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Not just for profit: an inquiry on new perspectives of Civic and Communitarian Economy

Supervisor
Ch. Prof. Giancarlo Corò

Graduand
Giulia Goldoni
Matriculation Number 988541

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**INTRODUCTION**

None economic system is definitive, so neither is Capitalism. After the stagflation years of the 1970’s, Neoliberalism, Capitalism’s most recent shape, seemed to reaffirm its predominance as it prompted the economies out of a decade-long stagnation. However, the 2001 and 2008 crisis shook this system at its basis and the issue on the best way to foster economy has surged again to the public attention.

Despite the critiques to the Capitalist system had been consistent since its rise, it seems that the majority of the economists still believe that Capitalism represents the most efficient means to regulate the economic exchanges. However, a lively debate is still underway. In particular, many critiques are directed against Neoliberalism as the newest representation of the Capitalist system. Indeed, in the first chapter of this essay I try to analyse some of the most salient questions of this debate, by attempting to focus on the most relevant advantages and flaws of the contemporary economic system.

Whatever would be the answer to the previous debate, the recent crisis had particularly highlighted the general feeling of dissatisfaction toward the way in which the economy is considered and managed. More in details, in the second chapter of this essay some of the clues of this tendency are reported. Particularly relevant are the re-enforced debate about the commons, the critique to the PIL and the Better Life Index.

In the third chapter, the growing importance of the attention to the society and to the community becomes apparent. In fact, B-Corporations, shared value and many new visions of the economy
have all in common a radical change in perspective. The primary objective of the economic activities parts from the traditional search of the profit only, and the enterprises became themselves first-line actors in the battle against poverty and inequalities.

In the fourth chapter, the Civil Economy and the Economy of Communion are described. These visions represents a significant shift also from the new ideas reported in chapter three. The reason is that at the basis of the two ideas lay the value of gratuitousness and of reciprocity. Significant improvements in people’s welfare and economic conditions can be reached only through the free sharing of the personal capital, would it consists in money or talents. For concluding the chapter, an original interview with the manager of an enterprise which adheres to the Economy of Communion is transcribed as a concrete example of EdC working.
I CHAPTER: The Capitalist Context

Ia: Capitalism and its forms

The majority of the world’s countries is nowadays living under a capitalist economic system. In particular, Capitalism is based on three fundamental pillars: private property rights, private contracts and the rule of law. The basic idea that lays at its basis is that people are free to start and to operate a business to earn profits. Consequently, they have the right to advertise their products and to seek customers that could benefit from them. In fact, there are many people in the society who, for very different reasons, do own a capital and who may desire to make it fruitful. This capital could be represented by properties, by goods or by money. (Kotler, 2015)

Another key element of Capitalism is the importance given to freedom. Generally speaking, Capitalism values freedom especially for the fact that it is the only way to ensure the better development of individual potential. Actually, the matter is far wider, but it will be discussed more in depth in the next paragraph.

However, when an individual decides freely to start a business with its amount of capital, often the company grows bigger with time. Once become of consistent dimension, big companies usually benefit from economies of scale and economies of scope. This means, in the first case, that they can take advantage of a reduction in fixed costs of production thanks to an increase in the number of units produced. In the second case, instead, the company can meet more demand by
differentiating the production with the lowest cost possible. (Kotler, 2015)

In a capitalist system, companies and business make their profits by meeting needs that were not beforehand satisfied. Generally speaking, the success of a business relies on its ability to know its customer, to prevent his changing needs and to continuously generate new value for him. Moreover, the way in which profits are distributed can be very different and this is subjected to deep debate. (Kotler, 2015)

In his analysis, Kotler identifies fourteen main shortcomings of Capitalism in his current form. They are:

1) The fact that purposes little or no solutions to poverty;
2) It generates a growing level of inequality;
3) It fails to pay a living wage to billions of workers;
4) It may not provide enough human jobs in the face of growing automation;
5) Businesses are not charged with the full social costs of their activities;
6) It could exploits the environment and natural resources in the absence of regulation;
7) It creates business cycles and economic instability;
8) It emphasizes individualism at the expenses of community and the commons;
9) It encourages high consumer debt and leads to a growing financially-driven rather than producer-driven economy;
10) It allows the collaboration between politicians and businessmen to subvert the economic interests of the majority of the citizens;

11) It favours short-run profit planning over long-run investment planning;

12) It requires regulations regarding safety, product quality, truth in advertising and anticompetitive behaviour;

13) It tends to focus narrowly on GDP growth;

14) It needs to bring social values and happiness into the market equation.

Only some of these points would be discussed furthermore in this essay. However, Kotler’s analysis is very useful to introduce the general debating context surrounding Capitalism.

Kotler, despite his critics against it, is a supporter of the Capitalist system. He believes, indeed, that it has not resolved all the economic problems of the contemporary times and has caused others. Nonetheless, he claims that no other efficient system has been invented yet. (Kotler, 2015)

He admits, in fact, that the economic condition of the Western states requires an intervention and a change of direction. He sees the West as “Saddled with slow economic growth, high unemployment, huge government deficits, heavy public debt, low savings rates, a declining work ethic, and rampant drugs and crime”. However, he is optimistic about a recovery of Western countries. In particular, he believes in the action of many business and other groups that are working hard to create a new form of Capitalism that would be more efficient in serving consumers,
workers and citizens and that will be able to improve the environment instead of neglecting it. (Kotler, 2015)

With these thoughts, Kotler is already referring to a series of new experimental shapes of Capitalism that have been started recently. For example, Compassionate Capitalism, Inclusive Capitalism, Humane Capitalism, Humanistic Capitalism, Healthy Capitalism, Neo-Capitalism, are all forms that were born with the aim to improve the functioning of Capitalism. They stand in an intermediate position between the two extreme forms of Capitalism, Neoliberalism and the so-called “Welfare view”. (Kotler, 2015)

In particular, Neoliberalism, also called “laissez-faire Capitalism”, is the economic current theorized by economists such as F. Hayek and M. Friedman. Its principal feature is the belief that government interventions and regulation should be minimal. (Kotler, 2015)

On the other extreme there is the “Welfare view”, or “Keynesianism”, expression derived from the name of its most important theorizer. In Keynes idea, in fact, the government should play an active regulatory role, should build a strong and functioning welfare system and must intervene in the economy in times of distress. (Kotler, 2015)

**Ib: Neoliberalism: a contemporary declination of Capitalism**

In order to better understand the current economic situation, I believe it would be very useful to focus on Neoliberalism as the
most recent form of Capitalism that has been actuated. In fact, as it would be more precisely described later on in this chapter, between the 1970’s and the 1980’s, a Neoliberal turn in the Western countries’ economies took place. Since that moment up to the global crisis of 2008, Neoliberalism has been the dominant form of Capitalism. (Simone, 2010)

However, it should be said that Neoliberalism took quiet a long time to acquire the shape we are witnessing to nowadays. Moreover, as an economic theory, it does not have a defined shape, but its main characteristics can acquire different shades in accordance with the context.

Nonetheless, the evolution of classical capitalism took its roots in the aftermath of the Second World War, when it was evident that both it and communism in their raw forms had failed. As a consequence of this, a new international order was established, in particular with the foundation of the United Nations and with the signing of the Bretton Woods agreements, which gave life to the World Bank and to the International Monetary Fund. (Simone, 2010)

In addition, together with this new economic order, the free flow of goods and capital was encouraged. For this reason, a fixed exchange rate system, based on the US dollar fixed conversion to gold, was instituted. Obviously, the trust in the American currency was accompanied by the prospects of its military hegemony.

At first, after the war, some fiscal and monetary policy of a Keynesian style were made effective. They were widely deployed to dampen business cycles and to ensure reasonably full employment. This particular economic system was lately named
‘’embedded liberalism’’, to signal how market processes and entrepreneurial and corporate activities were surrounded by a web of social and political constraints and how was regulated in an environment that sometimes restrained, but in other instances led the way, in economic and industrial strategy. (Harvey, 11) This represents that extreme vision of Capitalism that Kotler names “the welfare view”. (Kotler, 2015)

However it may be called, embedded liberalism brought high rates of economic growth in the Western countries during the 1950’s and 1960’s, but, at the end of the 1960’s, its policies caused a huge crisis that hit the United States. This was caused by high levels of unemployment and inflation and led to the abolition of fixed exchange rates in 1971. In fact, the feeling that every attempt to control the gold floating would have been ineffective spread significantly. Thus, at this moment in history, a choice was to be taken between a form of capitalism close to socialist influences or a neoliberal alternative, which purposes an evolution to its extremes of capitalism. Of course, the choice favoured the second option, principally in the United States and in the United Kingdom.

Among the most prominent ideologists of Neoliberalism in the 1950’s there were two scholars of the University of Chicago, Friedrich von Hayek and Milton Friedman. They were strong supporters of the principles of the free market, thus deeply opposing state intervention theories such as those of J.M. Keynes, which had a consistent part in the New Deal policies. (Simone, 2010) However, even though full socialist alternative was never taken into consideration in the U.S., these neoliberal intellectuals remained at the margins of the political scene until the 1970’s, when both Hayek and Friedman were awarded the Nobel Prize.
In this period, however, the neoliberal ideas struggled to find any application, probably because of their extreme and, in certain cases, antisocial policies that would have been very difficult to be approved in a democratic society. The first government whose actions were the direct application of the principal neoliberal features in a democratic society was that of Margaret Thatcher in the United Kingdom since 1975. She, in particular, believed that Keynesianism has to be abandoned and that supply-side monetary solutions were to be adopted, even though this implied to attack all forms of social solidarity that, in her opinion, hindered competitive flexibility.

In the United States, instead, it was Paul Volker, the chairperson of the US Federal Reserve Bank since 1979 that decided the neoliberal shift in U.S. monetary policy in order to quell inflation. The so-called “Volcker Shock” had harsh consequences on unemployment, but was effective in overcoming the “’stagflation’” crisis that was immobilizing the American economy during the 1970’s. (Harvey, 2005)

However, the Volcker Shock was not the only example of the possible problems that the neoliberal theories can cause to the real economy. Nowadays, in fact, we are living within a society which has already witnessed which can be the consequences of a neoliberal system drag to its extremes. The 2008 crisis, in fact, which has originated in the United States and has quickly spread to all over the world, is the dramatic representation of the neoliberal flaws.

Before examining them, however, it would be interesting to better understand which the fundamental characteristics of the neoliberal idea are. In his most famous essay “Capitalism and Freedom”, Milton Friedman explains and supports his ideas in
favour of the deregulation of the market. As he represents probably the funder of the neoliberal theory, I regard his work the most handful to comprehend the economic theory.

In his opera, M. Friedman quotes the words of former American president J.F. Kennedy: “Ask not what your country can do for you- ask what you can do for your country.” (Friedman, 1982)

I would like to underline the fact that this quotation represents the beginning sentence of Friedman’s book. These words, in fact, refer to a complex topic well debated of throughout the years and not unknown in many countries: the dual perception that some individuals have of themselves within the society.

However, Friedman believes that it must not be the state the central focus of the debate. Instead, it should be the individual, whose objectives should be to reach the highest level of independence possible from the action of the state. In particular, the economist retains that the state should be a non-intrusive structure that only has the duty of regulating human interactions, always guaranteeing to human beings their freedom. It can achieve this objective by enforcing law and justice, by supervising private contracts and by fostering competitive markets. (Friedman, 1982)

Therefore, the role of the state in Friedman’s view is quietly restricted. This is mainly due to the fear he has that, allowing the state to concentrate power with the aim of supporting and helping its citizens, it would end with all the necessary instruments to do them the maximum harm possible that is the deprivation of freedom. In fact the writer says: ’’The power to do good is also the power to do harm’’ (Friedman, 3) It stands clear, then, that
Friedman’s vision of the state and of the role of the individual in the community is pretty far from the two possibilities conceived by President Kennedy.

Particularly, Friedman holds that the best life conditions would be guaranteed to everybody nor by the state, neither by their fellow citizens. They would be safeguarded only if every individual would concentrate on the effort of ensuring himself the best life conditions. More in details, this can be achieved only if the person can enjoy all the benefits derived from an environment characterised by the highest level of freedom possible. However, these conditions cannot be reached if the government interfere too much in the individuals’ life. Its action, in fact, also when directed to social measures, “can never duplicate the variety and diversity of individual action”. (Friedman, 4) Thus means that every attempt made by the state to improve its citizens’ life, would end with a loss not only in personal freedom, but also in innovative and creative solutions, which are possibly done only by the non-standardised personal action. (Friedman, 1982)

Thus, in Friedman’s view, freedom is not only a suitable means to achieve equity in the society, but also it is mainly the most important value that the human beings have to protect and to fight for. (Friedman, 1982)

In fact, the second chapter of Friedman’s book is committed to the demonstration of the direct relation between political freedom and economic freedom. At the time of the first edition of the opera in 1962, and, still, at the time of the second edition in 1982, the world was divided in two spheres of influence: the Western world, characterised by free economy and democracy, and the Communist world, governed by an authoritarian government and under planned economy. Thus, the perception
was of a possible threat to the political and economic freedom to which the Western liberal world was already accustomed.

Starting from these premises, Friedman’s argument appears quiet clear: there is no possible political freedom without economic freedom. In fact, he affirms the impossibility of a ‘’democratic socialism’’. This is because an economy that is not led by the individual citizens but by the state, does impose itself over personal freedom. (Friedman, 1982)

However, Friedman adds that every form of control of the liberal expression of the entrepreneurial spirit of individuals must be eliminated in a neoliberal state. According to him, in fact, also the practice of releasing licenses for certain kinds of job is a unacceptable obstacle to the freedom of the citizen. (Friedman, 1982)

However, he admits that the economic relations between people must be regulated in certain ways, but he distances himself a lot from the former vision of a regulative state. In fact, he claims that the market, as a natural institution, always self-balancing, is the only appropriate way to regulate the economic interactions between people. (Friedman, 1982)

The market, indeed, allow the citizens to cooperate in a voluntary way without coercion. The economic transaction, in fact, relies on the fact that both parties benefit from it, provided that the exchange is bi-laterally voluntary and informed. (Friedman, 13)

Therefore, the exchange is something that brings together coordination among people and the will of doing it freely. The model for a society which is a working one, based on voluntary
(that is freedom) exchange (that is relations), is a ‘’free private enterprise exchange economy’’ (Friedman, 13).

In fact, nowadays, in a modern society characterized by job specialisation and division of labour, the actors of this bi-lateral, voluntary and informed exchange are the private enterprises. These ones, indeed, represents the intermediaries between ‘’individuals in their capacities as suppliers of services and as purchasers of goods’’. (Friedman, 14).

Enterprises are, in fact, private, meaning that the ultimate contracting parties are the individuals. Moreover, they are completely free to decide whether entering or not in the exchange of their attention. This, of course, is the aspect that makes a transaction strictly voluntary. (Friedman, 1982)

However, at present, money has been introduced to facilitate the exchanges. So, even though the main features of the market functioning of voluntary coordination are more evident in a simple economic model, characterised by nor money nor enterprises, also the contemporary complex economic model maintains the same characteristics of the former. Whether the recent preferences for financial exchanges and speculation, can, instead, still be considered as part of the same balanced and voluntarily exchange process is to be demonstrated. (Friedman, 1982)

However, these characteristics that represents the essence of the free market must be protected from a series of dangers. The first one to fight is the physical coercion of one individual by another, with the aim of forcing the first one to enter into an exchange he does not want to. Of course, in this situation the
component of free choice is under attack. The state is expected to enforce law and order to prevent this to happen.

Still, the most serious problems to which incur the free market economy are monopoly and the neighbourhood effect. In fact, the former inhibits effective freedom to the individual denying him the alternatives from which to choose for the exchange; the latter, instead, represents a problem as long as the actions finalized to the market operation generate effects on third parties for which the actor cannot be charged nor recompensed. (Friedman, 1982)

As long as these problems are resolved, the market prevents the interference of one person with another’s activities and the reverse. In fact, the presence of multiple sellers of the same good protect the consumer from coercion, because he can choose among many choices. The same can be said of the seller, who is protected from coercion by the consumers thanks to the presence of others. (Friedman, 1982)

At the end of this explanation, Friedman synthetises in a very effective way many of the critiques that the capitalist model raises. In fact, he writes: “A major source of objection to a free economy is precisely that it does this task so well. It gives people what they want instead of what a particular group thinks they ought to want. Underlying most arguments against the free market is a lack of belief in freedom itself. (Friedman, 1982)

With these words, in my opinion, Friedman points out two weaknesses of the critical thinking of the opponents of the neoliberal economic system. The reference is mainly directed towards the supporters of the planned economy, but not exclusively. In fact, while they are probably the most evident
subject of Friedman’s critique, also the supporters of a welfare state system, in particular of Keynesian origins, are well addressed in his comment. Indeed, both groups believe that they can offer a solution to some people’s problem, responding to desires that they, alone, would not be able to meet. Nevertheless, this idea is problematical, as Friedman claims, because what the institutions imagine the citizens’ needs, is not necessary what they really want for themselves. (Friedman, 1982)

Moreover, he adds, the mentality of both groups leads to a disregard of freedom as the most valuable principle of life. As a matter of fact, when is the government that acts on behalf of its citizens, all what it can bring about is conformity, whereas the market permits wide diversity. Therefore, it stands clear that conformity does not allow freedom. (Friedman, 1982)

In addition, in Friedman’s view, in order to safeguard freedom is necessary to eliminate the concentrations of power, and this, of course, refers mainly to the state power, that it exercises in particular through influence in the economy. The solution that the economist proposes to actuate this, is, naturally, the enforcement of the market. In fact, it can eliminate the sources of coercive power by removing the organization of economic activity from the direct control of the government. (Friedman, 1982)

Resuming is analysis of the structure of the socialist state, Friedman stresses the fact that, when economic power is separated from political power, as it is in the free market state, the former can act independently from the latter and, more importantly, can operate as a counter and check of the political power. (Friedman, 1982)
Further on in his analysis, the writer makes a striking example of the differences in freedom between the free market state and the socialist one. Friedman affirms, indeed, that a peculiar characteristic of a free society in which dominates a free economy system is that its components are always able to advocate and propagandize openly for the opposite economic model, thus socialism. Instead, how it is the same possible in a socialist state? In fact, how it could be possible that the freedom to propagandize capitalism would be preserved in a socialist society? (Friedman, 1982)

In reality, the primary necessity that has to be satisfied in order to allow a person to advocate anything is the ability to earn a living. However, this is already problematic in a socialist society, where all jobs are under the direct control of the political power, and would seem at least improbable that the state would support an ideological dissident. Furthermore, it is likely that the person would need some funds to develop his campaign, and it appears even more rare the eventuality of the state providing them. (Friedman, 1982)

In a capitalist society, instead, everything would be much easier. In fact, there would no need to persuade anyone of the rightness and worth of the idea propagandized. Instead, it would be enough to persuade the financiers that the idea would be financially successful. (Friedman, 1982)

In concluding his analysis, Friedman claims that the liberal society represents the best system to protect the interests of the minorities, such as the Jews and the foreign-born. In fact, in a non-pluralistic society such is one under Communism, the minority groups can become, at certain times, the object of the distrust and enmity of the majority. (Friedman, 1982)
It appears more and more clear that, for Friedman, liberalism is not merely an economic system, but is a whole-comprehensive model that can regulate in a non-invasive way the lives of the citizens.

Considering here in a more attentive way the role of the government, the economist writes that another feature that he cannot accept of the totalitarian societies (in particular here he refers to the totalitarian communist powers) is the idea that repression of freedom of thought and of expression and the use of violence are all justified when used in order to achieve a specific objective, considered to be of higher value and importance. (Friedman, 1982)

In fact, he supports the idea that the means are not disunited from the goals, and that only through free discussion and voluntary cooperation a valuable objective is reached. Without this supportive basis, everything would be easily undermined, because, if the highest value to which men aspire is freedom, this cannot be reached by its denial, even if for a short period of time. (Friedman, 1982)

This can easily explain why the market is seen in such a positive way by Friedman: in fact, it allows unanimity without nor conformity, nor coercion. Indeed, the economist consider it to be a ‘’system of effectively proportional representation’’ (Friedman, 1982).

However, although the free market represent such a fundamental means for regulation in the liberal state, Friedman does not believe that it can totally substitute the role of the government. According to him, indeed, a governmental authority is strictly necessary for guaranteeing the highest level of freedom.
possible. However, complete freedom is not possible and a limit to the liberal action of the individual must be traced. Of course, this is the first duty of the state: to maintain the respect of law and order, as to preserve the liberty of every person from the excess of freedom of others or from every forms of coercion and violence. (Friedman, 1982)

The second one, the enforcement of contracts in which the individual is voluntarily entered into, is a duty of the state that is necessary for the stability of the free exchanges system. (Friedman, 1982)

Anyway, the same can be said of the third and the fourth duties, thus the clear definition and the defence of property rights, without which no exchange is possible, and the provision of a monetary framework and functioning system. (Friedman, 1982)

The responsibility of the state for the creation, development and support of a functional monetary system represents one of the areas of governmental intervention that has been recognized and accepted by most people. In fact, to support the exchange or, at least, to make it feasible, there must exist only one currency within the same state, and its value must be constant in every region of the nation. This means, of course, that the responsibility for the monetary system should be centralized in the hands of the government. (Friedman, 1982)

Moreover, however, Friedman retains that the action of the government in the regulation of the market can extend a little more. Indeed, he claims that is a state duty to determine, to arbitrate and to enforce the ‘’rules of the games’’, that are, clearly, the mechanism that govern the functioning of the market. (Friedman, 1982)
In particular, the stat must concentrate its efforts in the attempt of improving the mode of operation of the market when it is not able to do it for itself. More in details, Friedman believes that the intervention of the state in the economy is necessary when the market incurs in its flaws, namely monopoly and the neighbourhood effect. (Friedman, 1982)

More in details, monopoly is a condition in which there is absence of practical alternatives from which the individual can choose in the exchange. For these reasons, the effective freedom of people is undermined. In particular, the market incurs in the problem of monopoly for two basic reasons: the first happens when individuals agree on illegally divide the market by eliminating competition among them or on similar measures that delete the advantages of the free market economy. The second cause that arises the problem of monopoly is an excessive intervention of the state in the economy, particularly furnishing direct economic support to certain individuals or enterprises. (Friedman, 1982)

Therefore, the steps that the government must take in order to contrast these flaws of the market are of a very different nature one from the other. In details, in fact, to fight the collusive agreements between individuals, it should enforce and maintain its anti-trust regulation. In the other case, when monopoly is due to subsidizes from the government itself, the state should instead retain from doing it and take a more passive attitude toward the economy, giving back to the market the ability to balance itself. (Friedman, 1982)

Returning on the topic of the second problem in which the free economy may incur, namely the so-called “neighbourhood effect”, Friedman explains that this comprises cases in which is
not possible to avoid the exchange or to charge it. Thus, neighbourhood effect is particularly difficult to fight because its effects are not very clear and they are hard to individuate. For government itself, this market flaw represents an harsh enemy, because can be extremely costly and not always effective to try to regulate its consequences. (Friedman, 1982)

In conclusion, a part from the actions of maintenance of law and order, of property rights, and of regulating the market, accordingly to Friedman’s view, the role of the government would be substantially reduced. In particular, every attempt to modify the natural balance of the market, such as all the social measures of Keynesian origins, would be abolished, as they would result to be more dangerous and harming to the total welfare that what they would be able to really achieve in terms of benefits to the citizens. (Friedman, 1982)

Therefore, it is clear that for M. Friedman Neoliberalism represents the only feasible mean to achieve true liberty and true welfare for every citizen. The idea that without economic freedom it is not possible to reach political freedom is already part of our current mind-set. Furthermore, the supporters of neoliberalism claim that the deregulation of the markets, with the freedom of enterprise, are not only the best way to guarantee the economic growth of a country, but also the most effective mean to redistribute wealth and avoid big inequalities. On this topic, however, a lot has to be said.

Indeed, despite the fact that M. Friedman and all the neoliberal ideologists strongly support the thesis that complete deregulation of the economy is the best solution to smooth social inequalities, many economists, such as Joseph E. Stiglitz and William Lazonick criticize this vision.
For example, in the article “Profits without prosperity”, William Lazonick demonstrates that, since the 1970s, thus the years during which the neoliberal theories started to be applied in the United States, many corporations have decided to shift the majority of their profits from productive investments to stock buybacks in order to increase the financial rewards to the top management and to shareholders. (Lazonick W., 2014)

As it is easy to understand, the financial policy that favours the revenues to the detriment of investments in productivity or of incentives to the employees is not sustainable, and it is affecting the general health of the American economy. (Lazonick W., 2014)

More in details, Lazonick explains that, considering the 449 companies in the S&P 500 index that were publicly listed from 2003 through 2011, the corporations used 54% of their earnings to buy back their own stock, almost all done through purchases on the open market. Dividends absorbed an additional 37% of their earnings. Of course, these allocation choices left very little to the investments. The problems that this kind of policy produce to the real economy are, mainly, the diminishing rate of good employment opportunities and the worsening conditions of those already existing. (Lazonick W., 2014)

This choice, made by the 0, 1% of income recipients, is due to the fact that the majority of the pay for CEOs and shareholders is made up of stock-based instruments. In fact, short-term buybacks are an efficient way to drive up stock prices and, consequently, to increase the earnings. (Lazonick W., 2014)

In these recent trends, Lazonick detects an important change in the relationship between value creation and value extraction.
In fact, he explains that “from the end of World War II until the late 1970s, a *retain-and-reinvest* approach to resource allocation prevailed at major U.S. corporations. They retained earnings and reinvested them in increasing their capabilities, first and foremost in the employees who helped make firms more competitive. They provided workers with higher incomes and greater job security, thus contributing to equitable, stable economic growth—what I call *sustainable prosperity.*” (Lazonick W. , 2014)

However, the economist underlines the fact that this pattern began to break down in the late 1970s, substituted by the practice of reducing costs and then distributing exceeding income to financial interests, particularly shareholders. It stands clear, then, that the preference for value extraction policies over value creation ones has directly contributed to employment instability and income inequality. (Lazonick W. , 2014)

Therefore, the graph below that demonstrates that an increase in productivity since the 1970s did not have anymore any correspondence to a growth in wages can be read without surprise:
More in details, Lazonick emphasizes the fact that U.S. employment relations have significantly changed in the last thirty years, with the closing of many plants that eliminated millions of classical unionized blue-collar jobs. For the employees, there is not anymore the perspective of spending all their careers in the same company, and, because of the shift towards offshoring, all the members of the U.S. labor force—even those with advanced education and substantial work experience—are left vulnerable to displacement. (Lazonick W. , 2014)

Two of the main consequences of all these practices is the dampening of the spending power of American workers and the dispersion of key competitive capabilities of U.S. companies. (Lazonick W. , 2014)

Since the 1980s, moreover, stock incentives were increased to maximize shareholder value and meet Wall Street’s expectations. Furthermore, given this structure of incentives, top executives turned to massive stock repurchases in order to manage stock prices. “The result: Trillions of dollars that could have been spent on innovation and job creation in the U.S. economy over the past three decades have instead been used to buy back shares for what is effectively stock-price manipulation.” (Lazonick W. , 2014)

Even though it is true that not every buyback is necessary “bad”, this general tendency to manipulate stock prices has evidently damaged the American real economy, as Lazonick demonstrates in his essay.

More importantly, and this is the focal issue, this has been possible because of an insufficient regulation of financial
operations. Lazonick, in fact, claims “companies have been allowed to repurchase their shares on the open market with virtually no regulatory limits since 1982, when the SEC instituted Rule 10b-18 of the Securities Exchange Act. Under the rule, a corporation’s board of directors can authorize senior executives to repurchase up to a certain dollar amount of stock over a specified or open-ended period of time, and the company must publicly announce the buyback program. After that, management can buy a large number of the company’s shares on any given business day without fear that the SEC will charge it with stock-price manipulation—provided, among other things, that the amount does not exceed a “safe harbor” of 25% of the previous four weeks’ average daily trading volume. The SEC requires companies to report total quarterly repurchases but not daily ones, meaning that it cannot determine whether a company has breached the 25% limit without a special investigation.” (Lazonick W. , 2014)

However, despite the claims made by many corporations that this kind of financial practice does not imply a reduction in investments, mainly because of the fact that all the profitable ones have been already done, Lazonick’s analysis of the increasing income discrepancies between the majority of the workers and the 0.1% of American population which benefits from stock revenues is generally confirmed by many other economists, in particular by Joseph Stiglitz and Thomas Piketty.

The main point about the investigation of the works of Lazonick and Stiglitz that is done in this chapter is that these authors offer a clear and uniform criticism of Neoliberalism consequences. In particular, the thesis of this section of my essay is that neoliberal theories, once applied, have brought not only
aggregate national growth, as the neoliberal supporters claim, but have also increased the divide between the rich and the poor, this being the most invasive problem caused by Neoliberalism.

It is possible, therefore, to read Stiglitz work “The Great Divide” through these lenses. In his book, the economist describes the unequal conditions of the U.S. economy, in particular after the 2008 crisis, and tries to purpose the best solutions to achieve both growth and justice.

In particular, he claims that the widespread ideals regarding the market perfection and self-regulation, coupled with the retreat of political action from the realm of economy and the increasing importance of the financial sector are the causes to blame for the 2008 economic collapse. (Stiglitz J. E., 2016)

At this point, it is necessary to reflect on some questions: Can really, Friedman’s theories hold in a society that rely so much on the financial sector to the detriment of the real market? It is truly the neoliberal turn that has caused the worsening of the divide between rich and poor or it is the reverse, meaning that the idea of deregulation of the market it is not applicable anymore in a society such as this one?

In his work, Stiglitz criticizes strongly the tendency towards deregulation undertaken at first by the Regan administration and continued during the Clinton rule. In particular, he claims that the illusionary vision of a self-regulating economy has indeed led to the acquisition of huge power by the financial sector. (Stiglitz J. E., 2016)

Furthermore, he directly blames the banks for the bubble and its explosion that caused the 2008 crisis. He affirms, in fact, that the inaccurate risk management done by the credit
institutions and the bad capital allocation tended toward the awarding of benefits to the top managers were the roots for the financial collapse and for the subsequent economic regression. (Stiglitz J. E., 2016)

Nevertheless, Stiglitz’s critique to the financial system do not end with these charges. In fact, he accuses the banks and the rating agencies of fraudulent activities that have undermined the functioning of the system and that, more importantly, have taken advantage of people ignorance towards the credit system functioning. (Stiglitz J. E., 2016)

Moreover, Stiglitz clearly supports the theory according to which there is a strict bond between the increasing role of finance in the economy and the growing inequality. However, he also claims that it is impossible to have a well-functioning economy without a well-functioning financial system. Therefore, to make this happen, Stiglitz underline the importance of a strong regulative framework that can prevent the banks to damage the rest of the society in cases of collapse, and, furthermore, to assure that they would work the necessary way accordingly to their duties. (Stiglitz J. E., 2016)

In fact, as Stiglitz underlines in many parts of his book, the credit system is vital for a productive system, mainly for those small companies that relies on credit to invest in productivity and to continue with their activities. In relation to this topic, the economist makes a statement that is useful to understand his main point: There are two ways to become rich: by increasing the overall level of the economy or by increasing only the personal share of the general wealth, to the detriment of others. Stiglitz accuses the financial sector of functioning exactly in the second way. (Stiglitz J. E., 2016)
In particular, the economist explains that, in the years before the 2008 crisis, the financial sector represented the 8% of the GDP and the 40% of the corporate gain. The credit boom of these years did not contribute to the financing of new real productive investments, but increased the level of the real estate prices, favouring speculation. (Stiglitz J. E., 2016)

However, when this system collapsed and the main banks where on the verge of default, the U.S. government decided to save them instead that the average citizen that was deprived of his employment and was seized of his house. In fact, the banks were regarded as “too big to fail”. A lot should be said on this topic, in particular that this financial rescue represents a huge state intervention, thus being an incredible alteration of the neoliberal ideas (according to which the market is perfect when is left free and unconditioned) and an astonishing contradiction of the financial institutions claims for deregulation. Therefore, in the end, the banks were left free to act without calibrating the risk of their actions, knowing that they would never lose. (Stiglitz J. E., 2016)

The choice of the rescue of the banks, however, has not resolved the problems that the American economy is still facing. Despite the declaration made by President Obama on 20th January 2015 about the overcoming of the crisis, the average wealth has drop to the levels of 1992. Again, the recovery has been led by the 0, 1% for the 0, 1%. (Stiglitz J. E., 2016)

It seems that Stiglitz’s opinion concerning the failure of the Neoliberal culture, in particular the fact that it considers the pursuing of personal interest as the best way to ensure better living conditions for the whole national community, could be understood. However, the biggest problem of alternative
capitalist solutions, such as Keynesianism, result to be the “imposition of solidarity”. In fact, it is not possible to force people to abandon their benefits in order to favour other citizens. Still, this topic will be treated more in details in the next chapters.

In conclusion, as far as I am concerned, I regard as important to underline some other aspects of neoliberalism culture to conclude this analysis.

Concerning the topic of education, for example, Friedman believes that the nationalization of schools in not effective from any standpoint. More in details, he acknowledges that the intervention of government in the education system can be justified in the light of the neighbourhood effect, thus the fact that widespread education can generate benefits to the whole society. In fact, “a stable and democratic society is impossible without a minimum degree of literacy and knowledge on the part of most citizens and without widespread acceptance of some common set of values.” (Friedman, 1982)

The nationalization is considered to be ineffective, moreover, because it tends to provide conformity and do not allow competition, which is, according to Friedman, the only way to promote quality and efficiency, in particular among teachers and institutes. (Friedman, 1982)

Among the detractors of Friedman’s theory, Henry A. Giroux is one of the most convinced that an education system primarily based on private schools would only favour the neoliberal system itself and its main beneficiaries, such as the private owners and enterprises. According to him, in fact, the neoliberal model is only “a form of economic Darwinism” that only favour who is already wealthy and powerful, leaving aside
Moreover, and, maybe, more importantly, in Giroux’s view too, Neoliberalism promotes as is core values a sort of unbridled individualism and disdain for social responsibility in relation both to the community and to the public good, and it is exactly for this reason that Giroux believes that the privatization of the education system brings about, as a consequence, not only the fostering of this individualistic values, but, moreover, it inhibits oppositions.

In fact, according to this author, people are not used anymore to think in a social perspective and critical thinking has been abolished from their learning programmes, substituted by a purely mnemonic education or job-related study. In Giroux’s opinion, this represents the biggest tragedy of the privatized education system. In fact, schools and universities should be the first place where protest and disagreement with the current ideological model should be expressed and, therefore, the intellectuals and the students should be in the front line to lead a sort of cultural democratic revolution. This, at present, it is not happening, but it could represents the challenge of the future. (Giroux, 2014)

It is interesting to note, in addition, that the possession or the lack of information that others do not have is a fundamental element for the functioning of the free market and of the neoliberal system. According to Ludwig von Mises, in fact, “the entrepreneur is the man who acts to improve his lot by using the price differentials between factors of production and products. The spirit he develops is that of speculation, blending risk and anticipation.” In particular, the differentials between the cost of production and the cost of the product are possible because the
entrepreneur knows something about the production process or the product that the buyer does not know and he takes advantage of this to increase his profits. (P.Dardot, 2014) Therefore, in a neoliberal society, by part of some people there would be the interest to keep this information gap alive and active. For example, the average citizen’s ignorance of the safety of financial investments has been exploited by the collusion between some banks and some rating agency.

Continuing with the opponents to the neoliberal theories, it is impossible not to cite Naomi Klein, who is the inventor of the definition “disaster capitalism”. In her book “The shock doctrine”, in fact, she claims that much of the practical actions undertaken by the governments to establish and enforce a neoliberal system were done by taking advantage of catastrophic events or by treating disasters as “exiting market opportunities” (Klein, 2007)

She starts her analysis by quoting Friedman, who was reported to say: “Only a crisis -actual or perceived- produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable”. (Klein, 2007)

Klein explicates the sense of this affirmation in this way: the University of Chicago professor was convinced that the new vision of Neoliberalism was to be imposed to the crisis-racked society immediately after the disaster had occurred. This was necessary, in his opinion, because, in normal conditions, the “tyranny of the status quo” would have not allowed for any changes in the economic and social structure. As it easy to
understand, Klein views in a very negative way this conception, as she detects the huge danger that some crisis would be directly caused and exploited for economic goals. (Klein, 2007)

However, the main reason that pushed the Neoliberalism supporters to adopt this harsh method of action was the fact that the three pillars of neoliberal policy tend to be extremely unpopular among citizens. Therefore, it would be very difficult to allow them to be applied in a situation of perfect political and social stability. In fact, measures such as privatization, state deregulation and deep cuts to social spending implies, at least at first instance, worsened conditions for the citizens. (Klein, 2007)

For example, Klein reports from New Orleans after the passage of Hurricane Katrina and refers that, thanks to a Friedman’s idea, the destruction brought about by the floodwaters was turned into an opportunity to substitute board schools, paid for by the government, with private charter schools. (Klein, 2007)

More in details, Friedman proposes not to rebuild directly the ruined schools, but to provide every family with vouchers to be spent at a private institution. These, of course, were for profit institutes that would, however, be subsidized by the state. This idea was actually put into practice and, at the time of Klein’s writing, boarding school are diminished to the number of four from the starting figure of 123, and charter schools passed from seven to 31. (Klein, 2007)

Another event described by N. Klein as an example of “shock doctrine” put into practice is the case of Chile. In general, as it has been already said, the Chicago school fought against every form of corrupted liberalism, such as Keynesian liberalism and, moreover, Developmentalism. Against this new vision,
which spread mainly in the poor countries, the neoliberals engaged in a true ideological war. According to Developmentalists, in fact, the third world countries could escape the cycle of poverty by passing from an economy based mainly on exports of natural resources to the Western states, to a system founded on an industrialization strategy orchestrated by the central government, which would often decide to centralize all the key industries in order to share in a more equal way the earnings coming from their selling. (Klein, 2007)

As Developmentalism was mainly spread in South America’s countries between 1956 and 1970, the United States decided to fund some scholarships for hundreds of Chilean boys in order to incentive them to study economy at Chicago university, with the aim of influencing them with the neoliberal ideas, hoping that they would support a liberal economic system in their homeland once back. (Klein, 2007)

However, this strategy did not seem to be successful because, in 1970, the socialist Salvador Allende was elected in Chile. He immediately promoted many privatization measures that, anyway, guaranteed an indemnity to foreign enterprises. In the US, where the headquarters of many corporations operating in Chile were based, a counter-action was immediately perceived as strictly necessary, and proposals were made by many US companies to boycott Chile and stop the loans to the country. (Klein, 2007)

Anyway, it is only with the state coup by Pinochet on 11 September 1973 that the true intentions of US administration and corporations became clear. Allende, who did not have any military defence, was overthrown in few hours. The insurgent military forces, instead, had been furnished with American armies
and supported by a general climate of dissatisfaction and revolt, raised in precedence by the CIA and other US bodies. Moreover, the Chicago boys were active collaborators in the military coup, and became the strategists of the newly established neoliberal state of Chile, the first experiment of this kind. (Klein, 2007)

In concluding the political critiques against Neoliberalism, I believe it is important to cite the case of the Iraq war of 2003. When the idea of a preventive war to counter terrorism revealed to be an insufficient justification to start the conflict, President Bush declared that the aim of the war was to restore personal freedom to Iraqi people, thus establishing his activities on the basis of Neoliberal vision. (Harvey, 2005)

After the end of the fighting, Paul Bremer, head of the Coalition Provisional Authority, intervened immediately in the Iraqi economy. He, in fact, promulgated various orders that were intended to establish a neoliberal-style economic system in Iraq. Indeed, he ordered the full privatization of public enterprises, the founding of full ownership rights, the full repatriation of foreign profits, the opening of Iraqi banks to foreign control, the national treatment for foreign companies and the elimination of all trade barriers. (Harvey, 2005)

Moreover, all these measures were also in violation of the Geneva and The Hague conventions, since an occupying power is mandated to guard the asset of the occupied country, not to alter it completely. (Harvey, 2005)

In conclusion, the case of Iraq can be viewed as another example of shock doctrine, in which the forceful application of “free market fundamentalism” (Harvey, 2005) represents an imposition that strongly contrasts with the idea of freedom.
The phenomenon of Globalization, that constitutes a determining factor of current time’s economy, was directly favoured by the Neoliberal turn in the 1970’s and 1980’s. (Simone, 2010)

Before that period, however, between the 1930’s and 1970’s, in the majority of the Western countries were applied policies of a Keynesian type. They were generally characterized by state interventions in the economy, directed to the aim of supporting the demand for goods and services. (Simone, 2010)

At the beginning of the 1970’s, a dual crisis hit the Western block. The end of the gold exchange standard due to the fall of the Bretton Wood system caused the beginning of a new floating exchange era. Furthermore, the two oil shocks provoked a steep increase in productive costs, leading to inflation. In these years, Neoliberalist policies that favour a supply side approach were preferred. (Simone, 2010)

The period that comprehend the 1970’s and the 1980’s was described as “stagflation years”. This word is the result of the collage of “stagnation” with “inflation”, and it results perfect for describing the situation of high prices that was accompanied, for the first time in history, by slow economic growth. (Simone, 2010)

It is exactly in this period that some Neoliberal policies were actuated for the first time. In particular, the main claim of Neoliberal supporters was in favour of the creation of a more free goods and financial market. The implementation of policies
allowing it favoured the globalisation of the economy. (Simone, 2010)

With the term “Globalisation”, is intended a global market of the productive factors, services and capitals. Of course, this was made possible by the quick development of the technological and transportation sectors that experienced a rapid growth in those years. However, globalisation is not only an economic phenomenon, but spread also to many other sectors. (Simone, 2010)

In the most recent years, the multinational enterprises that grew bigger during the first years of the globalization process have turned to “transnational companies.” This means that the departments which operates abroad, dethached from the home base, have gained more independence than before from the headquarters. (Simone, 2010)

Globalisation has many consequences, in particular the intensification of exchanges and international investments that caused an increased interdependence between countries. (Simone, 2010)

However, this process has raised many critics. Nonetheless, many are its proponents, who believe that it is not possible to reverse the phenomenon now and that globalisation can help to mitigate the differential between developed and developing countries. (Simone, 2010)

Its opponents, instead, claim that the globalisation process would lead to a new form of exploitation of the poorer countries and that no real contribution would be given to the alleviation of global poverty. (Simone, 2010)
After 2008 crisis, a renewed intervention of the state in the economy was necessary in order to save banks and to provide incentives to the productive sector, which was slowed down by the more difficult access to credit due to the banks’ losses. This means that there was a concrete problem of re-starting the real economy and that Neoliberalism in this form had failed too. (Simone, 2010)
II CHAPTER: NEW TENDENCIES: NOT ONLY PRODUCTION.

IIa: From Global to Metanational

In the last decades, according to the economists Doz, Santos and Williamson, the world economy has changed. In particular, in their book “From global to Metanational”, they analyse the new prospects for the global production process and the global market. (Doz, 2001)

More in details, they claim that the old techniques by which a market must be “penetrated” by a company with an efficient chain of production, sales and services that assures it the creation of economic value it is not enough anymore. (Doz, 2001)

The economists, indeed, purpose that the creation of value does not lay only along the processes of production and distribution, but it should be derived from a research and a mobilization of “untapped pockets of technology and market intelligence that are scattered across the globe”. (Doz, 2001)

They affirm that: “Today the challenge is to innovate by learning from the world”. This can be interpreted as a reference to the fact that a system based on the exporting of finished goods and product, all developed and designed in a single country, it is not sustainable anymore. (Doz, 2001)

In fact, in response to the “demands of the new knowledge economy”, as they defined it, Doz, Santos and Williamson suggest that the creation of new products, services, processes and business models should be done by mobilizing knowledge that is dispersed throughout the world. The new idea consists in the fact
that value is created departing from knowledge itself, that not lays only in the so-called developed countries, nor only in the traditional clusters, as it could be Silicon Valley for information technology or France for perfumes. (Doz, 2001)

Therefore, it stands clear that the economists believe that all the knowledge necessary to create value for a company is scattered around the world, and it is the main duty of a corporation to identify and to exploit it. (Doz, 2001)

Therefore, the traditional multinational system, in which the research and development process was effectuated in the homeland and the new product or service were exported to foreign markets, starting from the one which possesses the most similar demand characteristics to the home market, then slowly extending to others, is not efficient anymore. (Doz, 2001)

Nowadays, as the economists claim, it is the creation of Metanational advantage what makes a company to succeed globally: the competitive advantage is not drawn from the home country, nor from the national subsidiaries. The advantage is created looking at the whole world and by focusing on “pockets of potential specialist knowledge” that wait to be exploited. (Doz, 2001)

The opening of a new market, then, is not anymore a matter of exporting something done elsewhere that had been adapted to the general taste of the receiving place, but it is a matter of exploit the knowledge already present in the network of subsidiaries. (Doz, 2001)

The discourse made by Doz, Santos and Williamson is, obviously, far more specific, technical and precise. However, for reasons related to this specific writing context, it is not possible to
treat all their arguments in depth. Nonetheless, from the preceding notes it is possible to perceive the change in mentality that is spreading nowadays. As far as I am concerned, I believe that the new approach, which seems to put on an equitable plan all the countries for the possible presence of new pockets of knowledge, reverses completely the old multinational approach, more based on a vision of exportation of fixed goods, services and marketing techniques.

**IIb: The Tragedy of the commons**

*The debate importance*

The issue of the commons, “beni comuni” in Italian, has raised significantly in the last 25 years, even though it is not new at all. (Zamagni, Beni comuni ed Economia Civile, 2015). The matter, precisely, concerns the way in which the common resources should be managed in order to prevent their depletion and to allow their use and access to everybody.

For example, the referendum that held in Italy in 2011, comprehended two questions about the possibility for the public sector to manage, distribute and price the common natural resources of the local unities.

More in general, L. Ostrom, in her 1990 book: “Governing the commons” uses the sentence “the tragedy of the commons” to describe the urgent need to efficiently regulate the use of the natural resources in order to prevent their destruction and impoverishment. (Ostrom, 1990)
In particular, Ostrom claims that it would not be the state neither the market alone to succeed in allowing a sustainable use of natural resources for productive aims. On the contrary, it should be the communities themselves to find some suitable solutions for every different social and economic system. (Ostrom, 1990)

However, the debate is still not resolved, with critics that retain privatisation as the most efficient mean to solve this problem and others that support the public management.

What the commons are

Some general examples of commons are the air, the water, the climate, the fertility of the earth, the seeds, the biodiversity, the knowledge, the culture. (Zamagni, Beni comuni ed Economia Civile, 2015)

In particular, it is defined as “common” a good that it is rival in consumption but non-excludable. Moreover, the advantage that everyone takes by using it is not distinguishable from that of anyone else. The benefit that derives from the commons does not express neither against the benefit of others (such as it happens with private goods) nor independently from them; it, instead, expresses together with the advantages lived by other citizens. (Zamagni, Beni comuni ed Economia Civile, 2015)

The tragedy of the commons

The so-called “Tragedy of the commons” is an issue represented by the problem of reproduction and conservation of the resources themselves. The commons, in fact, have always
existed, but it is only recently that people noticed what constitutes their problem: the fact that they have limits if not well managed. And it is not possible to maintain an ordinary democratic society without them. (Zamagni, Beni comuni ed Economia Civile, 2015)

The biologist G. Hardin, in particular, created this expression, in 1968. However, he did not mean to emphasize the negative aspect of the matter. In fact, the term “tragedy” is used by G. Hardin with the meaning of “dilemma”, thus referring to the problems that the management of the commons brought. (Zamagni, Beni comuni ed Economia Civile, 2015)

Moreover, Hardin explains that not every common good brings to tragedy: this only happens when only rivalry in consumption, together with non-excludability, it is considered. According to Fisherman, (2012) the issue of the commons is a “comedy”, because the open access to them always generates positive externalities. (Zamagni, Beni comuni ed Economia Civile, 2015)

Some purposes

There are many purposes to face the problems of the commons. In particular, in the book “Beni comuni e cooperazione”, Sacconi suggests a kind of cooperative company whose aim is to guarantee the regeneration and distribution of the commons, in an economic and rational way. The management criteria should be equity, social welfare and efficiency. Moreover, in order to satisfy these criteria and goals, many incentives should be given to those people who manage the productive and distribution process as to guarantee their effective meeting. (Sacconi O., 2015)

This purpose is different from the privatization because it consists of a consumers’ cooperative, which implies the self-
government of the citizens-users. This idea allows a mutual system in which all the members share their goods and services that are then produced and sold by the cooperative itself. The shareholders of the consumers’ cooperative are then the users themselves, who directly benefit from the goods and services produced. (Sacconi O., 2015)

Thus, the system suggested by Sacconi is a democratic, multi-stakeholder governance method. (Sacconi O., 2015)

The social focus

Moreover, in their book, Sacconi and Ottone treat the non-excludability characteristic of the commons as fundamental. They consider it to be a moral matter. In fact, they speak of the “social choice of considering all the people within a specific geographic area as non-excludable from the access to the natural resources”. (Sacconi O., 2015)

Furthermore, even if technology permits to make the commons excludable, this does not mean that it is necessary to do it. (Sacconi O., 2015)
IIc: Measuring the economy: the critics towards the GDP

What is GDP?

The Gross Domestic Product (GDP) is probably the most used indicator of economic activity. It is defined as the measure of the value of final goods and services produced by an economy in a certain period. (Blanchard, 2011)

In particular, the GDP takes into account the production that relates to the market. Thus, from this point, many criticisms develop. On the one hand, the problem is linked to the fact that is not only the production accounted for by the market that really matters for the welfare of the people. On the other hand, GDP focuses only on the production instead that on the quality of life and the real welfare of citizens. (Stiglitz S. F., 2015)

Moreover, not all the services and the goods produced are sold in the market. This means that they are not attributed a monetary cost. Some examples are the national health assistance and the education system. How it would be possible, then, to measure their effective value without the use of prices? (Stiglitz S. F., 2015)

Another factor that has to be taken into consideration is that of externalities. They are direct or indirect consequences of production that could be positive or negative. However they would be, their effects are not priced. (Stiglitz S. F., 2015)

Furthermore, the changes in quality of the same product over time are not accounted for it the calculation of the GDP, as it is only the quantity of the production that is measured. Of course, this fact is fundamental, in particular in a society such as the
contemporary that relies for an important part of the economy on the technologic sector, one of the fastest-changing ones. (Stiglitz S. F., 2015)

*Its incompleteness*

The major issue concerning GDP is whether it really measures the quality of citizens’ lives. The general answer is no. Therefore, many attempts have been made towards the creation of a more exhaustive measuring method.

For example, at the beginning of 2008, the International Commission was born. Nicholas Sarkozy, president of the French Republic, founded it and three economists, Stiglitz, Sen and Fitoussi, constituted it. The French President has recognized the inadequacy of the many economic indicators of the economic performance and has the desire to develop more efficient ones, in order to have a better understanding of the social situation in his nation. Of course, this was necessary to implement the best policies for the improvement of the lifestyle of French citizens and of the markets. (Stiglitz S. F., 2015)

The Commission recognized the necessity to move toward a measurement system more attentive toward the personal welfare instead that on productivity. Moreover, they retain that the concept of welfare should be always accompanied by that of sustainability. (Stiglitz S. F., 2015)

In particular, a measuring system like this should not stop to the measurement of the average wealth but it should provide precise information about the discrepancies and differences among people and the different dimensions of their lives that, all
Some suggestions

More in details, the economists have made some suggestions on what should be improved in the measurement system of welfare. There are eleven main purposes:

1. It would be better to analyse income and consumption instead of production to evaluate the material wealth.
2. It is necessary to put the family perspective at the centre of the measurements.
3. It is necessary to measure income and consumption together with wealth.
4. It is necessary to focus more on the inequalities in wealth, consumption and income distribution.
5. There is the need to include in the calculations those activities that are done outside the market but that, still, have a direct influence on the economic situation of a family unit.
6. Welfare is multidimensional. There should be an indicator that encompasses health, education, environment, personal activities, social relations, political participation and uncertainty. Thus, the change is toward an indicator that can express more precisely the level of the quality of life of the citizens.
7. Inequalities should be measured also in the wide realm of the quality of life.
8. Some research should be done on the relations between the different sectors in which the quality of a person’s life expresses.

9. Subjective opinions about personal welfare should be included within the objective parameters of measure.

10. The evaluation of sustainability of current quality of life should be added, but it is necessary that these measurements would be expressed with a precise and pragmatic set of indicators.

11. Concerning the environment, there is the necessity to create clear and straightforward measures of environmental damage, in order to easily individuate the proximity to dangerous damages. (Stiglitz S. F., 2015)

In conclusion, it stands clear that the debate about the use of GDP and the creation of a possible alternative (or integrative) measurement system is far wider than what has been encompassed in this essay. However, the report of the Commission itself is said by the writers to be only a starting point for a future debate. The economists themselves claim that a lot has still to be done toward this direction. (Stiglitz S. F., 2015)

IId: Measuring welfare: the Better Life Index and the Green Growth Knowledge Platform

The general perception of the incompleteness of GDP, together with the vision that does not restrict “welfare” within the borders of “wealth”, can be testified by the birth of a series of
new indexes focused on describing and measuring all the elements that constitutes the quality of people’s life.

The OECD, the Organisation for economic cooperation and development, for example, has developed the Better Life Index. In the website, the introduction says: “There is more to life than the cold numbers of GDP and economic statistics – This Index allows you to compare well-being across countries, based on 11 topics the OECD has identified as essential, in the areas of material living conditions and quality of life.” (OECD, 2016)

In particular, the eleven topics on which the Index is based are: Housing conditions, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, work-life balance. (OECD, 2016)

Here is an example of the very straightforward graph that is accessible from the OECD Website. It is interesting to note that this graphic setting allows for a direct and clear comparison between the overall life conditions in many countries.
Another example of more inclusive indexes is the work developed by the Green Growth Knowledge Platform. “A global network of international organizations and experts identifies and addresses major knowledge gaps in green growth theory and practice. By encouraging widespread collaboration and world-class research, the GGKP offers practitioners and policymakers the policy guidance, good practices, tools, and data necessary to support the transition to a green economy. The GGKP was established in January 2012 by the Global Green Growth Institute, the Organisation for Economic Co-operation and Development, the United Nations Environment Programme and the World Bank.” (Green Growth Knowledge Platform, 2016)
In the page reserved to data exploration, the parameters for the research are:

1) The socio-economic context, composed by:
   a. GDP per capita;
   b. Population;
   c. Population density;
   d. Unemployment;
   e. Gini Index;
   f. Human Development Index.

2) The natural asset base, made by:
   a. Average annual deforestation;
   b. Annual freshwater withdrawals per capita;
   c. Agricultural land;
   d. Terrestrial and marine protected areas.

3) Environmental and resource productivity:
   a. CO2 emissions per capita;
   b. Carbon productivity.

4) Environmental quality of life, composed by:
   a. Population exposure to air pollution (PM2.5);
   b. Access to improved sanitation;
   c. Access to improved water sources;
   d. Access to electricity.

5) Policies and economic opportunities:
   a. Fossil fuels consumption subsidies;
   b. Environmentally related tax revenue;
   c. Renewable electricity.

6) Wealth changes:
   a. Changes in wealth per capita.
This series of parameters, even if slightly more specific for environmental research, could be useful to understand the general tendency, more attentive to the many factors that concur to the creation of a high living standard.

Moreover, the specific attention drawn to the theme of the environment, does link with the issue of the preservation and the safe management of the commons.
III CHAPTER: FURTHER AND LONGER THAN CSR: THE NECESSITY OF GOING BEYOND THE PROFIT

IIIa: New experiments of Capitalism

In his book, “Confronting Capitalism”, P. Kotler introduces some of the new experiments on the creation of a new type of Capitalism that would be more concerned with social values such as equity, community and the environment. In particular, Kotler cites two movements, Conscious Capitalism and New Economy (Kotler, 2015)

Conscious Capitalism

The first one consists in a non-profit organisation that supports the work of a social and economic movement. On Its website is present this quotation of the words of University of Virginia Darden School of Business professor and Conscious Capitalism, Inc trustee Ed Freeman:

“We need red blood cells to live (the same way a business needs profits to live), but the purpose of life is more than to make red blood cells (the same way the purpose of business is more than simply to generate profits).”

Conscious Capitalism theorizers believe that “business is good because it creates value, it is ethical because it is based on voluntary exchange, it is noble because it can elevate our existence and it is heroic because it lifts people out of poverty and creates prosperity. Free enterprise capitalism is the most powerful system for social cooperation and human progress ever conceived.
It is one of the most compelling ideas we humans have ever had.” (Conscious Capitalism, 2016)

However, the theorists believe that more has to be done than in the past to exploit all the potential of Capitalism. In fact, Conscious Capitalism wants to emphasize the human nature of business, always taking into account the current state of the world and the possibilities to do a positive impact on it. (Conscious Capitalism, 2016)

Conscious businesses work towards higher purposes that “serve, align, and integrate the interests of all their major stakeholders” and can thus overcome those situations which are traditionally considered as damaging. Generally speaking, the Conscious businesses try hardly to create financial, social, cultural and environmental wealth for all their stakeholders. (Conscious Capitalism, 2016)

More in details, according to Conscious Capitalism theorists, the economic activities should be based on four main principles:

- Higher purpose;
- Conscious leadership;
- Stakeholder orientation;
- Conscious culture.

Considering the first point, it is thought that making money is essential for the vitality and sustainability of a business, but it is not the only reason a business exists. “Conscious businesses focus on their purpose beyond profit.” (Conscious Capitalism, 2016)
By doing so, Conscious business inspires, engages and energizes its stakeholders. Conscious Capitalism theorizers believe that employees and customers (together with other sectors of the society) trust more and participate with the mission that companies that have an inspiring purpose have. (Conscious Capitalism, 2016)

On the second value, it is important to underline the belief that Conscious leaders should inspire their employees and colleagues, fostering transformation and innovation in their action. On the website of Conscious Capitalism, it is written that: “Conscious Leaders focus on “we”, rather than “me.” “
(Conscious Capitalism, 2016)

Moreover, “They understand that their role is to serve the purpose of the organization, to support the people within the organization and to create value for all the organization’s stakeholders. They recognize the integral role of culture and purposefully cultivate a Conscious Culture of trust and care.”
(Conscious Capitalism, 2016)

A stakeholder orientation it is here intended as the business should create value for all its stakeholders instead that focus on the maximization of profits for the shareholders. Conscious leaders are aware that only engaged and motivated stakeholders can support the activities of a business in the long run. (Conscious Capitalism, 2016)

As far as the fourth value is concerned, it has to be defined that Conscious Culture underlines the importance of fostering care and trust between a company’s team members and its other stakeholders. Conscious Culture it is believed to be fundamental to support the business. (Conscious Capitalism, 2016)
New Economy

New Economy represents another example of the efforts made to improve the social efficiency of Capitalism. In particular, the New Economy Coalition (NEC) is a network of organizations that are trying to create and spread a new way of doing business.

This coalition works in three main ways:

1) Connecting leaders in order to tackle common challenges in their work to build a new economy;

2) Amplifying meaningful stories in order to promote a new economic mentality, which would be based on precise values;

3) Supporting the work of communities on the frontlines of economic and ecological crises. (New Economy)

One of the main beliefs of the New Economy Coalition is that, in the next future, capital (wealth and the means of creating it) would be a tool of the people, not the opposite. The principal theorists and all the community of New Economy believe that there is the need of a new system which would meet human necessities, that would improve people’s quality of life and that would allow people to live in balance with nature. (New Economy)

More in details, the “New Economy” represents an emerging vision for a just, sustainable and democratic future, in which the economy would be working for everybody, in particular for those who were discriminated. The system should also be sustainable, attentive to human and environmental necessities. In the end, the new economy would spread
democratic principles into the management of economic and civic life, putting an end to centuries of “economic extraction” and concentrations of power. (New Economy)

Moreover, the New Economy Coalition comprehends business innovators, which “are building cooperative, ethical, and community-rooted enterprises, reclaiming the commons, and democratizing and reorienting finance.” (New Economy)

The movement is not ideologically rigid and it is composed by various members from across the US and Canada which meet every year to share and create new practical ways for a new economic system. (New Economy)

**IIIb: B Corporations**

B Corps are companies that “meet the highest standards of verified social and environmental performance, public transparency, and legal accountability, and aspire to use the power of markets to solve social and environmental problems.” (B Corporation, 2016)

B Corps are companies that were certified B Corporations™ by the B Lab, a non-profit organization that has the aim of enhancing the standards of the businesses in order to achieve social and environmental change working inside the market. (B Corporation, 2016)

Joint together, B Corps lead an international movement of “people using business as a force for good™ “. The final
The objective of this movement is to persuade more and more companies to unite in the stream of social and economic change that it is purposing. In particular, through their collective action, B Corporations work in order to put the basis of a new economic system in which all companies will compete to be *best for the world™* instead of *the best in the world*. In this way, all the society will enjoy a more shared and sustainable prosperity. (B Corporation, 2016)

All B Corps, sign the following Declaration of Interdependence, which states the main believes and objectives of these new-working businesses:

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**DECLARATION OF INTERDEPENDENCE**

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation – the B Corporation – which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

That we must be the change we seek in the world.

That all business ought to be conducted as if people and place mattered.

That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.

To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

(B Corporation, 2016)
One of the most important activities done by the B Lab, the non-profit organisation that supports the B Corporation certification, is that of expanding the number of companies which decide to align to the B Corporation standards. (B Corporation, 2016)

In particular, the B Lab helps tens of thousands of businesses, investors, and institutions to measure, by using B Impact Assessment and the B Analytics, and to manage their impact. Furthermore, by the B Change Media, it tries to promote and inspire many other businesses to join the movement. (B Corporation, 2016)

In conclusion of this paragraph, it would be interesting to quote the words Rose Marcario, CEO of Patagonia, one of the leading B Corps: “The B Corp movement is one of the most important of our lifetime, built on the simple fact that business impacts and serves more than just shareholders—it has an equal responsibility to the community and to the planet”. (B Corporation, 2016)
The idea of creating shared value is not new. In fact, during the aftermath of the Second World War, the Americans already realized that it was in their own interest to favour the reconstruction of both allied and defeated countries that were presumably becoming their future commercial partners and political allies. At the same time, moreover, the cooperation engagements contained in the Bretton Woods agreement did respond to the same type of interest. (Simone, 2010)

However, the idea of Shared Value has been developed by Kramer and Porter in their article “Creating Shared Value”, published in the January-February issue of the Harvard Business Review.

In the introduction of this article, they affirm: “The more business has begun to embrace corporate responsibility, the more it has been blame for society’s failures”. In fact, in the most recent years in particular, the enterprises have been experiencing a very low level of legitimacy and popularity among citizens, even though they have implemented corporate social responsibility measures. (Porter & Kramer, 2011)

However, the authors affirm that it is also true that many attempts made by the governments to impose certain social and environmental standards to the business had actually been an obstacle to their growth. (Porter & Kramer, 2011)

A great share of this problem seems to lay in the companies’ short-term vision. They, according to the economists, tend to favour the immediate financial gain, forgetting to satisfy efficiently the needs of the customers and not considering a long
term vision, which could suggest them a focus on the health and the wealth of communities they serve and of the environment and the natural resources they relies upon. (Porter & Kramer, 2011)

According to the economists, the companies should move away from CSR and reconcile their activities with the interests of the society. They criticize corporate social responsibility because it leaves the interest of the society at the borders of the company’s work, leaving the business distressed and the community unsatisfied. (Porter & Kramer, 2011)

Porter and Kramer, instead, purpose a new way of conceiving the business and its social responsibility. They believe that the only sustainable and effective way to bring about change is the creation of shared value, thus the making of value for both the society and the corporation at the same time. They also notice that even though some important corporation have already started to work towards this direction, (Google, IBM, intel, Nestlé, Unilever…) this idea has still to be spread. (Porter & Kramer, 2011)

Moreover, cooperation would be needed between firms, no-profit organizations and public administration to reach higher results, but the private enterprises are seen as the most suitable and competent actors to make significate change. (Porter & Kramer, 2011)

In the economists’ vision, Capitalism is still the best alternative to guarantee people the best life conditions, although it has to be conceived in a broader sense. In fact, it is right that the companies’ goal would be the creation of value, but it has not to be substituted only by the making of profits. (Porter & Kramer, 2011)
The old idea which sees a sharp separation between companies and the interests of the society should be overcome. The idea of shared value recognizes that are the society’s needs, and not only conventional economic needs, which define the markets. Social harms and problems do constitute internal costs for firms. It is their interest, then, to solve them. (Porter & Kramer, 2011)

However, the creation of shared value does not mean that the value already created by enterprises has to be shared. For example, the Fair Trade initiative is more concerned about redistribution rather creation of new value. In fact, it increases the income for farmers of 20-30%. On the contrary, the creation of new, shared value increases the income for farmers of more than 300%. (Porter & Kramer, 2011)

In the old capitalistic vision, doing business is enough a contribution for the welfare of society and the company is independent from the context. Then, the problems of society were considered external to its area of competency. According to the old management style, moreover, the companies must persuade customers to consume more and more of its products, facing the increased competition with employees’ reductions, offshoring towards countries with lower salaries and indebtedness. In addition, the pressures of shareholders for shorter-term maximisation of profits, according to Porter and Kramer, led to standardisation, to a competition focused only on price, to low innovation trends, low growth, and absence of true comparative advantage. (Porter & Kramer, 2011)

With this model, the societies and the communities received few benefits from the companies, even when the profits were high. (For example, employment rate tends to remains stable) This contributed to feed the sensation that profits were made at
the expenses of society, furthering deteriorating the bad reputation of firms. (Porter & Kramer, 2011)

Although practices such as offshoring and outsourcing were very common, the connection with the specific geographic areas was lost. These practices were only functional to the reduction of the costs in the value chain, thus making possible the creation of competitive advantage. (Porter & Kramer, 2011)

In fact, companies forgot the opportunities of making profits derived from the satisfaction of primary social needs and underestimated the costs due to social problems. The location of a business can have, in fact, deep effects on productivity. According to the economists, an increased attention to the necessities of the geographic areas in which the company operates can lead to a creation of a value much more significant than the competitive advantage created with the old management techniques. (Porter & Kramer, 2011)

_**How to create shared value**_

The creation of shared value implies the making of new economic value together with social value. According to Kramer and Porter, there are three main ways to do so:

1) Reconceive products and markets;

2) Organize in a different way the productivity of the value chain.

3) Build clusters in the communities where the company operates.
All these points, of course, do apply to both developed and developing countries. (Porter & Kramer, 2011)

*To reconceive products and markets*

The authors claim that there are many primary social needs, such as health, comfortable housing, healthy food, old people assistance, financial safety, healthy environment, which are not satisfied by the market, but that could represents a great source of profits when covered and, at the same time, improve the life of many people. (Porter & Kramer, 2011)

In the developed countries, some companies started to answer to these needs, for example with the furniture of healthy food. In the developing countries, instead, the satisfaction of these unmet necessities could signify the opening and the access to new markets. The idea of meeting the demands of the “base of the social pyramid” represents a cooperation action that could be much more efficient than that of many no-profit organizations or of governments. (Porter & Kramer, 2011)

Furthermore, the same method could be applied to many non-traditional markets in the in western countries, such as urban poor neighbourhoods, which have not been served by corporations for years. (Porter & Kramer, 2011)

More in general, the company’s starting point to create shared value should be to identify the needs, benefits and harms that could be incorporated in its own products and activities and, by continuative analysis of the social needs, scan for new markets. (Porter & Kramer, 2011)
To redefine the value chain

The redefinition of the value chain consists mainly in the reduction of the costs derived from social problems. The main point is that there is a strict connection between productivity and social progress. For example, a diminished level of pollution could be the result of more efficient technology that allows savings in the future. (Porter & Kramer, 2011)

What the companies has to think about, the economists declare, is the usefulness of cost reduction in the short time at the expenses of significant savings in the future. Kramer and Porter analyse some possible ways in which shared value is created by acting on the value chain: (Porter & Kramer, 2011)

- ENERGY AND LOGISTICS: The distribution processes could be very costly and energy wasting, time wasting and complex to manage. A good opportunity to create shared value could be to re-project logistics as to reduce distances and then reduce consumptions and costs. (Porter & Kramer, 2011)

- USE OF RESOURCES: Reduction of consumptions of natural resources and the use of recycling techniques can make the costs to fall down. (Porter & Kramer, 2011)

- PURCHASES: In the traditional management approach, the company should pay the minimum price possible for the supplies. This principle has frequently led to the process of offshoring, which transferred the production in countries with lower wages. In doing so, however, many companies had to deal with underpaid, uneducated and marginalized producers that cannot remain competitive in their work, nor improve the quality of their products.
On the other hand, by improving the access to productive factors, sharing technology and giving financial support, corporations can really improve the quality and productivity of the suppliers. Moreover, the increase in productivity usually overcomes prices reduction. (Porter & Kramer, 2011)

For example, Nespresso, which needs high quality and big quantities of coffee for its business, have its suppliers in Africa and Latin America, where small farmers face problems of low productivity, average quality of the coffee and environmental deficits. In order to improve its own supplies, Nespresso has decided to help reorganize the productive process and to finance the growth of their suppliers, to create a reliable and efficient web of suppliers. (Porter & Kramer, 2011)

Generally speaking, it has resulted of great advantage for the company to purchase raw materials from competent local producers which were trained in order to compel to the corporation’s necessities. (Porter & Kramer, 2011)

- DISTRIBUTION:

The development of new distributing methods could create a lot of new market opportunities in the developing countries. For example, Project Shakti by Unilever India has brought hygienic products to isolated communities of the country. This project has created value for the emarginated women who were charged with the job of house delivery of the products; moreover, it has enhanced the hygienic conditions of the local dwellers and it has, at
the same time, opened a new market for Unilever. (Porter & Kramer, 2011)

- **EMPLOYEES PRODUCTIVITY:**

In general, the old idea that wages and benefits to the employees should be kept as lower as possible is leaving place to the idea that fair salaries, health insurance and good working conditions improve the productivity of workers. (Porter & Kramer, 2011)

- **LOCATION:**

The idea that the location does not count because logistics costs are low is declining. In fact, it has been discovered that productive systems too much fragmented and dispersed tend to have a low productivity level and many hidden costs. For example, Wal-mart has started to buy from nearby farmers in order to face lower transportation costs and to permit to keep a smaller amount of supplies, instead of preferring lower price suppliers that were settled, however, quite far. (Porter & Kramer, 2011)

*To develop local clusters*

It is not a new concept that clusters of linked industries, of suppliers and good infrastructures, favour innovation and productivity. In fact, much of the success of a company is influenced by its surroundings. Serious deficits in the environment, such as an inadequate education system, a culture of gender discrimination or poor infrastructures, can directly undermine the work of a company. (Porter & Kramer, 2011)
Indeed, companies can create shared value by developing clusters where absent, in order to improve the productivity of its own branches or suppliers and, at the same time, improving the general conditions of the place. (Porter & Kramer, 2011)

In the past, in fact, many economic interventions in the developing countries were doomed to fail because constituted isolated actions that did not take into account the cluster logic. (Porter & Kramer, 2011)

In order to develop a cluster, a company should: identify deficits in logistics, suppliers, distribution, education, market organization of the place where it is operating; identify problems that cause low productivity; distinguish those areas in which the company is able to intervene. (Porter & Kramer, 2011)

Most of the time, the economists suggest, the developing of clusters would need the collective action of companies, NGOs and governments. (Porter & Kramer, 2011)

Novelty of shared value

In their article, Kramer and Porter affirm that: “Profits are not all the same”. In their vision, in fact, there are some kinds profits that would enable a society to innovate and to grow and these are, of course, those kinds of earnings that derived from the creation of shared value. (Porter & Kramer, 2011)

By being respectful not only of laws, but also of high ethical standards, shared value can alleviate the negative externalities that can be maybe produced by the companies and, at the same time, make significant social change in a sustainable and durable way. (Porter & Kramer, 2011)
The idea of shared value implies a very different vision of customers, productivity and markets from the past, and the environment itself starts to be seen as a driver of productivity instead of an obstacle. (Porter & Kramer, 2011)

Furthermore, the creation of shared value concerns the specific sectors of expertise of a company, permitting its growth and working for its same goal, the creation of new value. However, when creating shared value, the focus is set on the best form of profits for the company. (Porter & Kramer, 2011)

As the difference between no-profit and for profit sector is diminishing, the idea of shared value represents an evolution of capitalism. It could be seen as the reconciliation between the enterprises and the society. Porter and Kramer write: “We need a more sophisticated version of Capitalism, filled with social behaviour. This behaviour, however, should not derive from the desire of doing charity, but from a deeper comprehension of the competition and creation of economic value.” It is interesting to note, in fact, that the creation of shared value responds to an “egoistic behaviour”. (Porter & Kramer, 2011)

In conclusion, the economists precise that not all the problems can be solved by a shared value approach. However, this idea allow firms to use their expertise to promote social progress in a way that hardly could NGOs or the public sector emulate. (Porter & Kramer, 2011)

Differences between shared value and CSR

One of the main differences that separate a CSR approach to the creation of shared value is that the first is undertaken by firms in order to enhance their reputation; it has a weak link with the
business and the profit and, therefore, it is not very sustainable in time. Moreover, a CSR approach is usually due to external pressures and has, then, limited efficacy. (Porter & Kramer, 2011)

The making of shared value, instead, it is functional to the competitiveness of the firm itself. It is useful for the maximization of profit. Moreover, it creates real value: the social and economic benefits are calculated in relation to the costs. (Porter & Kramer, 2011)

Some examples of CSR are Granarolo commitment for Africa Milk Project and the campaign H&M conscious.

The first one is a project of international cooperation supported by Granarolo in collaboration with Cefa Onlus. The company gave economic support and helped teaching techniques for farming cows and treating the milk in the best way, so as to increase the quality level of the product. (Granarolo, 2016)

The value that has been created for the company with this project is only derived for the good reputation it has brought to it. In fact, it is interesting to note that Granarolo established a contest to advertise this project among its customers, in order to improve its image among them. However, according to shared value ideas, the company could find more profitable ways to achieve these results. (Granarolo, 2016)

The second example of CSR is the campaign “H&M Conscious”, which is introduced in the company’s website with these words: “Looking good should do good too. That’s what H&M Conscious is all about – it’s our promise to bring you more fashion choices that are good for people, the planet and your wallet.” (H&M, 2016)

The firm lists its social commitments:
- Provide fashion for conscious customers
- Choose and reward responsible partners
- Be ethical
- Be climate smart (use of renewable energies)
- Reduce, reuse, recycle (the company has created a new collection, “H&M Conscious”, made out of old clothes)
- Use natural resources responsibly
- Strengthen communities (Development of cooperation projects)

(H&M, 2016)

The image below can testify the great importance given to the advertising of a social behaviour.

(H&M, 2016)
IV CHAPTER: THE FREEDOM OF SHARING

“It’s the law of the universe that we cannot create our own happiness without looking for that of the others.” (Genovesi, 1963), in (Bruni & Uelmen, 2006)

IVa: Civil Economy

Civil Economy is nor a school, either an ideology. It is a particular vision of the reality that is progressing in history. It is composed by a heterogeneous group of intellectuals of different times, of entrepreneurs and scholars which have in common the idea that economy should be attentive to life and to human beings and that it should represent an efficient mean to express civil engagement. (Bruni & Zamagni, L'economia civile, 2015)

The crucial belief that all the theorizers of Civil Economy share is the idea that the natural sociality of men should return to be a determinant element in the analysis of the economy and in its process of making. (Bruni & Zamagni, L'economia civile, 2015)

More in details, ‘Economia Civile’ is a tradition of though which differs from the traditional capitalistic vision of the economy of British origins. Civil Economy does not relate to the non-profit sector; it, instead, attempts to transmit an alternative vision of the economy to every economic actors (such as governments, enterprises and consumers) who have an interest in keeping a social behaviour in their activities. (Bruni & Zamagni, L'economia civile, 2015)
It is interesting to note, however, that the term “Civil Economy” comprehends a large variety of different movements, such as social economy, popular economy, ethical economy, which have in common the desire to establish a new vision of the economy based on the primacy of human dignity. In this definition are included, in fact, credit, production, users and consumers cooperatives and the Economy of Communion. (Bruni & Zamagni, L'economia civile, 2015)

During the recent years of economic crisis, the movement grew steadily and acquired an international outlook. Moreover, at the end of 2013, the Civil Economy School in Loppiano, Firenze, in the Economy of Communion research centre was founded. The aim of the School is that of filling the knowledge gaps in the field of economy that are very frequent in Italy and, in addition, that of fighting the productivity fall of the enterprises and pushing innovation in every sectors. (Bruni & Zamagni, L'economia civile, 2015)

The movement criticizes the vision of the market and of the enterprise based “On the individual instead that on the person; on the search for wealth instead of public happiness”, “which forgets some economic goods such as relational goods, commons and gratuity goods”. (Bruni & Zamagni, L'economia civile, 2015)

One of the most significant feature of Civil Economy is that it does not purposes a definite and specific alternative system to capitalism, but it gathers many experiments and studies which are attempting to create feasible alternatives. Civil Economy it is, in practice, an aggregative movement that tries to tie together all the theorists that are discontent of the current capitalism based on finance. (Bruni & Zamagni, L'economia civile, 2015)
One of the main points of the Civil Economy is the idea that this is relational and social. Economy is believed to be based on cooperation, on reciprocity and democracy. Despite the fact that these values are directly inspired by the Catholic doctrine, Civil Economy does not remain in the borders of Italian Catholicism but spreads to various intellectual milieu. Moreover, has a consequence of the idea of the relational economy, the movement particularly focuses on the issue of the management of the commons. (Bruni & Zamagni, L'economia civile, 2015)

**J. Ruskin and A. Loria, two of the first thinkers of Civil Economy**

John Ruskin is the first economist who criticized the theories of its contemporaries such as D. Ricardo and J.S. Mill. He claims that is a tremendous error to believe that human beings are moved only by the search for personal pleasure, individualism and selfishness. He strongly criticized the disregard for the importance of other aspects of the human nature, in particular of sociality and of the attachment to values, such as honour and virtue. (Bruni & Zamagni, L'economia civile, 2015)

Moreover, he supports the idea that workers can accomplish in a satisfactory way to their tasks in their jobs not only because of a suitable wage or of some incentives, but also because of the ethical principles that they share. (Bruni & Zamagni, L'economia civile, 2015)

In addition, wealth is another focal issue analysed by Ruskin. He develops an original idea about the creation of richness in the capitalist economy. According to him, in fact, wealth is “the art of establishing the maximum possible degree of
inequality favouring ourselves”. (Bruni & Zamagni, L'economia civile, 2015)

In his idea, more in details, wealth is valuable only when it enables to control those people who do not possess the same amount of richness. Wealth, then, is the result of inequality, and, without it, richness would lose its appeal and men and women would miss any incentive to work. In an ideal world in which there are no inequalities, in fact, human beings would need different motivations to work. The theorists of Civil Economy suggest that these could be the values they celebrate such as reciprocity, public happiness and creativity. (Bruni & Zamagni, L'economia civile, 2015)

According to Achille Loria, a relevant economist who worked at the end of the 19th century, a crucial difference opposes property owners and entrepreneurs. In Loria’s opinion, in fact, those people who relies on the rent of the land to live and the people that invest their capital in order to innovate represents opposite approaches to the economy. (Bruni & Zamagni, L'economia civile, 2015)

In the first case, in fact, the possession of lands guarantees some profits without the need for labour by the owner and without the circulation of productive resources; in the second case, instead, the resources are moved throughout the society and are exploited to create innovation and new resources. (Bruni & Zamagni, L'economia civile, 2015)

In Loria’s vision, the landlord is an example of the “unproductive capitals” which do not increase the “social wealth”, but speculate on other people’s incomes.” (Bruni & Zamagni, L'economia civile, 2015)
From this idea, Loria infers that society is divided into two main classes: “One of these, without doing anything, appropriates enormous and increasing profits, while the other, much larger, works morning to evening in exchange for a miserable pay; one, then, lives without working, while the other works without living, or, at least, without living in a human way.” (Loria, 1902) in (Bruni & Zamagni, L'economia civile, 2015)

Voluntarism and Naturalism

Starting from the Middle Ages, a controversy spread about philosophical voluntarism and naturalism. According to classical voluntarism, the human being is naturally selfish, but, at the same time, he has a natural social attitude. The institutions and the public rules, in this context, acquire the fundamental role of keeping under control the vicious part of men. Furthermore, however, they must allow and encourage the expression of the social dimension, which should work for the building of the common good. (Bruni & Zamagni, L'economia civile, 2015)

The voluntarist ideas are included in the general vision of the Civil Economy. This movement, in fact, stresses the importance of the virtue (the social predisposition) of the human beings as a fundamental determinant for the community and the society. The social virtue and the care for others are crucial factors in the making of an equalitarian society based on different principles from our individualism. (Bruni & Zamagni, L'economia civile, 2015)

In the capitalist era, in fact, naturalism prevailed as a vision of the human behaviour. Embraced by the Protestant Church, naturalism claims that the human being is not able to act with
positive reciprocity, with disinterest and gratuitousness. In this vision, the only way to achieve any form of higher good is by allowing the free pursuing of individual interests, which represents the unique true impulse and capability of humans. (Bruni & Zamagni, L'economia civile, 2015)

By accepting this idea, consequently, it is easy to embrace also the idea of the perfect functioning of the market, which is supposed to bring public welfare when left free to act accordingly to the individual interests. Of course, this vision of the market it is what the Civil Economy thinkers fight. (Bruni & Zamagni, L'economia civile, 2015)

Public Happiness

Inside the Civil Economy, debate is set the criticism to the GDP. In particular, the oppositions derive from the predominant importance that the concept of public happiness retains in the Civil Economy vision. (Bruni & Zamagni, L'economia civile, 2015)

In fact, the public happiness is a concept tightly linked to the voluntarist nature of human beings. Indeed, “public happiness” means not only that wealth should be well distributed among all citizens, but also that happiness itself is not possible if the social dimension of humans is not satisfied. More in details, economic equality is not enough for guaranteeing public happiness. This can only flourish when the economic activity is subordinated to, or expression of, the fraternity among people. It is fraternity itself that makes life “civil”. (Bruni & Zamagni, L'economia civile, 2015)
In other words, “there is the idea, in the British tradition, that engaging for wealth is a way for indirectly engaging for welfare or happiness. […] At the same time, the Latin tradition, by putting public happiness directly at the centre of its reflection, choses to deal also with those aspects on which depends people’s welfare, such as public relations, the search for beauty and trust.” (Bruni & Zamagni, L'economia civile, 2015)

The measure of the GDP, in conclusion, results particularly obsolete and incomplete for measuring public happiness, as it forgets to take account of many important indicators of welfare, such as social capital, relational goods and satisfaction of workers. (Bruni & Zamagni, L'economia civile, 2015)

The communion of the goods

In this essay, the common goods have already been defined. In their work, Bruni and Zamagni suggest that the advantage that every citizen obtains from the exploitation of the commons cannot be divided from that that the others can have. The benefit, then, derives from the mutual use of the common resources and cannot grow if the individual advantage is obtained at the expenses of others or despite the others, as in the private and public management solution of the commons is believed. (Bruni & Zamagni, L'economia civile, 2015)

The fundamental idea that lays at the basis of Bruni’s and Zamagni’s theory for the management of the commons is that of reciprocity. In this context, with this word is intended the personal ethic of the individual that leads him to restrain himself, to think in a communal perspective in order to preserve the common
goods for the whole community and, consequently, for himself. (Bruni & Zamagni, L'economia civile, 2015)

In fact, if the exploitation of the common resources is done only by considering the individual needs, forgetting the necessities of the whole society, the commons are very likely to be depleted. This acting, in the long run, has negative effects also on the individual interests. (Bruni & Zamagni, L'economia civile, 2015)

An ethical behaviour that takes into consideration also the needs of the society and focus on avoiding the over-exploitation of the resources has a double aim: to preserve the commons and the individual interests in a long-run vision and to stimulate in selfish-behaving individuals a reciprocal attitude. (Bruni & Zamagni, L'economia civile, 2015)

*The Civil Welfare*

Another innovation of the thought of Civil Economy is the vulnerability principle, a new vision of the relations between citizens that represents the base for a new public welfare system, opposed to the negotiability principle of the traditional welfare state. (Bruni & Zamagni, L'economia civile, 2015)

In the second case, indeed, the national welfare system is born out of a contract between the citizens and the state that is signed in order to guarantee the formers favourable conditions. However, this functioning has three main problems: the first is the finite amount of resources available to the state; the second is the fact that, in its action, the state can satisfy the needs of the citizens only in a standardized way, leaving a general sense of disappointment. The third issue is related to those people, the
excluded, who do not have the ability to negotiate and that are, consequently, left behind. (Bruni & Zamagni, L'economia civile, 2015)

The vulnerability principle, instead, recognizes the inner and natural vulnerability of human beings which, as a consequence, lead to the acceptance of the “reciprocal dependence and, then, of the symmetry of the needs. Taking care of others become the expression of the need to take care, of the need, then, to reciprocate the help received.” (Bruni & Zamagni, L'economia civile, 2015)

Clearly, this position differs substantially from the contractual vision of welfare. In the former, in fact, there are no excluded people, as everyone perceived himself as vulnerable (or possible to fall in a condition of fragility) and then, tries to avoid this fate to others in the belief that the same would happen to him. (Bruni & Zamagni, L'economia civile, 2015)

It is the idea of Civil Welfare, in which the whole society, and not only the state, has to take care of the welfare of the others. In this vision, the principle of circular solidarity has a central importance. This consists in the belief that the three spheres of the society, thus the public, the private enterprises and the civil society have to plan together systematically the welfare interventions. The three spheres, indeed, are place on an equal level, sharing the same amount of sovereignty and this fact, of course, represents a novelty. Moreover, it has the advantage that allow the finding of resources also out of the private enterprises. (Bruni & Zamagni, L'economia civile, 2015)

The importance of the Civil Welfare lies mainly, however, in the dismantlement of the acceptance of the inequalities caused

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by the capitalist system that the welfare state, with its operating methods, does confirm. (Bruni & Zamagni, L'economia civile, 2015)

**Civil entrepreneurs and consumers**

As far as the issue of the Corporate Social Responsibly is concerned, a sharp difference exists between two factions of economists. One supports the idea that the enterprises and the market act as developers for the good of the society. This thesis is held by liberals such as A.Smith and A.Sen. According to them, in fact, the economy is one of the dimensions in which the civil society expresses. There is a structural harmony between the economic activity and the society and the markets always act for the common good. As a consequence, every intervention, even if done for a public purpose, does harm the integrity and efficiency of the market and of the economy. (Bruni & Zamagni, L'economia civile, 2015)

The other side comprehends those economists who believe that economy and society are clearly opposed and incompatible. However, from both these visions derives a strong criticism to the Corporate Social Responsibility principle. (Bruni & Zamagni, L'economia civile, 2015)

The way in which CSR is applied in the enterprises can vary a lot. There are the enterprises that adopt CSR principles only because they are enforced by the civil society or by the political sphere. They consider CSR as an internal cost. It stands clear that, immediately after the coercing conditions pass away, the responsible practises will vanish as well. Another approach is that of the enterprises which use CSR as a marketing strategy. As long
as CSR practises are not convenient anymore, they are ceased. In the end, some enterprises adopt CSR principles not for direct convenience, but because of ethical values that they share. (Bruni & Zamagni, L'economia civile, 2015)

According to the Civil Economy thought, the three forms of CSR are all important. The only enterprise to fight is the one that damages the environment and the society and that acts irresponsibly. (Bruni & Zamagni, L'economia civile, 2015)

However, Bruni and Zamagni claim that is possible to distinguish between extractive and inclusive enterprises. The first ones are those activities that tend to make profits out of extraction instead that out of creation of new value. The second, instead, “tend to include all the local resources, in particular labour, in the production process, assuring the respect for human rights and the reduction of social inequalities”. (Bruni & Zamagni, L'economia civile, 2015)

Thus, the Civil Enterprise is the one that works for the transition of the biggest number possible of activities from the extractive type to the inclusive form. It is not enough, then, that an enterprise accepts to bind its behaviour to CSR principles. It is fundamental, for the Civil Economy theorizers, that it extends its goals to increase the inclusivity level of the market. (Bruni & Zamagni, L'economia civile, 2015)

Moreover, the theorizers of the Civil Economy have a new vision of the entrepreneur, who is not anymore just a creator, nor a good manager that can maximise the profits of the stakeholders. According to Bruni and Zamagni, the civil entrepreneur is who puts the project at the centre of its economic activity. The project itself in fact, which is considered to be important for the common
good of the society, is the focus of his action. However, of course, the creation of profit is indispensable and it represents the sign that the project is useful and effective. (Bruni & Zamagni, L'economia civile, 2015)

Furthermore, a primary role is attributed to the consumer. He himself can, in fact, stimulate the shift toward the Civil enterprises by carefully choosing its purchases and by favouring an approach that can be synthetized with the words: “to consume better and be happier”, instead that “to consume more and to pay less”. (Bruni & Zamagni, L'economia civile, 2015)

**IVb: Economy of Communion**

In his book, “Ricchezze: beati quelli che investiranno in economie di comunione”, L. Bruni resumes many of the most important issues treated in the opera “Civil Economy”.

In this opera, however, the focus is on the principle of communion. According to him, in fact: “the communion is our highest vocation”, but, he notices, this value had been completely forgotten and underestimated in the last two centuries. He claims, moreover, that the lack of this value in the society has led to the spiritual and anthropological crisis of the contemporary human beings. In his vision, this crisis is one of the main causes of the economic one as well. (Bruni, 2014)

In his book, Bruni refers that many researches and studies have verified that a life in communion is the principal source of happiness for people. In the context of an economic reflection that emphasizes the importance of the shift from the search for
richness to the search for happiness, this fact is crucial. Indeed, according to Bruni, true welfare is generated only from the quality of the communion relations that the individual can establish. He, moreover, writes that the others should be recognized as indispensable for our own happiness. (Bruni, 2014)

Further on in his opera, Bruni specifies that communion is very different from communism: in fact, to avoid communion losing its mean, it should always be accompanied by equality, freedom, and, of course, “gratuità”, free giving. Coercion is not compatible with communion, and this is why the communist system failed. (Bruni, 2014)

According to Bruni, recognizing that communion constitutes one of the highest desires of humans it is fundamental. After recognizing it, indeed, it is necessary to build new communal institutions that would help to maintain peace, public and personal welfare. For what concerns the economy, in his opinion, keeping it outside this sector, as it has usually believed to be the right behaviour, is making workplaces sadder and inefficient. (Bruni, 2014)

A feasible way to revitalize the inner aspiration to fraternity of people in the economic activity is the Economy of Communion. The idea, which will be analysed more in depth in the following paragraph, consists in the sharing of the company’ profits after the payment of taxes. This would allow for the free sharing of the profits which will not be kept only for the owner and his family, (that had, nonetheless, rightly deserved them) but will be made common to the community. (Bruni, 2014)

Many citizens, and not only entrepreneurs, can decide to support those activities that behave accordingly to an Economy of
Communion vision. They can invest in microfinance funds of Civil Economy, or in the Economy of Communion centres or in many other economic and financial activities that shared the importance of the value of communion. (Bruni, 2014)

The Economy of Communion is an attempt to create a form of enterprise that could nourish the social life of the community and express, at the same time, its religious values. They are thought, however, to be crucially positive for everybody, not only for people with faith. (Bruni & Uelmen, 2006) Nowadays, there are more than 764 EoC businesses around the world and 246 of them are set in Italy. Moreover, 232 are operating in the rest of Europe. (Gold, 2004)

The Economy of Communion is an idea that was born inside the Focolare movement, a Catholic movement which was started in Italy during the Second World War and that has one of its most peculiar focus in the unity among Christians and among people of every religion and social status. (Bruni & Uelmen, 2006)

The movement put at the centre the Gospel words: “Love one another as I loved you” (John 13:34) and “Give and it will be given to you” (Luke 6:38). As a consequence, they created communities of spirit and of common goods, with the strong belief that “the essence of human experience is to be found “in communion”. A particular attention to the poor, then, is a key element of the Focolare movement spirituality. (Bruni & Uelmen, 2006)

In 1991, the founder of the movement, Chiara Lubich, while visiting San Paolo, Brazil, was touched by the incredible inequalities of the economic conditions among the citizens, and started to think about a way that could have a strong impact on
the fight of poverty. She thought, then, of starting normal, for-profit businesses that would be committed to increase the employment rates and that would generate new profits. These, however, would be shared in this way: one third would go as a direct aid to the poorest people; another third would have been invested in educational projects for the further growth of the communion culture, and the last one would be used for the development of the business itself. (Bruni & Uelmen, 2006)

The Economy of Communion businesses, moreover, adopt a management style of the enterprise that put into practise the Gospel values. These include “ethical relationships with the government and with labour union.”, “the communion with employees by paying particular attention to their health, well-being, and development.” “Concern for product safety, and respect for the environment”. (Bruni & Uelmen, 2006)

In addition, one of the striking novelties of the Economy of Communion vision is the fact that the poor are not regarded as mere beneficiaries, but, on the contrary, as “active participants in the project, all part of the same community, who also live the culture of giving.” It is clear, and it is the same focal point emphasized by Civil Economy, that this is not a matter of philanthropy. It concerns sharing, which is seen as a more effective instrument which can put on the same dignity level both beneficiaries and givers. (Bruni & Uelmen, 2006)

The entrepreneurs themselves are not seen as merely affluent people who share their surplus. They represent the Christians who decide to live in first person the same poverty of the Gospel. There is, then, a clear emphasis of the dignity and equality of the relationships that unite donors and receivers. They are not, in reality, distinguishable anymore. This is because of the idea that
everyone has something to give. So, who is materially poor can share not only his needs, but also his experience, and both would be appreciated as important gifts for the growth of the communal life. On the other hand, the entrepreneurs share part of their activity as a mean of being thankful for the resources and the choice that they had to start them. (Bruni & Uelmen, 2006)

One of the best achievements of EoC is, in my opinion, that it generates a constant and self-renewing flow of attention to the need of others and a constant feeling of thankfulness for the personal richness, which allow for reciprocity, that is giving back to others what was given.

It is interesting to note that many of the beneficiaries of the EoC practises renounce to the help they receive as soon as they reach the “bare minimum of economic independence”. (Bruni & Uelmen, 2006)

It is easy to understand, anyway, the perplexities expressed by Bruni and Uelmen in the question: “Should the Economy of Communion businesses simply be considered a utopic anomaly?” It possibly is. However, it seems to answer to the question of the public happiness. In fact, according to Bruni and Uelmen, the income counts only when it is shared and common happiness can be achieved through the sharing method of the Economy of Communion. “Economy of Communion are people with a project, or one could say a dream, to contribute through their economic activity to a more just world, to a world of communion.” (Bruni & Uelmen, 2006)

In the last years, in my opinion, so much energies have been spent in the effort to secularize the society, that it has been forgotten to exploit all the good ideas and creative principles that
stem from many faiths. For example, the principle of reciprocity, that is essential for the functioning of the Civil Economy and, more specifically, for the Economy of Communion. The pillars of reciprocity is that every act should be done without expecting a return. Everything should be given freely, but it is precisely from this fact, from the “gratuitousness” of the actions and of the life devoted to others that the genuine happiness comes from. (Bruni & Uelmen, 2006) The communion itself is given when more than two people can benefit of the reciprocity that comes from free giving.

The Economy of Communion is more than a form of CSR, because its aim is not to do philanthropy, but to create relationships with people and to live brotherhood in a concrete way. In fact, for example, the employees are considered as the company’s most important resource. Moreover, it tries to spread a new vision of doing business. For this reason it is fundamental the fact that EoC enterprises, by an outsider look, are nothing different from a normal for-profit. It is crucial, furthermore, that they operate inside the market, side by side with traditional companies. In addition, the “gratuitousness” is primarily important for pushing market relations beyond the contractual bounds.

This idea clearly contrast the belief of Milton Friedman, who thought that “The social responsibility of a business is to increase its profits.” According to classic liberalism, the best social action that a company can do is to enhance its profitability. However, in the opinion of many EoC thinkers, the long-run profitability of a company depends directly on the behaviour that had been taken toward all the stakeholders. (Bruni & Uelmen, 2006)

The importance of personal relations in the Economy of Communion model and their effects for the well-being of the
company, however, cause the fact that EoC principles results simpler to be applied in medium-small enterprises. The Italian entrepreneurial framework results, then, the ideal context for the developing of EoC companies. (Bruni & Uelmen, 2006)

In trying to answer the precedent question made by Bruni and Uelmen about the concrete possibility that the Economy of Communion model will spread as to cover the activity of a majority of the companies, it is important to note that the EoC enterprises decide to work “within the structures of business and the market”, without differentiating from the normal economic activities. This choice is crucial, because it allows the Economy of Communion to present “an example of how these structures can create well-being and at the same time foster authentic human encounters and development” by remaining inside the capitalist functioning of the economy. The Economy of Communion “poses a challenge to a wide-spread vision of a market as a reality whose sole aim is to reach efficiency, and as such, discards elements of redistribution, reciprocity, and gift.” (Bruni & Uelmen, 2006)

In his essay “The Economy of Communion project as a challenge to standard economic theory, S. Zamagni confirms this vision about the Economy of Communion. He writes: “The experience of the Economy of Communion contradicts the dichotomous model of social order since it demonstrates empirically that it is possible to use the market as a mean to reach goals which are by their nature public. Is demonstrated, furthermore, that the market cannot only produce wealth efficiently, but can also redistribute it, without the intervention of the state. (Zamagni, 2014)

Another idea of Zamagni, moreover, is that, if it is true that liberalism is able to activate change, it is also true that it is not
able to redistribute efficiently its benefits together with its flaws, too. (Zamagni, 2014)

About the way in which the Economy of Communion acts against poverty, Gold explains that the fight against poverty was born out of a culture of “mutual care and solidarity”, which implies also material help. (Gold, 2004)

The financial help for the poor, in particular, derives mainly from the private companies, but is sometimes supported by the Focolare movement itself, which publishes the EOC annual report with the precise destinations given to the monetary aids. (Del Baldo & Baldarelli, 2015) The help is distributed in accordance to the work of some members of the social communities who declare the local needs and purposes a support project to overcome them. Everything depends, then, on social involvement, on the “civic innovator idea”. (Gold, 2004)

For these reasons, according to Gold, EoC is an example of a new economic form which stretches between the borders of normal business, NGOs and religious organisations. (Gold, 2004)

Another innovation of the Economy of Communion are its business parks. The first one to be funded was Spartaco, in San Paolo, Brasil. The Focolare movement bought the land and built there the infrastructures necessary for the development of an industrial area. Subsequently, they rented them to the entrepreneurs interested in starting their EoC projects. Among the people who started a business in one of Economy of Communion parks, there many of the former beneficiaries of the economic help, who have afterward decided to become little investors in EoC companies or to turn themselves into small entrepreneurs. (Gold, 2004)
Many other parks in addition to that of San Paolo have developed around the world, such as that of Loppiano in Tuscany, O’ Higgings in Argentina and that of Hyde Park in the state of New York. “The existence of these parks has facilitated the growth of sectoral and cross-sectoral collaboration within the EOC […]. The parks have also fostered the sharing of skills, knowledge, and technology transfers to developing countries”. (Gold, 2004)

In these parks, “work is conceived as a means of inner growth”. Working conditions are those of a community and the organization of the parks have the aim of favouring the exchange of information and knowledge among the entrepreneurs. “In the governance of the EOC parks, trust, relational capital and the diffusion of communion are basic principles that lead to a high degree of openness and willingness to collaboration both inside and outside the industrial park.” (Del Baldo & Baldarelli, 2015)

Even though it is not necessary to be settled in one of the EoC parks to adhere to Economy of Communion, the fundation of parks had been favoured. The Italian Polo Lionello Bonfanti, created in Incisa Val d’Arno, Firenze, in 2001, was funded with the aim of making it “a positive and visible witness of the Economy of Communion in Italy”. (Del Baldo & Baldarelli, 2015)

In conclusion, the question on how can EOC enterprises survive if the share two thirds of their profits may be answered. However, it could be useful to note that “The EOC business gets back – in forms different from donations- as much as it gives, if not more.” In fact, the Economy of Communion business are usually the subject of stronger reciprocation. Indeed, “The more genuine the pro-social motivation other agents perceive in his
behaviour, the more they are going to be moved to respond cooperatively.” (Crivelli & Gui, 2014)

**IVc: The experience of CHIMAR S.P.A.**

To better understand the concrete functioning of the Economy of Communion, I believe it is useful to report the conversation that I had with Giovanni Arletti, the founder and director of Chimar S.p.a., a company based in Carpi (Mo), that produces industrial packaging and provides logistics services.

The interview will be reported in its original version in Italian.

*Quando ha deciso di aderire con la sua azienda ad economia di comunione? E’ stata una scelta contestuale alla fondazione dell’azienda?*

Arletti: Ho cominciato a lavorare in proprio nel 1987 e da sempre, da quando avevo 20 anni, ero rimasto affascinato dalla fondatrice del movimento, che si chiamava Chiara Lubich. Ha dato una visione del Vangelo che mi aveva affascinato. Io ero cresciuto nella vecchia scuola della paura di Dio, invece lei parlava di Dio amore, cioè una visione completamente diversa, anche del rapporto con le persone. Quindi cominciai a cercare di capire quello che lei voleva dire con questa visione del Vangelo che all’epoca era molto diversa e quindi ho cominciato a seguirla e sono entrato nel movimento dei Focolari. Nel 1991 Chiara Lubich, andando in Brasile, prima di atterrare, vide i palazzi circondati dalle favelas e vide in questi come la corona di spine, e si è chiesta come mai, l’uomo che riesce a costruire cose così
importanti, non riesce a sconfiggere la povertà. Da lì le è venuta l’idea e ha pensato agli imprenditori che fondassero delle aziende. Queste aziende dovevano avere la capacità di produrre ricchezza da mettere poi a disposizione dei poveri. Questa idea mi ha affascinato. Rimanerne affascinato e realizzare le cose…c’è chi è stato preso e ha fatto tante iniziative…ma io sono uno che ha bisogno di metabolizzare le cose prima di farle. Credo che tutta la nostra vita sia un percorso, è difficile che una cosa ti prenda così, c’è bisogno di interiorizzarla. Per me è stato proprio così, un percorso. L’idea di Chiara Lubich è stata straordinaria, ancora di più oggi coi problemi che abbiamo, ma non è un’idea che ha solo affrontato il problema della povertà, perché poi è entrata nel merito di tutta la vita aziendale, delle relazioni, dei rapporti coi fornitori e i clienti, azionisti, dipendenti, concorrenti, sindacati. Va a toccare un modo nuovo di relazionarsi con tutti coloro che hanno a che fare con l’azienda. Poi, qualche anno fa, con un gruppo di amici abbiamo fondato AIPEC, che è l’associazione italiana imprenditori per l’economia di comunione, perché ci siamo resi conto che è necessario, per chi vive esperienze anche fuori dall’ordinario, di sentirsi unito e stimolato da chi condivide la stessa esperienza. Per questo, sono tre anni che abbiamo fondato l’AIPEC, andiamo in giro a raccontare delle nostre esperienze e della cultura di Economia di Comunione. Quindi il mio è un percorso iniziato nel 1991, sono 25 anni. Quest’anno festeggeranno a Incisa Val D’Arno, là dove c’è la sede, i 25 anni di EdC.

Come promuovete l’economia di comunione attraverso AIPEC?

Ai quei tempi ero in un consiglio di Confindustria e mi sarebbe piaciuto diffondere questa idea in quell’ambiente, ma mi sono reso conto che in quell’ambiente queste idee venivano viste come
qualcosa di sociale. E in quell’ambiente, chi pensa a cose sociali viene un po’ visto come qualcuno con la testa fra le nuvole, che fa il filantropo… non viene visto come uno che pensa al marketing, alle vendite ecc… è molto difficile parlare di questa idea e farla accettare in certi ambienti. Bisogna lavorare da sotto, bisogna lavorare sui giovani. Mi sono reso conto a parlare che alcune persone piangevano addirittura quando raccontavo la mia esperienza, ma poi non succedeva nulla. Era come una pillola di benessere ma poi finiva lì. Poi sono andato a parlare coi giovani, all’università di Parma di economia e ingegneria e poi all’Università Sofia di Loppiano. Da quel momento ho deciso che vado a parlare solo coi giovani, perché è solo con loro che puoi costruire qualcosa. Agli adulti dai solo delle felicità momentanee. Ho ricevuto moltissime lettere in questo periodo. Mi hanno fatto una intervista su tv2000 e mi hanno detto. “Lei mi ha dato la speranza, ero sfiduciato”. Queste cose portano davvero tanto benessere, però queste cose bisogna farle coi giovani, con chi deve ancora costruire la loro posizione, di perdere il loro benessere. Edc ti dice di condividere il tuo benessere con gli altri. Quello che ti viene dato non è dato solo a te. Tu lo utilizzi, ma poi si valorizza se lo condividi anche con gli altri. Se rimangono a te, cos’altro sono se non numeri su un conto corrente? Ma è questo che bisogna cambiare, oggi dove le persone si chiudono in casa per paura di dover condividere quello che hanno conquistato. Edc deve partire dai giovani perché loro costruiscano un futuro diverso e ci credano, perché il futuro di oggi non gli va bene.

Com’è possibile, concretamente, gestire un’azienda rinunciando a tanta parte dei profitti? Donando un terzo in beneficenza e un
terzo per la formazione, sente che quello che viene dato permette effettivamente di raggiungere dei risultati? Si crea davvero un rapporto di comunione e reciprocità coi beneficiari?

Come fa un’idea così estranea alla concezione prevalente, come quella di creare ricchezza e non tenerla solo per se’ ma condividerla, ad essere spiegata a un non credente? Pensa che l’idea di EDC sia effettivamente per tutti?

Cosa ne pensa dello shared value e dell’idea di raggiungere un obiettivo ideale e valoriale attraverso lo sfruttamento di interessi pratici ed economici? (come ad esempio è avvenuto con la formazione della Comunità Economica Europea del Carbone e dell’Acciaio?)

La nostra società ci ha male educato… Noi siamo passati da tre stadi: individualismo, nel quale abbiamo ricercato i diritti personali per qualificare la nostra vita e renderci indipendenti. Poi siamo passati all’imborghesimento, nel quale le cose che avevamo ci contrassegnavano nel nostro status; poi ora siamo nel periodo delle emozioni. I giovani comunicano attraverso la rete, con chi condivide un progetto o una cosa. Oggi qualunque cosa tu voglia fare deve dare notizia.

Nella fase dei diritti individuali abbiamo spinto sempre e solo nel nome dell’egoismo. Non siamo mai passati alla fase successiva della fraternità, eppure nella costituzione francese c’è. Se non passi alla fase successiva arrivi a una condizione che è monca. Manca la reciprocità. Quindi ognuno si sente autorizzato a chiedere. “Io sono senza casa e tu me lo devi dare”, “sono senza lavoro e tu devi darmelo”. Ad esempio, se una persona anziana si rompe l’anca, va dal medico che gliela guarisce. Ma se la persona non fa la sua parte, come la riabilitazione, non torna più a
Camminare. Entrambe le parti devono agire. Si chiama “welfare generativo”, la forma di welfare che abbiamo creato che però è incompleta. Questo ha creato una mentalità di diritti, ad esempio una fabbrica che va male che viene chiusa, tanto i dipendenti vanno tutti in cassa integrazione. La gente viene pagata per stare a casa a non fare nulla. Questo è sbagliato, anzi dannoso. Viene creata una dipendenza. L’individuo non diventa persona, ed è gravissimo. Cos’è che eguaglia me con le persone che lavorano in questa azienda? La reciprocità. Loro danno qualcosa all’azienda e questa dà loro lo stipendio. Tutti partecipano al progetto. Se io dò denaro a uno che non fa niente e non gli chiedo niente in cambio creo una dipendenza. Se noi guardiamo le cose, e credo che tutti le guardino in questo modo, indipendentemente dall’avere fede o no, credo che EDC sia per tutti. Perché la condivisione è una cosa che tutti avvertono. Oggi, in una società dove 63 persone hanno la ricchezza del mondo e un numero infinito è sulla soglia di povertà, non può stare bene una società così. Non può funzionare. Perché se hai di fianco a casa un uomo che muore di fame, e non fai qualcosa, questo prima o poi verrà a prenderti quello che hai te. C’è poco da fare. È per questo che questo progetto è basato sulla reciprocità. E nata nel mondo cattolico, cambiamo i termini ecclesiastici se vogliamo, ma EdC dice cose che tutti vogliamo, come essere amati o essere importanti per qualcuno. Ognuno nasce con il presupposto di ricercare la propria felicità. Quindi credo che si possa coniugare bene.

Poi questa distinzione non è così significativa, la divisione in un terzo, un terzo e un terzo è un’indicazione, poi la valuti tu, non è così rigida, la valuti tu, in case alle esigenze e agli investimenti. Per esempio, l’anno del terremoto il governo ha deciso di mettere in sospensione i contributi INPS per dare a tutte le persone quei 400/500 euro al mese per permettere alle persone di pagare gli
alloggi temporanei. Poi, il 17 di Dicembre, ha detto: “gli voglio tutti indietro in un’unica soluzione”. Cosa che non aveva fatto all’Aquila. Qui si trattava a dicembre di non pagare gli stipendi per pagare i contributi. Io, con mia moglie e mio figlio, ci siamo parlati, ci siamo detti che le persone erano state molto disponibili quando c’era stato bisogno, e così abbiamo deciso che i contributi gli avremmo pagati noi. L’azienda ha pagato per tutti i contributi INPS, riuscendo quindi a pagare gli stipendi. La cosa ha avuto una risonanza incredibile, non so come, noi avevamo messo un bigliettino in busa paga per spiegare perché l’avevamo fatto. Siamo stati l’unica azienda a farlo in tutta l’area del terremoto. La RAI era venuta a fare un servizio e a intervistare i dipendenti. Erano tanti soldi, avevamo calcolato che con quei soldi si sarebbe potuta comprare una Ferrari o anche qualcosa di più. Però, vedi, il piacere che abbiamo provato noi lì, a fare questa operazione, non c’era un acquisto che qualche d’uno poteva darci che ci desse lo stesso piacere. Mi piace una frase di Madre Teresa di Calcutta alla quale un capo di stato, durante una visita, le disse: “Io una cosa come questa non la farei neanche per un milione di dollari”. E lei rispose: “Per così poco non la farei neanche io”. Ci sono cose che hanno un valore che va oltre a quello che siamo abituati a dare alle cose.

Leggendo il codice etico di Chimar non si trova alcun riferimento esplicito a EdC. So che si tratta di una scelta delle aziende che ne fanno parte, che nasce dalla logica di non tramutare la scelta di appartenere a EdC in un marchio distintivo, al contrario di come funziona, ad esempio, l’equo e solidale, che viene comprato proprio in virtù del suo marchio. Questa idea significa voler fornire una nuova strada di economia sociale rimanendo però all’interno del mercato stesso. Non è difficile essere un’azienda che vive all’interno del mercato pur essendo mossas da valori
apparentemente così estranei dal funzionamento di mercato, come ad esempio la fraternità?

E’ difficilissimo. E’ già difficile pero essere imprenditore in Italia se non sei un fenomeno. La difficoltà vera non è quella di voler vivere in un mercato come il nostro…per esempio, l’anno scorso abbiamo invitato i nostri concorrenti a visitare l’azienda. Se io vado dai miei concorrenti non mi fanno neanche entrare in ufficio. Facciamo corsi per i fornitori e per i clienti, abbiamo un progetto di formazione continuo per i dipendenti, siamo partiti con dei docenti universitari in azienda, facciamo corsi di inglese e italiano. Abbiamo fatto un piccolo ristorante interno (oggi viene il vescovo a benedire l’azienda e si ferma qui a pranzo) dove, tre giorni a settimana, a rotazione lo dedichiamo ai dipendenti, ad esempio per chi compie gli anni. Oggi siamo in circa 420 e mi sono reso conto che stavamo perdendo il contatto con le persone. Allora in questo modo riesco due volte all’anno ad avere un rapporto personale con tutti. Devi sapere come sta andando per una persona, i problemi che ha, i problemi economici…abbiamo fatto un accordo con le banche perché non vogliamo che i dipendenti vadano a prendere i soldi da chi glieli presta…ti dicevo, il problema non è tanto vivere credendo nei valori dei cristiani, di EdC. In un’impresa, se vuoi vivere da cristiano è difficile, perché tu vivi in un mercato dove le regole valgono solo per chi le rispetta. Chi non le rispetta fa quello che gli pare. Chi rispetta le norme è massacrato dalle regole, chi non le rispetta fa quello che vuole. E’ molto difficile.

Che cosa si potrebbe fare per semplificare il lavoro a chi non solo rispetta le regole, ma anche cerca di valorizzare l’umanità
delle persone all’interno del contesto lavorativo? Vi aspettereste qualche supporto particolare dallo stato?

Che cosa i giovani stessi, che si apprestano al modo del lavoro, possono fare?

Il punto è che chi, come noi, sceglie di agire secondo certi principi, non lo fa per filantropia, come è visto il welfare. Lo fa perché l’azienda funziona meglio. Lo fai perché le persone sono motivate, se si sentono coinvolte…perché faccio il pranzo coi dipendenti, perché così gli spiego cosa facciamo e dove stiamo andando. In una situazione di mercato, l’azienda funziona meglio. CHIMAR è nata 15 anni fa, oggi fattura 40 milioni di euro e ha più di 400 dipendenti. Perché è cresciuta così? Sicuramente perché ci siamo dati da fare nel mercato, ma non solo. Anche perché all’interno tante persone hanno spinto perché le cose andassero.

Si è mai trovato in quella condizione in cui ha pensato di aver fatto tutto il possibile per qualcuno, senza aver ricevuto a sua volta alcuna forma di reciprocità?

Si certo, è all’ordine del giorno questo, perché le persone sono tante, sono varie. Alle persone va spiegato, bisogna confrontarsi e non tutti condividono la stessa visione. La settimana scorsa abbiano dovuto chiudere i contatti con una persona perché rubava. L’ho chiamato, gli ho parlato, alla fine lui stesso si è licenziato. Noi, che non eravamo tenuti a niente, gli abbiamo dato quattro mensilità perché così, dato che aveva famiglia, non rimanesse sulla piazza. Però c’era una situazione di questo tipo e abbiamo voluto capire cosa era successo. Un altro si era licenziato, sono andato da lui per capire come mai, perché non voglio che...
succedano queste cose senza che io ci parli, ci ha spiegato, ci siamo chiariti e ha ritirato le dimissioni. Qualche anno fa abbiamo dato la possibilità ad alcune persone di non timbrare il cartellino perché volevamo che lavorassero per obiettivi. Ci siamo resi conto che lo avevano inteso come un senso di libertà, non facevano più neanche le otto ore e siamo dovuti tornare indietro. Non è che perché uno fa delle cose che sembrano positive poi ci sia sempre il ricambio. Uno lo fa perché crede che così debba essere essendo consapevole che le persone sono persone. Si va avanti insieme. Anche io, il progetto di Edc non l’ho fatto mio al cento per cento, è un percorso.
CONCLUSION

In conclusion, after having analysed some of the new ideas that stimulate the actual intellectual environment, in particular about the fight against inequalities and in favour of public happiness, I believe it is possible to make some further observations.

As far as I am concerned, I believe that all the reflections and theories synthetized in this essay have in common one conclusion. This is that a possible future evolution toward a more sustainable and personally-attentive economy must necessarily relies on the individual free choice of people. Only people driven by a strong personal motivation or a long-term vision can decide to put limits to their economic activity for a social aim or to share part of their earned profits.

Consequently, the main actors in the fight against inequality become the citizens themselves. This means a shift of focus from the state’s only responsibility to a new system based on personal responsibility. This fact, moreover, could stimulate the passage from a simple “society”, intended as an aggregate of individual needs, to a “community”, in which everyone perceives the importance of his action for the making of a common happiness.

The partial retreat of the state as a mean to counter the flaws of Capitalism should also stimulate the spreading of the idea of creating new value for everyone in order to fight inequalities, instead of simply redistributing what is already existing.

Furthermore, the new central role of citizens requires new instruments to allow them to hold responsibility. In particular, the social economy issue should receive a rising level of visibility, in
order to make this theme accessible to everyone. Moreover, initiatives such as the creation of certifications (like, for example, B Corporations), that could help both customers and labour force to better address their money and energies, could prove very useful. However, it is true that the establishment of brands such as the Fair Trade had not given, up to these years, such a significant push toward the creation of a more involved economic system. Despite this fact, I think that new certifications and research on the working ethic of many work places, combined with the new technologies, can reach that level of diffusion that would make them one of the most effective way to spread the social economy issue among the citizens.

Among all the ideas treated in this essay, that of shared value is the one that can provide the most feasible and stabilizing scenery. In fact, by satisfying the needs of both parts in the production or supply of services, this system allows for the sustainability of the projects.

However, many alternatives for the improvement of the current economic structure are possible. Indeed, I personally believe that there is the need to work in different ways at the same time. Nonetheless, for the immediate future, a more “social capitalism” seems to represent the most feasible and effective system to fight inequalities, injustice and to work for the common happiness.

As far as I am concerned, however, I think that a wave of change is currently underway. In front of the crisis, such as those of these years, big changes are required in order to overcome them. So, I believe that concrete and almost-revolutionary changes are due in the next years.
Bibliografia


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