

*MOD. III - GROWTH, CREDIT, WELFARE, POVERTY AND INEQUALITY*

Course Title: **Participatory approach to Sustainable development**

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Course Description:

Sustainable development from the MDGs to the SDGs: from a two-hand (state-market) to a four-hand approach (state, market, responsible citizenship, responsible corporations) to sustainable development.

- A) The multidimensional challenges (environmental sustainability, poverty, quality of life, financial stability) and the need of an interdisciplinary approach looking at interdependency among the different challenges and at creating economic value and life sense in a socially and environmentally responsible way
- B) The root of the socio-economic problems: the three (anthropological, corporate and value) reductionisms...and their responses: homo cooperative vs homo economicus in social dilemmas, responsible vs profit maximising corporations, multidimensional wellbeing indicators (generativity, life sense, eudaimonic wellbeing vs GDP).
- C) The four-handed solutions

Impact of rural development programs in low income countries addressing interdependent climate and economic shock

The third hand: the bottom-up citizens approach: active citizenship, vote with the wallet, cash mobs, civil society management of local public goods: theory and empirical evidence  
The fourth hand of corporate responsibility: costs and benefits and its economic sustainability.

Selected historical examples of responsible corporations:

- i) fair trade: theory (Models of competitions on social responsibility: sequential and simultaneous games) and empirical evidence (impact studies methodologies and results in Kenya, Peru, Chile and Thailand)
- ii) microfinance: theory and empirical evidence. Microfinance: potential and limits of group lending, group size, assortative matching, moral hazard with cooperative and non cooperative effort. The empirics of microfinance: methodology for impact studies, the selection bias problem, microfinance, creditworthiness and social capital, microfinance as an instrument for disaster recovery.

Suggested Readings:

- 1) Becchetti L., 2012, Voting with the wallet, [\*International Review of Economics\*](#), Vol. 59, *Issue 3*, pp 245–268
- 2) Becchetti, L., & Cermelli, M. (2018). Civil economy: definition and strategies for sustainable well-living. *International Review of Economics*, 65(3), 329-357.

Exam: 5 open questions on the topics discussed in the slides and in the lectures

Other References (just for your perusal):

- Ray D., *Development Economics*, Princeton, Princeton University Press, 1998.
- Chapters on Credit and Insurance
- Becchetti, Leonardo, and Davide Bellucci. "Generativity, aging and subjective well-being." *International Review of Economics* (2020): 1-44.
- L. Becchetti, M. Costantino, 2006, Fair Trade on marginalised producers: an impact analysis on Kenyan farmers, *World Development* Vol. 36, No. 5, pp. 823–842
- L. Becchetti, F. Rosati, 2007, Globalisation and the death of distance in social preferences and inequity aversion: empirical evidence from a pilot study on fair trade consumers, *The World Economy*, 30 (5), 807-30
- Becchetti L., 2010, Microfinance: a frontier social enterprise In *The economics of Social Responsibility*, Borzaga Carlo and Becchetti Leonardo (eds.) *The World of Social Enterprises.*, Routledge
- Cull, Robert, Asli Demirguc-Kunt, and Jonathan Morduch. 2009. "Microfinance Meets the Market." *Journal of Economic Perspectives*, 23(1): 167–92
- Becchetti L. Conzo P., 2010, Creditworthiness as a signal of trustworthiness, *Journal of Public economics*, forth. (AICCON working paper n. 65)
- Morduch, J. (1999), "The Microfinance Promise", *Journal of Economic Literature*, Vol. 37, December, pp. 1569-1614.
- Armendariz de Aghion, B. and J. Morduch, 2005, *The economics of microfinance*, MIT press, Cambridge Massachusetts.

Fair trade literature (1)

- Bacon, C. (2005). *Confronting the Coffee Crisis: Can Fair Trade, Organic, and Specialty Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua?* *World Development* 33(3), 497- 511.
- Castro, J.E. (2001); *Impact assessment of Oxfam's fair trade activities. The case of Productores de miel Flor de Campanilla*. Oxford: Oxfam.
- Kohler P. (2007); *The Economics of Fair Trade: For Whose Benefit? An Investigation into the Limits of Fair Trade as a Development Tool and the Risk of Clean-Washing*.06-2007, HEI Working Papers.
- Hayes, M. (2004); *Strategic management implication of the ethical consumer*.
- <<http://www.fairtraderesearch.org>>.
- Leclair, M. S. (2002); *Fighting the tide: Alternative trade organizations in the era of global free trade*. *World Development* 30(7): 1099–1122.
- Maseland, R., & De Vaal, A. (2002); *How Fair is Fair Trade?* *De Economist* 150(3): 251-272.
- Moore, G. (2004); *The Fair Trade Movement: parameters, issues and future research*. *Journal of Business Ethics* 53(1-2): 73-86
- Nelson, V. & Galvez, M. (2000); *Social Impact of Ethical and Conventional Cocoa Trading on Forest-Dependent People in Ecuador*. University of Greenwich.
- Offerman, F. and Nieberg, H. 2000. Economic performance of organic farms in Europe. *Organic Farming in Europe: Economics and Policy* 5: 1-198.
- Pariente, W. (2000); *The impact of fair trade on a coffee cooperative in Costa Rica. A producers behaviour approach*. Université Paris I Panthéon Sorbonne, No 1161-98, University of Wisconsin.

- Redfern, A. & Snedker, P. (2002); *Creating market opportunities for small enterprises: experiences of the fair trade movement*. ILO, Geneva.
- David Reinstein & Joon Song, 2008. "Efficient Consumer Altruism and Fair Trade," *Economics Discussion Papers 651*, University of Essex, Ronchi, L. (2006); *"Fairtrade" and Market Failures in Agricultural Commodity Markets*. World Bank Policy Research Working Paper 4011. Washington: IBRD. Ronchi, L. (2002); *The impact of fair trade on producers and their organizations: a case study with Coocafè in Costa Rica*. University of Sussex.
- Ruben, R., (2008); *The impact of fair trade*. Wageningen Academic Publishers, Wageningen.

### Fair trade literature (2)

- L. Becchetti,, M. Costantino, 2006, Fair Trade on marginalised producers: an impact analysis on Kenyan farmers, *World Development* Vol. 36, No. 5, pp. 823–842
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- Becchetti, L. Giallonardo E. Tessitore, N., 2007, Ethical product differentiation with symmetric costs of ethical distance, *Rivista di Politica Economica*, forth.
- Becchetti L. Solferino N., 2008, On ethical product differentiation, *Economia e Politica Industriale*, (forth.)
- Becchetti L. Gianfreda G., 2007, Consumer driven market mechanisms to promote equity and inclusion, CEIS working paper n.248 and *Rivista di Politica Economica*, forth
- L.Becchetti N.Solferino, 2005, Socially responsible consumption, happiness and sustainable development, *Etica ed Economia*,
- Becchetti L., Giallonardo L., Tessitore E., Corporate Social Responsibility and Profit Maximizing Behaviour, CEIS Working Paper (forth.)
- Becchetti, L. Solferino, N., 2003, On ethical product differentiation, *CEIS Working Paper* n.188
- Becchetti, L. Solferino, N., 2003, A virtuous interaction between pressure groups, firms and institutions: a subsidiarity principle in a horizontal differentiation model *CEIS Working Paper* n. 194.
- Adriani F. Becchetti L., 2005, Fair trade: a "third generation welfare" mechanism to make globalisation sustainable.
- Leonardo Becchetti, Luisa Giallonardo, and Elisabetta Tessitore, 2006, "Consumer driven market mechanisms to fight inequality: the case of CSR/product differentiation models with asymmetric information" ECINEQ working paper n. 50
- Becchetti L. Costantino M. Portale E., 2007, Human capital, externalities and tourism: three unexplored sides of the impact of FT affiliation on primary producers, CEIS working paper n. 262
- Becchetti L. Michetti M., 2008, When Consumption Creates Social Capital: Creating Room for Manoeuver for Pro-Poor Policies, ECINEQ working paper forth. 15. Becchetti L. Corrado L., 2008, Easterlin-types and Frustrated Achievers: the Heterogeneous Effects of Income Changes on Happiness, CEIS\_SSRN working paper