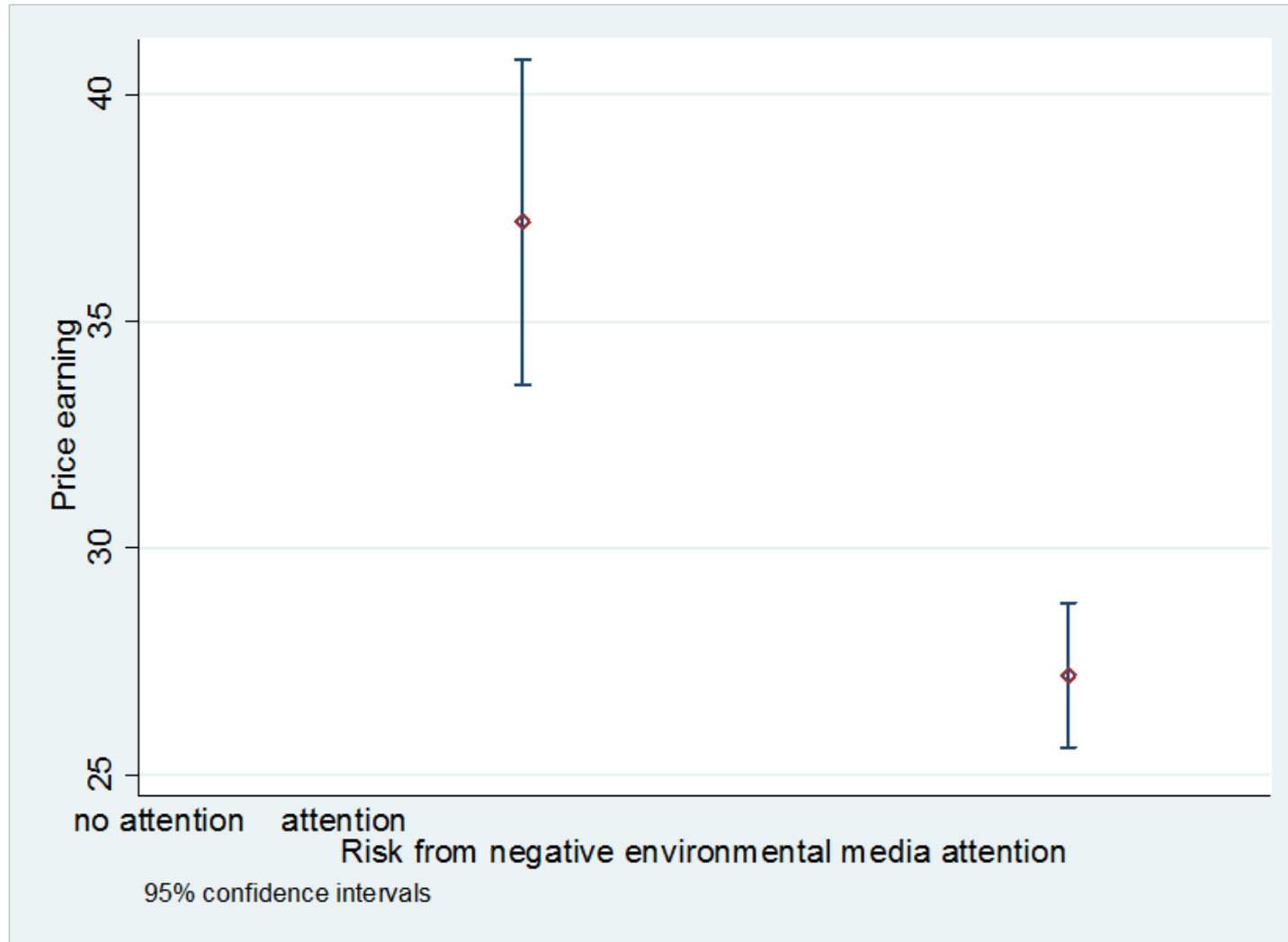
CSR minimises transaction costs with stakeholders (consumers, local communities, suppliers) (Freeman, 1984)

In this sense CSR may reduce «ethical risk» which is becoming an increasingly relevant risk factor taken into account in risk management theory and practice

Every year listed US companies spend millions of dollars to settle conflicts with stakeholders (especially when class actions work)

Goss and Roberts (2011): non CSR firms impose costs on the society. The society understands this and may impose penalties on firms who did it in the past

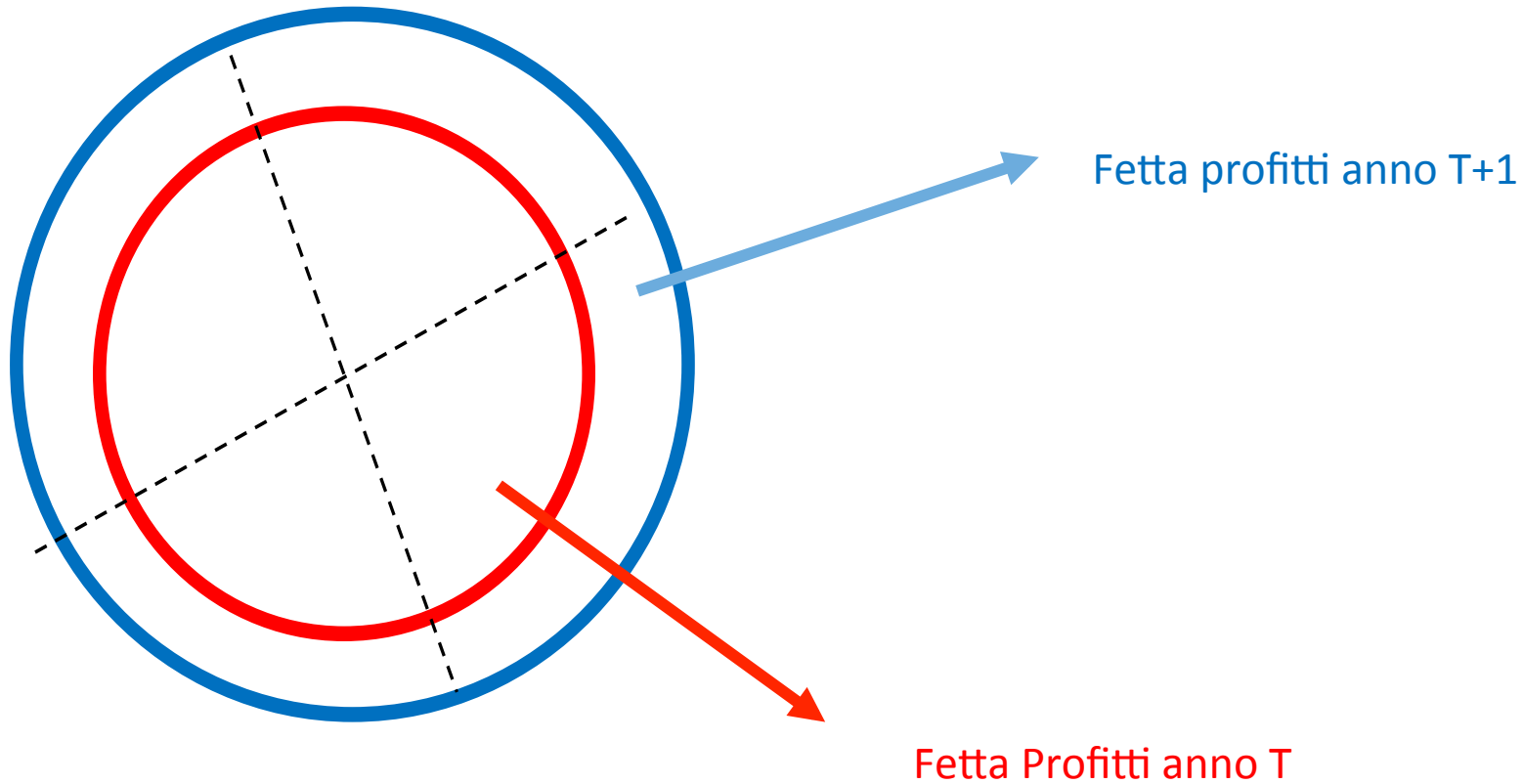
Environmental sustainability and market discipline



Legend: average price-earning ratio for the 2007-2016 period with monthly data for companies with zero environmental RepRisk indicator (on the left) and with top 20% environmental RepRisk indicator (on the right)
26700 observations

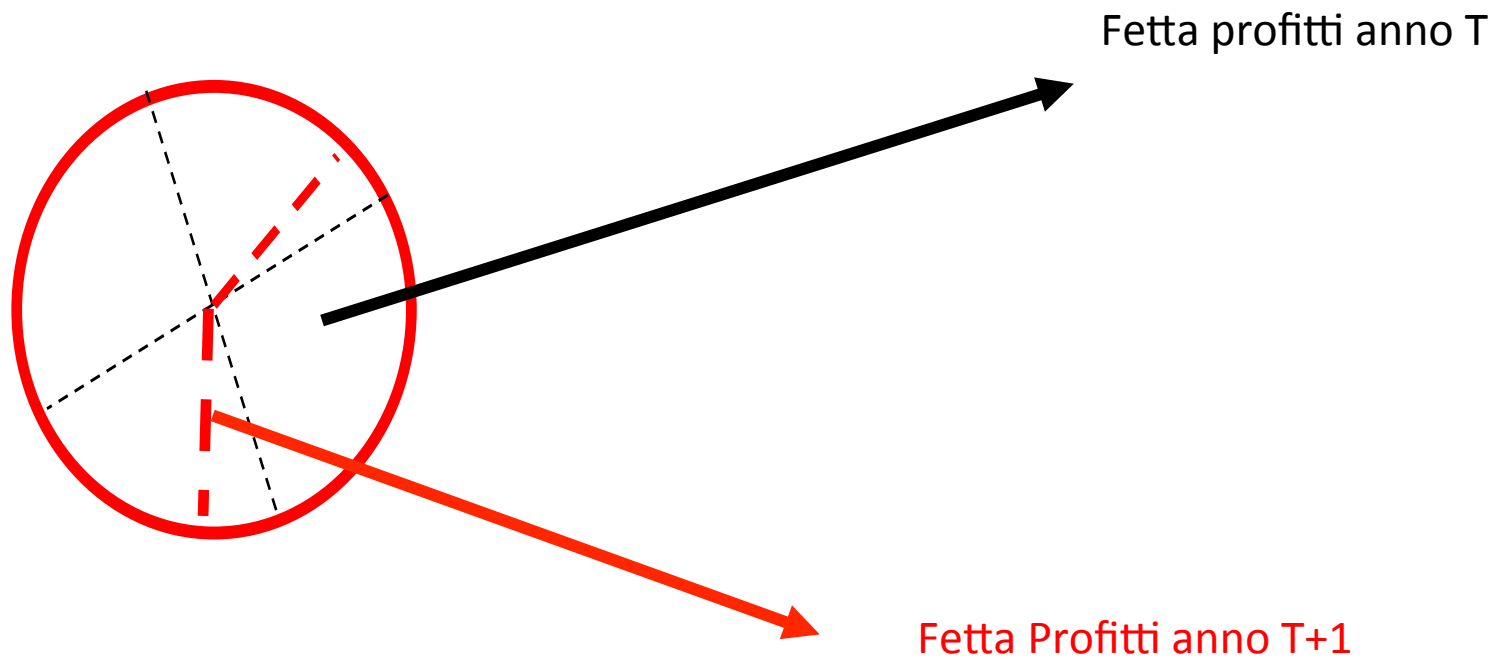
Becchetti, Ciciretti, Hasan, La Licata (2018)

Caso di aumento produttività..la torta cresce



Crescono i profitti ma anche il valore creato per altri stakeholders... Managers intascano il bonus

Caso di produttività stagnante..la torta non cresce



I manager fanno crescere la fetta dei profitti a torta di dimensione invariata estraendo valore dagli altri stakeholders (riducendo le fette degli altri portatori d'interesse)
Managers intascano il bonus



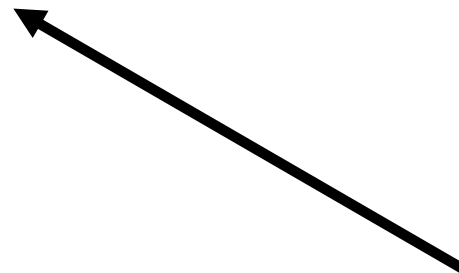
Tasse



Tasse



Vecchio sistema: impresa
fordista e welfare
tradizionale



Impresa manifatturiera



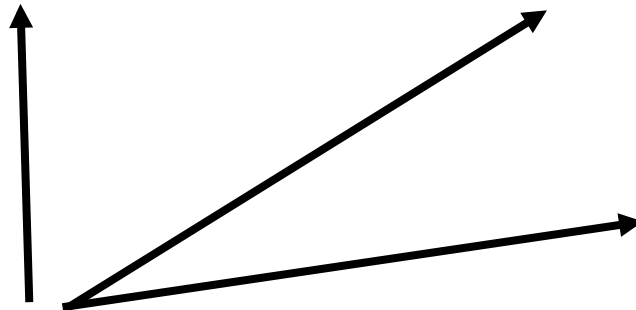
Tasse



Nuovo sistema: cala percentuale addetti manifatturiero Prelievo fiscale dai nuovi giganti essenziale x innescare piena occupazione



Nuovi settori produttivi: servizi, arte cultura, spettacolo, turismo



6 concrete proposals

- Promoting and reinforcing information tools for the vote with the wallet of citizens (Bottom-up self-evaluation participated mechanism of social and environmental rating, e-commerce for the vote with the wallet)
- The «vote with the wallet» of the government: minimal standards of social, environmental and fiscal responsibility in procurement rules
- The vote with the wallet of Central Banks «green and social QE»
- Green/social consumption taxes as alternative to «tariff wars»
- Social, environmental and fiscal standard as KPI in manager bonus
- Rules for contrasting tax dodging/evasion at global level