

## **Abstract**

**The Common Good Economy: an new model for the Degrowth society.**

**An application of the Common Good Balance sheet to an organic and biodynamic farm.**

### **Introduction**

The evolution of social, economic and environmental systems in the last decades and the numerous studies by Bioeconomy, Economy of Happiness and Degrowth Theory, showed the inability of the Capitalism in the realization of a fair, healthy and happy society. The main aim of this work is to investigate the economic model introduced by the Common Good Economy (C.G.E.), which proposes a new framework for a new society and the tools for realizing it. In particular, the study analyzed the potentiality of the Common Good Balance sheet, one of the core tools proposed by C.G.E., through the application to the organic and biodynamic wine farm “Di Filippo”.

For the C.G.E. the true objectives of the Economy are: the satisfaction of the needs, the fair distribution of richness, the participatory management, the democracy and the eco-sustainability. All these activities ensure the Common Good. To reach this aim, the C.G.E. proposes a lot of tools to build a new Economy and a new Society. The first and most important change proposed is a new way for measuring Welfare. On the macro economic level, the proposal is to substitute the Gross National Product (G.N.P.) with a Common Good National Product whilst on the micro economic level the Common Good Balance Sheet have to substitute the economic and financial balance sheet.

### **Materials and method**

The Common Good Balance Sheet was built to measure how a business influence the Common Good. It is composed by 17 indicators identified by crossing the principal values of the society with the stakeholders connected to the business. The values considered are: human dignity, solidarity, eco-sustainability, social fairness and democratic management. The stakeholders are: suppliers, financiers, employees, owners, clients, firm partners and the social context. The idea is to create trough the

Common Good Balance Sheet a transition toward a real C.G.E. The purpose is to give to it a legal value to reward, through the tools offered by taxes, duties, interests and contracts, those business, that make high score of the common good, that have therefore social and ecological standard much above average. In the Common Good Balance Sheet are also included negative criteria which are allowed to evaluate also bad business behavior detrimental to the Common Good. The Balance, in order to avoid numerous versions, is designed to be used by any kind of businesses, type of industry, legal form etc..

The 17 indicators and negative criteria are :

A1: Ethical Supply Management;

B1: Ethical Financial Management;

C1: Workplace Quality and Affirmative Action;

C2: Fair Distribution of Labor ;

C3: Promotion of Environmental Friendly Behavior of Employees;

C4: Fair Income Distribution;

C5: Corporation Democracy and Transparency;

D1: Ethical Customers Relations;

D2: Cooperating with Business in some Fields;

D1: Ecological Design of Products and Services;

D4: Socially Oriented Design of Products and Services;

D5: Raising Social and Ecological Standard;

E1: Value and Social Impact of Products/Services;

E2: Contribution to the Local Community ;

E3: Reduction of Environmental Impact ;

E4: Investing profits for the Common Good;

E5: Corporate Transparency and Co-determination ;

Negative criteria :

1) Dignity of the Human Being :

- Violation of ILO norms (international labor standards) / human rights;

- Products detrimental to human dignity and human rights (e.g. landmines,

nuclear power, GMO's);

- Outsourcing to or cooperation with companies which violate human Dignity;

2) Solidarity:

- Hostile takeover;

- Blocking patents;

- Dumping prices ;

3) Sustainability :

- Massive environmental pollution;

- Gross violation of environmental standards;

- Planned obsolescence ;

4) Social Equity :

- Unequal pay for women and men;

- Job cuts or moving jobs overseas despite having made a profit;

- Subsidiaries in tax havens;

- Equity yield rate > 10 %;

5) Co-management and democratic transparency :

- Non-disclosure of subsidiaries;

- Prohibition of a works council;

- Non-disclosure of payments to lobbyists;

- Excessive income inequality within a business;

The maximum score is 1000 points. Each indicator has a corresponding maximum score that weighs the importance within the basket of indicators and ranges from a minimum of 30 points to a maximum of 90. Each indicator is composed by several criteria, each of them has a percentage weight. In addition, the weight of single criterion within each indicator can vary within a certain range, thus leaving more freedom to the auto-evaluation of business and then to verifiers. Furthermore, for each criterion the business can be evaluated according to a four grades scale: first steps, advanced, expert or example.

## **Case study and results**

To try out all the indicators proposed in the Balance, we applied it to an organic and biodynamic farm. This kind of firm for its close connection with the territory and the ecosystem involves in a direct way all the indicators and so it was particularly suitable for the objective of the study. In particular was chosen the organic and biodynamic farm “Di Filippo” because this firm bases its identity in the social, ecological and economic sustainability of its production and represent a model in the Italian context.

To achieve the evaluation was adopted the description of indicators and criteria illustrated in the “Guidelines for creating a Common Good Report supplied by Association for the Advancement of the Economy for the Common Good. Then, it was produced an assessment questionnaire which was directly submitted to the manager of “Di Filippo”. The farm “Di Filippo” achieved a score of 514/1000 points, an important result considering it is the first year that the company is confronted with the Balance and also that every point above 0 indicates performance higher than the average.

## **Discussion and main conclusions**

The core study demonstrated that the Common Good Balance Sheet is adaptable, flexible and that it can be easily. Furthermore, for business it is also an effective tool for self-analysis due to which identify the critical-points, in order to increase performance of the Common Good. At the same time, indicators and criteria are quite well calibrated and easy to be evaluated, but in some cases they shows some weak points. In particular some of the measures proposed are not easily carried out by small and medium enterprise (S.M.E.), because are too rigid.

The S.M.E. hardly have the bargaining power to require suppliers contracts with an ecological and ethical warranty. Moreover, often they do not have the financial resources or the logistics ability to train employees on various ethical and ecological aspects (lifestyle ethics, nutrition, social skills, etc. .) or to obtain specific certifications (EMAS , CO2 footprint, ecological footprint of workers). Finally they can become a shared ownership unlikely.

## References

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