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Territories and SMEs for an innovative process in European industrial policy inspired by the UN's 2030 Agenda

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Abstract

The next election for the new European parliament has to be considered as a potential opportunity to relaunch the idea of Europe and its efficacy in the global political and economic context and undertakes academy, business community, citizens and stakeholder representatives to push for a paradigm change, a real global shift, into the industrial policy considered, by the discussion group “Growth, investments and territory”, the key factor for a successful change.

This key priority, shared in this text, is proposed to be managed using as reference term the framework established by UN in 2030 Agenda through the 17 Sustainable Development Goals (SDGs) which describes community's vulnerabilities and potentialities, therefore their needs, simplifies the target detection and implies the adoption of entrepreneurial systemic choices focused to the environment, social, governance and economics together.

With these premises, the aim of this contribute is to argue that companies and States have to configure their plans and performances always with double indicators, GDP and WELLBEING, pursuing them with symbiosis through the territorial link which, with human resources and its own cultural heritage, brings to a distinctive strategic positioning, necessary to grant a durable value proposition and a durable quality of life.

In this trail, Italy with its statistical yearly report about BES (Benessere – Welfare, Equo - Fair, Sostenibile - Sustainable) and with its historical network of SMEs, distributed in all its lands, has the right conditions to promote a real innovation process that thanks to synergies among citizens, academy, institutions, credit system and capital market succeeds to achieve jointly value development, entropy reduction and improvement in quality of life.

To European Union is required to adopt substantially Agenda 2030, to use concretely the double indicators GDP and WELLBEING, to support the SMEs and to recognize the people needs locally listened through a bottom-up information net shared, in other words what we define a DISTRIBUTED ECONOMY.

Introduction

Planet Life Economy Foundation (PLEF) - born in 2003 - is engaged to study, define and promote entrepreneurial strategies in the respect of the sustainability constraints in terms of environment, society, economic and governance with its own conceptual model based on the idea that business target is Added Value and this may be pursued by Human resources, Intangibles and Sustainable Strategic Positioning engaged in participative and bio imitation processes.

Since 2012, with its 140 associated, it's member of the National Council for Green Economy (CNGE) and since 2016 of the Italian Alliance for Sustainable Development (ASviS), referent in the civil society for UN's 2030 agenda.

Founded in 1946, the CNA, the National Confederation of Crafts and SMEs, has over 700,000 member companies that employ over 1.2 million people. CNA represents artisans, traders, professionals, self-employed workers, micro and small businesses of tourism, services and industry.

CNA works to give value to craftsmanship and SMEs, presenting itself as their partner for development and promoting economic and social progress. This objective is pursued through a structured and widespread organization, a system of companies that offers integrated services and personalized consultancy to companies, a modern structure that provides its members with assistance, information and innovative solutions.

Invited to participate to the discussion group "Growth, investment and Territory" about the specific topic of new Industrial Policy for European Institution, PLEF and CNA are proud and convinced to declare:

- the disruptive evolution pass through the comprehension that sustainability brings social, environmental and economic constraints everywhere and for everyone;
- the companies, as entities devoted to create value (profit and no profit), are key subjects in this evolution;
- territories with their natural, historical, cultural heritage and relations, are drivers for any distinctive positioning for themselves and for any value creation operator inside;
- enterprises, notably micro and SMEs, and territory's governments (local, national and international) have to recognize the need to let converge their positioning;
- in this positioning, Human Resources and Intangible Assets are key factors;
- to implement such a positioning is necessary to apply participatory processes and imitation to the nature;
- these processes have to perform Added Value (A.V.) and Well Being (W.B.);
- all the measurement of success rate for enterprises (profit or no profit) and government (local, national and international) have to use the **double indicator of A.V. and W.B.**

For doing this, local communities should push Europe, through their parliament and their delegates, to promote clearly and officially a Sustainable Strategy, reviewing objectives, policies, structures and processes in line with UN's 2030 Agenda, implying as consequence a similar review in the Union's States and in their local communities.

In other words, we recommend for European policies to emphasize the Sustainability issue, the centrality of territories in terms of A.V. and W.B., the potential opportunity coming from thoughts, facts and instruments already disposable so like a new role in innovation for EU, States and local governments, to be driver of the shift.

European Policy inspired by UN's 2030 Agenda

The upcoming elections to renew the European Parliament let to for politics parties and for all the electors a new platform of thoughts, information and data never had in the past.

It concerns what United Nations has treated to promote the sustainable development on a worldwide scale with environment, social and governance goals.

Such goals – the Sustainable Development Goals – SDGs', are 17 and for each of them have been defined a great range of indicators. The SDGs' are able to measure: poverty, hunger, health, education, gender equality, clean water and sanitation, clean energy, decent work and economic growth, innovation and infrastructure, inequalities, sustainable cities and communities, responsible consumption and production, climate, life in water and on land, peace and justice, partnership.

All these goals, expressed in clear target, are the priority to achieve progressively an alignment among nations, and every national government, signing the AGENDA, is charged to be consistent with the global agreement.

It looks as a logical consequence that every nation and more than 28 European partners, already linked in their medium and long term planning, should adopt in their countries strategies able to mix actions useful to pursue every goals, according the local priorities, but coherent to perform what has been evaluated indeed for 2030.

Therefore, it's reasonable to expect that all the candidates to representing citizens make proposal connected to this platform, and for the same reason the civil society push what consider functional to this planning.

In our opinion, Italy is in a leading position on this matter. This because has been able to develop and introduce a specific system of measurement of Wellbeing, according to the theory of "Beyond GDP", the composed indicator BES - Benessere (Welfare) Equo (Fair) Sostenibile (Sustainable). The 12 BES's dimension (healthy education, work time and life time balance, economic wellbeing, social relations, politics and institutions, safety, subjective wellbeing, landscape and cultural heritage, environment, research and development, quality of services) are compatible with the 17 SDGs and then, thanks to the national statistician service, we are already in condition to supply Parliament and Govern with an annual report linkable to the yearly Finance and Economic Act.

According to this thinking and experience, the first priority in European policies should be to help the shift or the turnaround from the existing approach to a new one. This is feasible adopting instruments already disposable and fully transforming the way to plan the future and check the performs, based at every government level (EU, National, region and municipality) on 2 indicators: GDP and WELLBEING but no more only on GDP (nowadays according to a specific research managed with Edinburgh University, 81% of Italian people speak and know what is GDP and only 19% are informed about Wellbeing).

This approach, managed at the municipality level or most appropriate decision-making level, may become a full bottom up process, key factor in participatory practices, usable for balance sheet preparation. This approach facilitates also a similar attitude and procedure into companies located in these territories potentially pursuing a value creation through execution of innovation, according to Schumpeter theory.

Proceeding in this way to pursue GDP and WELLBEING, finalized to achieve the SDG, together with bottom up procedure and horizontal organizations it is consequential reevaluate all the intangibles in the economic system: assets like natural, artist, historical heritage due to territorial membership so like the intellectual, skill, attitudes competence and human relations in the corresponding community.

The companies, notably micro and SMEs, pursuing SDG not only create value but also reduce their rate of entropy overpassing the dichotomy between growth and happy decrease. SMEs are more than willing to contribute to a stronger Europe, but can only do so if they stay competitive, if they can innovate and exploit business opportunities offered by digitalization and circular economy. These 23.8 million Crafts and SMEs provide 67% of the jobs and create nearly 60% of the added value in the European Union. Europe will only be able to tackle the challenges ahead and increase welfare, growth and employment with prosperous SMEs.

Financial system has already realized the relevance of this shift and it has at disposal right instruments - conceptual and operational - to manage it. Now is necessary that citizens become drivers with consciousness of the necessary conversion. Citizens at the mean time entrepreneurs, regulators, employee, workers, consumers and voters pushing new rules (without unjustified bureaucratic and administrative burdens on micro-SMEs), social tutorship and training in the change so that anybody don't slow down the innovations and allow a transparent message of what has to be done and what that realistically may be done.

Transparency and knowledge may let evolve the understanding of common good as a concrete economic factor, able to satisfy - in a responsible way - the needs of a society more conscious about its potentialities and vulnerabilities.

An Economic Policy Functional to the UN's 2030 Agenda

A definition useful to describe an economic policy and its way to pursue added value and wellbeing starting from the communities is "Distributed Economy", used by prof. Allan Johansson in his essay "Our common future".

"Distributed" qualifies an approach in which is favorite a spread size rather than concentrated for knowledge, energy and power. "Distributed" is a system in which the advantage is in the connection among more distinctive voices, different experiences, skill and identities rather than a standard homologation. "Distributed" is the effect of the process achieving many ones, each other different, allowing the free access without barriers and limitations. "Distributed" presuppose to build bidirectional net so to converse.

With these connotations, "Distributed Economy" overcomes the conflict between centralization and decentralization, top down and bottom up, privileging a symbiotic horizontality between peers, recognizing different functions for everybody and cumulating value thanks to symbiotic effect from proximity but up to the global size.

In these terms, "Distributed economy" not uses a complementary specialization between territories but distinctiveness integrated among them, encouraging mutual access and efficacy rather than purchase of critical mass and effectiveness.

A reality like Europe and mainly Italy, because of its history, marked by productive system structure made essentially by micro SMEs, has all the conditions to be referent for a Distributed Economy, even more nowadays, thanks to the potentiality offered by technology and by the principles of sustainability, both environmental than social, not to lose the richness of our natural biodiversity included the human one.

This geo-economic thought put on the same level urban cities, peripherals and internal areas (in particular those most vulnerable from natural and non - natural disasters), renouncing to the

prediction of smartness only for huge metropolitan areas. Therefore, relaunch the smartness also for lower size communities and inside them for small & medium enterprises for good and service (profit and no profit) closed to their market and recognizable for their responsibility versus their users and stakeholder.

In this prospective: all internal markets are upgraded, self-sufficiency becomes a choice, global market remains, but devoted to the authentic distinctive supplier with proper exclusivity; community positioning becomes urgent in a territorial competitive which requires to local enterprises a convergent strategy. The relaunch of public and private investments involving the “real economy” through the introduction of new logistic solutions and the development of key infrastructures like in telecommunications and transport are going to be necessary conditions. Labor organization, with policies pursuing productivity in premium job, flexibility and welfare benefit in remuneration - so like improvement of the balance in time - use and quality of life are new priorities in the trade unions contract.

For micro SMEs policies to enforce, through a legally binding European legislation and the insertion of the Small Business Act for Europe into the “European Semester” exercise, ten principles that shall guide the conception and implementation of coherent policies at EU and Member State level, such as granting a second chance for business failures, facilitating access to finance and enabling SMEs to turn environmental challenges into opportunities.

Finally yet importantly, the finance market reinvented to support the SME with credit for development by territorial bank and with capital sourcing through a territorial market represents the awaited TERRITORIAL INNOVATION SYSTEM.

Conclusion

The industrial policy indeed to implement a European way for UN’s 2030 agenda and an economic approach stable with the concept of “Distributed economy”:

- interests all the players and increase the knowledge capacity, awareness raising campaigns, EU/National/local statistical harmonization research activities and policy impact assessment of SDGs;
- let understand the new needs and demand of people, the proposals of representative social and economic partners and Civil society organizations through same SDGs, local transitional indicators;
- involves as key actors in the shift territories and their SMEs with their specifications;
- obliges Union and States to be business owner to invest in innovation, not only regulator or market surveillance authorities;
- requires “a territorial innovation plan” able to create a federal integration among heterogeneous European territories optimizing their individual properties.

The solution of such a plan with a maximum efficacy, minimum bureaucracy (“think small first principle”, “once for all principle” as reported in Small Business Act for Europe), supported among the territories represents a project of new rules for a common house.

Probably experiences of SME in domestic partnership with multinational companies and in Global Value Chains, structured in a satellite network, may help the transition from the existing paradigm to a new one. This could be possible also thanks to new nets of infrastructures open sourced and to a new financing market accessible, in an harmonized way, by all the operators. In this new

paradigm, EU has to play his role also with the responsibility of its history and ability already tested to manage the complexity.

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Sintesi

Il rinnovo del Parlamento Europeo, prodromo di una prossima legislatura in grado di rilanciare l'ideale d'Europa e la sua efficacia nel contesto politico ed economico globale, impegna il mondo accademico, gli operatori economici ed i rappresentanti della cittadinanza attiva, a sollecitare un cambio di paradigma nella politica industriale, considerata dal gruppo di discussione "Growth, Investments and Territory" un fattore prioritario del cambiamento in atto.

Questa priorità, condivisa in questa relazione, si propone venga affrontata assumendo come framework di riferimento lo schema espresso nell'Agenda ONU 2030 nei 17 Sustainable Development Goals (SDG), che esprime le vulnerabilità e le potenzialità delle comunità e quindi i loro bisogni, semplifica l'individuazione dei target e implica l'adozione di scelte imprenditoriali sistemiche rivolte al tema dell'ambiente, del sociale, della governance e dell'economia.

Da queste premesse la relazione sviluppa l'argomentazione che le imprese e gli stati debbano parametrare i loro programmi e risultati sempre col doppio indicatore del GDP e del WELLBEING, perseguendoli in simbiosi attraverso il collante del territorio che contribuisce con le risorse umane e il patrimonio culturale locale a definire un posizionamento strategico distintivo sempre necessario per la durabilità del valore costruibile e del benessere conseguibile.

In questa traccia l'Italia, con lo sviluppo del sistema di monitoraggio annuale del Benessere Equo Sostenibile (BES) e con la sua struttura imprenditoriale di PMI diffuse nei territori, ha le caratteristiche adatte a realizzare un processo di innovazione che dal rapporto coi cittadini, l'accademia, le istituzioni, il sistema del credito ed il mercato del capitale riesca a coniugare sviluppo di valore, riduzione dell'entropia e miglioramento della qualità della vita.

All'Unione Europea si chiede pertanto l'adesione sostanziale all'Agenda ONU 2030, l'utilizzo reale del doppio indicatore GDP e WELLBEING, la promozione ed il sostegno delle PMI e il riconoscimento dell'ascolto dei bisogni locali attraverso una rete di informazioni bottom up e partecipate, in altre parole ciò che definiamo l'adozione di un'ECONOMIA DISTRIBUITA.

“Territori e PMI per un processo innovative nella politica industriale europea ispirata dall'Agenda ONU 2030.”

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