
THE CONTRIBUTION OF CIVIL ECONOMICS
TO THE PARADIGM SHIFT PROMOTED
BY THE MACAU MANIFESTO

国民经济学有助于
《澳门宣言》所提出的范式转移

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The Macau Manifesto identifies three platforms for change that can “contribute to the paradigmatic shift in economics that is already happening”: i) Subsidiarity Economics; ii) Wellbeing for All; and iii) Common Good Entrepreneurship.

Following the logic of the civil economics paradigm (Becchetti-Cermelli, 2018), my belief is that “Wellbeing for All” needs to be measured by creating a new set of wellbeing indicators where value is, beyond GDP, the stock of cultural, environmental, spiritual and economic resources that a community can enjoy. To this purpose the most recent studies have developed multidimensional wellbeing and “generativity in act” indicators that provide different measures of economic, social and demographic generativity.

By generativity we mean the capacity in one’s own life to affect positively lives of other human beings. Empirical evidence in the literature on the determinants of life sense and life satisfaction show that generativity is the principal component of the two.

Awareness of the importance of generativity is widespread among the founders economic thought. According to J. S. Mill,

Those only are happy, I thought, who have their minds fixed on some object other than their own happiness, on the happiness of others, on the improvement of mankind, even on some art or pursuit, followed not as a means, but as itself an ideal end. Aiming thus at something else, they find happiness by the way. (Mill, 1873)

Jeremy Bentham observed that for every grain of enjoyment you sow in the bosom of another, you shall find a harvest in your own bosom, --while every sorrow which you pluck out from the thoughts and feelings of a fellow creature shall be replaced by beautiful flowers of peace and joy in the sanctuary of your soul. (Bentham, 1830)

Adam Smith recognised the existence of altruism in economic behaviour long ago: How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. (Smith, 1759)

Human beings are relational sense searchers before being utility maximisers. Generativity is the response to this demand and the crucial ingredient for a flourishing life. Social, political and economic systems creating conditions for high quality of relationships, participation and mutual recognition (e.g., models of participative budgeting, and deliberative democracy) are therefore crucial for both political consensus and creation of conditions for life flourishing.

Generativity and richness of sense is also the key to link the second platform (“Wellbeing for All”) with the third platform (“Common Good Entrepreneurship”). The 2019 letter of Larry

Fink, the CEO of the largest world investment fund, Blackrock, to CEOs of the largest global multinationals is surprising in this point of view. Fink says that

every company needs a framework to navigate this difficult landscape, and that it must begin with a clear embodiment of your company’s purpose in your business model and corporate strategy. Purpose is not a mere tagline or marketing campaign; it is a company’s fundamental reason for being – what it does every day to create value for its stakeholders. Purpose is not the sole pursuit of profits but the animating force for achieving them. (Fink, 2019).

What this statement indicates is that the paradigm shift that is emerging is one affirmed by the more ambitious and farsighted companies and entrepreneurs that do not just aim at profit maximisation “no-matter-how,” but at a maximisation of purpose and generativity. This trend is reflected also in the birth of new organisational forms such as B-Corps, benefit corporations, new forms of cooperative business that set as statutory goals that combine purpose with profit. We claim that this purpose is generativity intended as the goal of producing social and environmental benefits for corporate stakeholders that make corporate life richer of sense also for its workers. An example of this evolution is also the birth of “impact finance” that sets the goal of generativity in the measurement of the effects of its action.

The idea of “Subsidiarity Economics” (the third platform of the paradigm shift proposed by the Manifesto) needs to be defined in light of a four-hand approach (Bechetti and Cermelli, 2018) to political economy—as an alternative to the traditional two-hand approach—where actions of the traditional invisible hand of the market and the visible hand of institutions in solving problems are complemented and supported by the action of two additional hands, namely, grassroots citizens’

participation and socially and environmentally responsible companies. Examples of both and their interactions can be found in profit/not-for-profit partnerships, public participation in budgetary decision-making, and community administration of local public goods.

To this purpose the role of the fourth hand (the hand of active citizenship) is of fundamental importance. One of the most promising directions indicating the effectiveness of the fourth hand is “vote with the wallet” campaigns (Becchetti et al. 2018). By “vote with the wallet” we mean the power of citizens as consumers and investors to use their consumption and investment choices as votes for products of companies at the vanguard in creating economic value in a socially and environmentally responsible way, consistently with the UN Sustainable Development Goal number 12 (“Sustainable Consumption and Production”) (SDG, 2015). If all citizens would vote with their wallets the world would be different by tomorrow.

There are four main obstacles to the success of the vote with the wallet strategy and they are: awareness, information, coordination of choices of many individuals and the price difference that may arise between sustainable and conventional products. These four obstacles can be overcome in finance where the game is played by a more limited number of actors that have been delegated by individual investors. Sustainable investment funds are aware, informed, coordinate the action of many small investors and have assets whose risk adjusted returns are not significantly different from those of conventional funds.

Recent data show that voting with the wallet is becoming mainstream, at least if we look at environmental sustainability. Again, Larry Fink in his 2018 letter to CEOs announced how the first global fund is adopting the logic of vote with the wallet by selecting socially and environmentally sustainable companies in their

portfolios.¹ The motto of the Interfaith Center for Corporate Responsibility, an association gathering ethical investors with managed assets that amount to around 100 billion dollars, is “leveraging investors’ power to catalyse social change”. This is exactly the goal of the vote with the wallet strategy.

“Subsidiarity Economics”, “Wellbeing for All”, and “Common Good Entrepreneurship” are the three platforms highlighted in the Macau Manifesto’s exploration of a paradigm shift. My focus here is on creating generativity indicators: more ambitious corporations, and entrepreneurs aiming at purpose and generativity, and the impact of vote with the wallet strategies are three crucial directions for further progress toward the common good.



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¹ Here are statements from Larry Fink’s 2018 Letter to CEOs: “*Social licence to operate’ and long-term prosperity depends on making a ‘positive contribution to society’...*” “To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society... Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders”

The absence of a long-term focus or ‘sense of purpose’ companies exposed themselves to greater risks: Companies without a long-term focus will succumb to short-term pressures to distribute earnings, and, in the process, sacrifice investments in employee development, innovation, and capital expenditures that are necessary for long-term growth. It will remain exposed to activist campaigns that articulate a clearer goal, even if that goal serves only the shortest and narrowest of objectives. And ultimately, that company will provide subpar returns to the investors who depend on it to finance their retirement, home purchases, or higher education”. (MinterEllison, 2018)

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