Territories between global competition and Sustainability: Getting out of the Race to the Bottom Trap

by Vera Sibilio[*], Gian Paolo Cesaretti[**], Sawfat H. Shakir Hanna[°], Irene Paola Borrelli[^], Kateryna Kononova[♦], Immacolata Viola[§]

"Sustainable Development, a global objective, requires everyone's contribution to be achieved. The Territories are called to be protagonists of Sustainability Empowerment: the ability to make the right to Sustainability a constitutive principle of a new project of society, where well-being and its Sustainability constitute the fundamental strategic objective".
Gian Paolo Cesaretti, Thinking Sustainability, *Review of Studies on Sustainability*, 1/2017

Abstract

The article analyses the conflict between global competition and Sustainability in contemporary territorial development models. The *Race to the Bottom* – characterised by production standardisation and externalisation of economic, social and environmental costs – manifests itself as a trap that compromises the capacity of territories to maintain a state of socially shared well-being over time. Through an empirical analysis of the unsustainability of the current development model and its effects on the four capital stocks (natural, human, social and economic), the work proposes a new competitive paradigm based on the principles of social utility, efficiency and social ethics. This alternative model requires a synergic action of all territorial stakeholders and a systemic approach to social innovation. Only through this transformation will it be possible to overcome the dichotomy between growth and Sustainability, transforming the latter from a constraint to a strategic lever for territorial positioning in a global market increasingly aware of contemporary challenges.

[*] Scientific Collaborator of Simone Cesaretti Foundation ETS, Managing Editor of *Review of Studies on Sustainability*.
[**] President of Simone Cesaretti Foundation Ets.
[°] Emeritus Professor, Prairie View A&M University, The Texas A&M, University System, Prairie View, TX 77446, USA.
[^] Scientific Collaborator of Simone Cesaretti Foundation ETS, Member of Editor Board of *Review of Studies on Sustainability*.
[♦] Professor and Doctor of Economics, Scientific Collaborator of Simone Cesaretti Foundation ETS.
[§] Scientific Coordinator of Simone Cesaretti Foundation ETS, Co-director of *Review of Studies on Sustainability*.

Rivista di Studi sulla Sostenibilità - Open access (ISSNe 2239-7221), 2025, 1

Doi: 10.3280/riss2025oa20227

Keywords: socially shared well-being, Race to the Bottom, Social innovation, Social utility, Efficiency, Social ethics.

Online first: 28 May 2025

Introduction

In September 2015, 193 countries, under the patronage of the United Nations, acknowledged that the current development model is not sustainable.

There is no doubt that, at a global and territorial level, we must seek the most suitable solutions to combine growth and Sustainability[1]. That is, new competitive strategies capable of *supporting socially shared territorial development models* based on: a better balance between qualitative and quantitative aspects of well-being; greater responsibility towards the protection of diversity; greater sensitivity towards overcoming inequalities in access to goods and services, capable of improving the quality of well-being for all; greater attention to the future of new generations.

This vision of Sustainability of territorial development models rests its foundations on the principles of social utility, efficiency, and social ethics (intra- and intergenerational equity).

The current structure of the evolutionary process of the conditions of factors, private consumption, investments in the production of goods and services, economic policy, technological and training innovation, is not fully compatible with this vision and with the principles on which it is based.

In fact, given the international reference scenario characterized, among other things, by a "variable geometry" globalization and by a strong consumerism (where those territories less sensitive to Sustainability have prevailed), the growth models of the different territorial systems have been strongly focused on a competition played on strategies of *homologation and externalization of economic, social, environmental costs.* All this has generated types of goods and services not in line with the aforementioned demands of Society (*socially shared state of well-being*)[2] and with the need to symmetrically preserve *the availability, quality, peculiarity and proximity of human, economic, social, natural capital.*

[1] Maintaining a state of socially shared well-being.

[2] State in which needs are met respecting the principles of social ethics (intragenerational and intergenerational equity).

The combination of these effects (type of goods and services and asymmetric loss of the characteristics of the four capital stocks) is generating more and more negative expectations from the various territorial stakeholders with respect to the ability of the aforementioned competitive strategies to *maintain a state of socially shared well-being over time*. Overcoming imbalances in terms of values, social relations and law[3] to escape the trap of standardization and externalization of costs is, in our opinion, the main way to set a new development trajectory capable of making this *vision of Sustainability* possible.

Sustainability: a complex issue

The concept of well-being Sustainability can thus be defined as: *structure of the evolutionary process of the determinants of well-being, aimed at ensuring the satisfaction of social needs of the community over time*. We can speak of well-being Sustainability in terms of the evolutionary pattern achieved through maintaining a "dynamic balance" between capital stocks (natural, human, social, economic) and a socially shared state of collective well-being.

The determinants of the evolutionary pattern are:

- Household decision-making patterns;
- Investment in the production of goods and services;
- Progress in research and education;
- Appropriate public policies;
- Support from the Non-profit Sector.

The state of well-being that can be pursued through such instruments is structured around the principles of efficiency, utility (effectiveness) and intragenerational and intergenerational equity. This literature review aims to deepen and substantiate this conception of well-being Sustainability by examining the theoretical contributions and conceptual developments that have led to a multidimensional and integrated view of Sustainability.

The concept of Sustainability has ancient roots, but it was with the Brundtland Report (WCED, 1987) that the definition of sustainable development was established as "development that meets the needs of the present generation without compromising the ability of future generations to

[3] Value-imbalances indicate the existence of disparities in values that structure stakeholders' decisional models. Social imbalances pertain to the current inadequacy in terms of social cohesion among individuals, classes and productive sectors. Law-related values are attributable to institutions, too often incapable of guaranteeing harmony between market regulations and rights (Cesaretti, 2018).

meet their own needs" (WCED, 1987, p. 43). This definition introduced the basic principle of *intergenerational equity*. Later, Elkington (1997) proposed the model known as the "Triple Bottom Line," emphasizing the three dimensions of Sustainability: economic, social and environmental. This approach had the merit of overcoming a purely economistic view of development, introducing into the debate the need to simultaneously assess the social and environmental impacts of development models as well. However, it is in the "Report on the Measurement of Economic Performance and Social Progress," by the Commission formed by Stiglitz, Sen and Fitoussi (2009), that the notion that GDP is incomplete as the sole indicator of the state of well-being comes to fruition. The Commission's work explores the concept of well-being by giving it a characterization from both qualitative and quantitative perspectives. In other words, the Stiglitz, Sen and Fitoussi report inseparably links the idea of development and the idea of well-being.

In this regard, the importance of the four capital stocks (natural, human, social, economic) with respect to the concept of well-being Sustainability should be noted. They constitute the "hardware" component of territorial capital, defined by Camagni (2008) as the set of local factors that contribute to the competitiveness of a territory (e.g.: infrastructural, relational, environmental capital, etc.).

Natural capital is "the stock of natural resources that provides a flow of goods and services useful to humanity, now and in the future" (Costanza et al., 1997). It is considered of paramount importance because it cannot be replaced by other forms of capital (Daly, 1990), highlighting the need to preserve it in quantity and quality.

Human capital theory, developed by Becker (1964) and Schultz (1961), focuses on individual knowledge, skills and abilities as determinants of economic development. Sen (1999) expanded this perspective with the capabilities approach, shifting the focus from resources to the substantive freedoms enjoyed by individuals. These contributions highlight the importance of the work of research and training institutions in building a robust and Sustainability-oriented human capital.

Putnam (1993, 2000) defines social capital as the set of "social networks and the resulting norms of reciprocity and trust." Coleman (1990), on the other hand, highlights how social capital facilitates collective action. These theories support an idea of well-being obtained from a socially shared vision and the importance of Non-profit Sector intervention.

Lastly, economic capital has been widely discussed. In particular, Piketty (2014) analyzed its implications in its use and allocation in terms of social equity. Indeed, Piketty points out that wealth concentration is in fundamental

conflict with Sustainability from a social perspective. Therefore, equal emphasis must be placed on intragenerational and intergenerational equity.

These two principles can be summarized in the concept of "Social Ethics." Originally, the concept was introduced by Amartya Sen in "Ethics and Economics" (1988). Sen uses the idea of social ethics to argue the impossibility of separating ethical values from economic considerations. Later, Nussbaum (2011) further developed this perspective, arguing that social justice requires the guarantee of basic capabilities for all. Finally, Jonas' (1979) ethics of responsibility introduces the temporal dimension into ethics, arguing that there is a responsibility of present generations to future generations.

Thus, a complex theoretical framework emerges around the concept of Sustainability. The various contributions, in sum, support the idea of Sustainability achieved through *maintaining a dynamic balance between the use of different forms of capital and a socially shared collective well-being*.

Beyond conceptual aspects, the issue of Sustainability manifests all its complexity in the search (in a context characterized by variable-geometry globalization and consumerism) for those competitive territorial strategies capable of maintaining the aforementioned dynamic equilibrium over time. In other words: the issue to be addressed is growth in a global context, but without giving up the socially shared state of well-being.

This, precisely, must be taken care of by new competitive paradigms.

The unsustainability of the current development model: empirical evidence

An analysis of the Unsustainability of the current development model can thus be conducted by referring to the concept of Sustainability recalled in the previous pages: *"maintaining over time a state of well-being socially shared by a community."*

The September 2015 UN statement rests on empirical evidence that paints a picture characterized by:

- Lack of balance between material living conditions and quality of life;
- Low Accountability in terms of Diversity;
- Accentuation of economic, social and territorial inequalities;
- Low investment in the interest of future generations (especially in Innovation and Research);
- Excessive public debt;
- Low efficiency in the use of capital stocks and modest resilience actions.

Empirical evidence supports this analysis. Specifically, on the balance between material living conditions and quality of life, the Human Development Index (HDI) reports that, in 2023, Northern European countries record values above 0.9 while most developing countries remain below 0.6 (UNDP, 2023/2024). Similarly, the OECD's Better Life Index shows that countries with similar material wealth achieve up to a 25 percent difference on indicators of subjective well-being (OECD, 2023).

The failure to protect Diversity represents a two-dimensional crisis-cultural and environmental-that threatens global human and natural heritage.

The world's linguistic heritage is in grave danger: UNESCO (2023) reports that 43 percent of the approximately 6,000 existing languages are at risk of extinction. The Index of Linguistic Diversity (Terralingua, 2023) recorded a 20% decline between 1970 and 2020, with acceleration in recent times.

Although 151 countries have ratified the Convention on the Diversity of Cultural Expressions, only 62 percent have implemented concrete protection policies (UNESCO, 2022). The World Values Survey (2022) reveals that 45 percent of respondents in 74 countries show little tolerance toward cultural minorities.

The global cultural market is dominated by only five countries that control 70% of trade, causing homogenization (UNESCO, 2022). The Fearon Index (2023) shows a 14% increase in the gap between demographic diversity and institutional representation. At the same time, the Index of Vitality of Traditional Knowledge documents a 31% decline in indigenous knowledge (2000-2023). Only 8% of catalogued intangible heritage receives adequate funding for preservation and transmission (UNESCO, 2023).

The Global Biodiversity Outlook (2023) confirms that none of the 20 Aichi targets have been fully met. The IUCN Red List (2024) certifies that 28 percent of assessed species (42,100 out of 150,388) are threatened with extinction. Funding for biodiversity protection amounts to $78-91 billion annually, compared to needs of $722-967 billion (Deutz et al., 2023).

The two crises are interconnected: the decline of indigenous knowledge systems deprives humanity of sustainable environmental management strategies (UNDP & CBD, 2023). This double erosion reduces the resilience of social-ecological systems, limiting their ability to respond to global challenges and requiring an urgent paradigm shift in diversity protection policies.

At the same time, the Gini coefficient, a leading indicator of global inequality, shows an increasing trend in 18 out of 37 countries (OECD, 2023). In addition, wealth centralization is increasing, with the world's five richest men doubling their wealth since 2020, while 5 billion people have

become poorer (Oxfam, 2024). The gender gap is also on the rise; in particular, the wage gap is recorded by the World Economic Forum (2023) at around 20 percent. Finally, the Social Cohesion Index is declining: minus 6 percent in Europe over the past five years (Bertelsmann Stifung, 2023).

The world has also shown a worrying trend in terms of low investment for the future and growing public debt. In 2023, global public debt reached $92 trillion, or 123 percent of global GDP, according to the International Monetary Fund's Global Debt Database (2024). At the same time, the global gross savings rate stood at 25 percent of GDP, showing a 2 percent reduction from 2019 (World Bank, 2024). Investment in research and development also remains uneven: while South Korea allocates 4.8 percent of its GDP to this sector, Italy stands at 1.4 percent (UNESCO, 2023). This is compounded by a significant deficit in infrastructure investment, with an estimated $15 trillion gap by 2040 (Global Infrastructure Hub, 2023). These data paint a picture in which the economic, social and environmental future appears uncertain and characterized by insufficient resources to support innovation and growth.

At the same time, resource use efficiency still shows great room for improvement. Currently, only 8.6 percent of the world economy is "circular," according to the Circularity Gap Report 2023, signaling inefficient use of stocks. Moreover, the ecological footprint per capita varies significantly between developing countries, at 4.5 tons, and more advanced countries, where it reaches 14 tons (UNEP, 2023). On the energy side, energy use intensity is also improving at a rate of 2 percent per year, but this remains insufficient compared to the 3.2 percent needed to meet global climate goals (IEA, 2023).

On the resilience front, global action still appears to be insufficient compared to the existing challenges. To date, only 102 countries out of 196 have submitted National Climate Change Adaptation Plans, as reported by the UNFCCC in 2023. Adaptation funding also falls far short of what is needed: $28.6 billion was allocated in 2023, compared to an estimated need of $300 billion (Climate Policy Initiative, 2023). Moreover, 25 percent of critical infrastructure in OECD countries still does not meet disaster resilience standards, putting security and economic stability at risk (OECD, 2023). In an environment that is increasingly exposed to extreme events, this lack of concrete action is likely to further exacerbate global vulnerabilities.

Thus, one has to wonder about the causes of such unsustainability.

The *Race to the Bottom* Trap

Since the second industrial revolution, innovation and technical progress

have led to an increasingly widespread massification of goods and services, at decreasing prices. In response to this phenomenon, the characteristics of the global market have changed, with consumerism emerging on the one hand and variable geometry globalization on the other. The latter is configured as a globalization in which a strong liberalization of the movement of goods, services and capital is not adequately accompanied by a universal sharing of rights and rules (Cesaretti G.P., 2017). Consumerism and variable geometry globalization are therefore the characteristics of the global market that have led territories to adopt competitive strategies based on the standardization of production models and the externalization of economic, environmental and social costs. This phenomenon can be briefly referred to as the "*Race to the Bottom*"[4].

Competitive strategies based on the *Race to the Bottom* have distinctive characteristics that deserve an in-depth analysis. They focus primarily on the cost factor rather than on quality, making the constant search for the reduction of production costs the main competitive driver. Such strategies are typically oriented towards the conquest of markets characterized by a standardized demand, where competition is mainly played on price.

A particularly problematic aspect of these strategies lies in the generation of significant negative externalities both on the quality of the Society's well-being and on the four stocks of territorial capital: natural, human, social and economic. Goods and services produced through *Race to the Bottom* strategies have several problematic characteristics that significantly affect territorial Sustainability. First of all, these products tend to have a reduced social utility. The value perceived by demand is often negative in qualitative terms, since it favors quantity and price over quality and durability, responding more to consumerist logics than to the real needs of the community.

A second critical aspect concerns the efficiency in the use of resources which, evidently, impacts the ability to preserve them over time. The production of these goods and services, in fact, attenuates the responsibility towards maintaining the availability, quality and peculiarity of capital stocks. This entails several risks: a growing difficulty that can lead in the medium term to an increase in the costs of supplying factors; a progressive reduction in the diversity of available goods and services; a qualitative deterioration of the overall offer; last but not least, a problematic legacy for future generations.

[4] Situation in which companies, states and nations aim for competitiveness by sacrificing the quality of products and services, workers' rights, environmental regulations, etc. to reduce costs and gain a competitive advantage.

The third critical element concerns the uneven impact on growth at the territorial level: the homologation and dumping strategies adopted in the *Race to the Bottom* generate profoundly asymmetric consequences between the different territorial contexts. Some territories, equipped with initial competitive advantages or greater flexibility in adaptation, manage to temporarily intercept the benefits of these strategies, while others mainly suffer the negative effects. This divergence in territorial growth trajectories manifests itself in multiple dimensions: economic, with growing gaps in income and employment levels; social, with disparities in access to essential services and in opportunities for personal development; environmental, with uneven concentrations of ecosystem deterioration; infrastructural, with imbalances in public and private investments. The result of these divergent dynamics radically compromises the objective of territorial cohesion, creating an increasingly fragmented and unequal economic and social fabric.

At the same time, there is limited attention to investments in resilience, i.e. recovery, reuse, recycling and regeneration actions that could mitigate such negative impacts. This approach also highlights a poor consideration of the principle of intragenerational and intergenerational equity, demonstrating a substantial disinterest in territorial cohesion (because it can affect social classes and productive sectors in a different/unequal way) and in the long-term impacts on future generations. The action of externalizing costs, in fact, also impacts intergenerational equity, transferring to future generations a legacy of structural imbalances and environmental degradation that are increasingly difficult to remedy.

From the diffusion of goods and services produced in such a context, negative expectations have developed over time on the part of stakeholders. In fact, the growing awareness of the negative effects of competitive strategies in *Race to the Bottom* and the objective analysis of their impact has created concerns about their ability *to maintain a dynamic balance between territorial capital and the socially shared State of Well-being in the territories*.

These negative expectations induce the various stakeholders of the Porterian model to change their behavior. The conscious consumer reduces the demand for goods and services produced according to the homologation-outsourcing model. Businesses, by slowing down the rate of investments, suffer in terms of efficiency, productivity and, therefore, competitiveness. Public institutions slow down spending in favor of production and consumption based on the *Race to the Bottom*. The research and training sectors disinvest from technological and training innovation in support of those sectors. Finally, the Non-profit Sector directs its advocacy action in

favor of a demand for efficient, socially useful goods and services, more in line with the principle of social ethics.

Actions arising from negative expectations also determine economic consequences on the trade balance, therefore a general slowdown in growth and, therefore, a decrease in the ability to maintain the socially shared State of Well-being over time. A paradox thus emerges: the *Race to the Bottom* strategies, although conceived to stimulate economic growth, end up compromising it over time, highlighting the intrinsic relationship between growth and Sustainability. A competitive policy based on the *Race to the Bottom* is therefore incompatible with the preservation of a socially shared state of well-being, since the latter requires a balance between qualitative and quantitative dimensions of well-being, respect for diversity, reduction of inequalities and responsibility towards future generations. The described mechanism of the *Race to the Bottom* recalls, by analogy, the "liquidity trap" theorized by Keynes (1936) in his "General Theory of Employment, Interest and Money": an economic situation in which, despite interest rates and prices being very low, families and businesses prefer to keep money instead of investing or spending it, making any further monetary stimulus ineffective. As in the Keynesian trap, the mechanism analyzed in this article, the *Race to the Bottom Trap*, is configured as a condition in which economic policy for growth, focused on competitive strategies mainly oriented towards standardization and externalization, is no longer able to exert any positive influence on the demand for goods and services thus obtained and, consequently, on development. This translates into the inability to continue to satisfy, over time, the social needs of a socially developed community.

If in the Keynesian trap, therefore, monetary policy becomes ineffective because an absolute preference for liquidity develops, in the *Race to the Bottom Trap*, competitive strategies of standardization and externalization, aimed at growth, risk becoming ineffective because they generate conditions in which it becomes impossible to satisfy the needs of the community in a sustainable way. The analysis conducted highlights the need to overcome the apparent dichotomy between growth and Sustainability.

The current challenge therefore does not consist in rejecting policies for growth, but in redefining their nature and the methods of achieving them. It is necessary to develop competitive strategies alternative to the *Race to the Bottom*, capable of valorizing territorial specificities in the mechanisms of market functioning. This requires a rethinking of the dominant paradigms, orienting them towards the creation of shared value rather than towards the mere reduction of costs. Only through this transformation will it be possible to guarantee both the growth of the territories and their Sustainability over time, with a view to shared prosperity.

Territories towards Sustainability: getting out of the *Race to the Bottom Trap*

The fundamental issue that territories are facing in the current context of globalization is that of resolving the dilemma of the conflict between growth and Sustainability. The apparent impossibility of making them converge represents one of the most relevant challenges, to date, for territorial systems. They are in fact called upon to find a balance between global competitive pressures and the need to guarantee a socially shared State of Well-being over time. The answer to this dilemma does not depend, as one might think, on the pursuit of competitiveness in itself, which is not intrinsically incompatible with a state of Sustainability. Rather, it is necessary to pay attention to the competitive strategies adopted by companies and to the spending patterns of families.

As analyzed, territorial development models are, currently, mainly based on the *Race to the Bottom,* that is, characterized by homologation and externalization of costs. The contemporary challenge consists in seeking new models of production and consumption capable of combining economic growth and Sustainability. There is therefore a need to implement a new territorial competitive model, inspired by the principle of social utility[5], capable of determining a growth compatible with a state of socially shared well-being. This growth must be based on a type of goods and services capable of satisfying a demand that is more attentive to the qualitative aspects of well-being, more sensitive to inequalities and social cohesion, more responsible towards diversity and able to consider the needs of future generations.

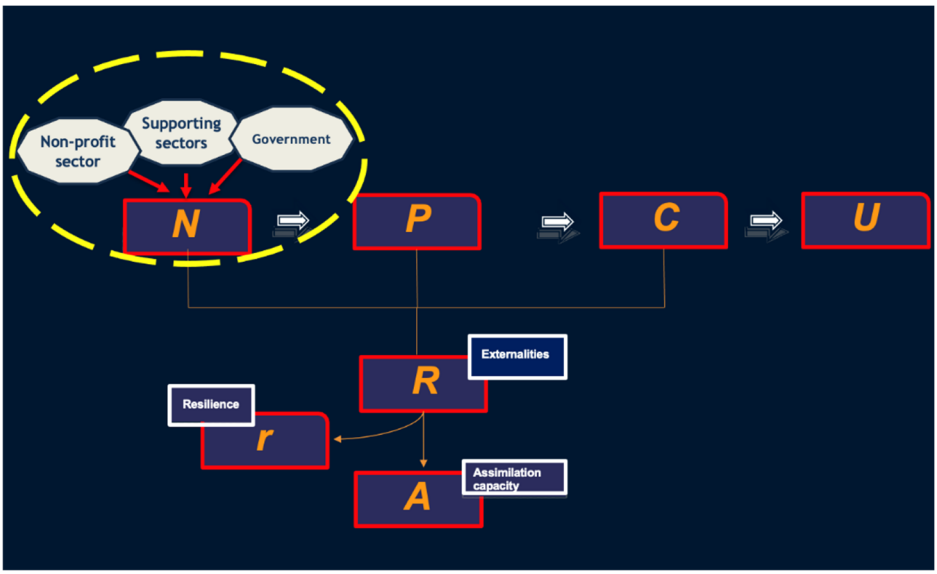
The implementation of the new model requires, first of all, an operation of literacy (empowerment) of territorial stakeholders, encouraging their awareness and orienting them towards decision-making models no longer based on homologation and dumping. This requires the synergic involvement of all territorial actors. Companies are called to adopt Corporate Social Responsibility practices and to develop actions oriented towards a strong territorial Corporate Identity. Families must instead evolve towards conscious consumption behaviors. The Government must provide for the reorientation of incentives towards sustainable production. The *supporting sectors* (i.e., research and education) must engage in research and training for technological and educational innovation oriented towards Sustainability (Viola et al., 2018). Finally, the Non-profit sector must introduce advocacy

[5] Social utility refers to the ability of goods and services to respond to the values perceived by the community, such as the quality of well-being, respect for diversity, social cohesion and attention to new generations.

actions to support literacy strategies for new production and consumption models, increasingly oriented towards Sustainability.

In parallel with literacy, it is necessary to implement a change in the economic paradigm, moving from a linear economic system to a circular one, aimed at producing goods and services inspired by the principle of social utility and obtained in compliance with the principles of efficiency and social ethics. With regard to *efficiency*, stakeholders must commit to the protection, preservation and valorization of the four capital stocks ("N"). In particular, it is mainly the Government, Supporting Sectors and the Non-profit Sector that must implement actions to preserve capital stocks in terms of availability, quality and peculiarity (see Figure 1).

Figure 1 - Modified Pearce-Turner Model, Efficiency to preserve capital stocks



Source: Simone Cesaretti Foundation Ets, 2025

Companies ("P") must instead aim to optimize the use of stocks, introducing product and process innovations. Finally, consumers ("C") must change their spending models, opting for a greater balance between quantitative and qualitative aspects of well-being (see Figure 2).

To pursue the principle of social ethics, instead, businesses and families ("P" and "C") must commit to minimizing the negative externalities they produce ("R", i.e. waste, pollution, etc.) and to introduce the necessary resilience actions ("r") to reduce their impact on resources (see Figure 3).

These actions of internalization of costs and resilience are motivated by the principle of social ethics as they are aimed at reducing asymmetries within the territory and better preservation of the value of capital stocks for subsequent production cycles.

Figure 2 - Modified Pearce-Turner model, Efficiency to modify production and consumption
Source: Simone Cesaretti Foundation Ets, 2025

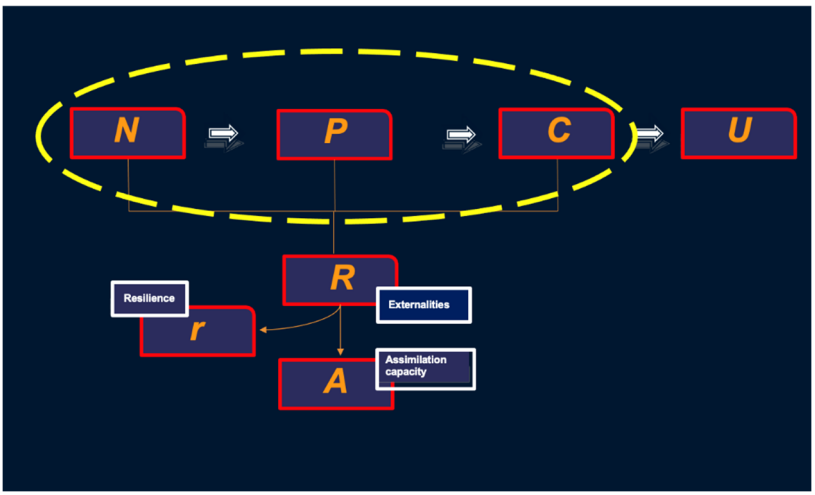
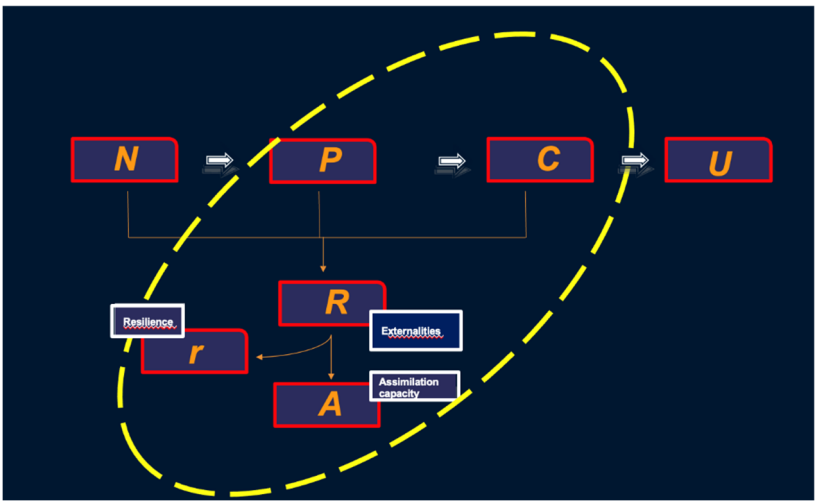


Figure 3 - Modified Pearce-Turner model, Minimizing externalities and implementing resilience strategies



Source: Simone Cesaretti Foundation Ets, 2025

Territorial systems that have set up their growth strategy in a way that is compatible with Sustainability will therefore be able to define new territorial marketing strategies. They will be able to direct the local offer, obtained in compliance with the principles of efficiency and social ethics, towards those markets that are more dynamic and capable of recognizing, in terms of price, its greater social utility.

This system approach allows us to overcome the dichotomy between growth and Sustainability, considering the latter no longer as a constraint on growth, but as a strategic lever for territorial positioning in a global context that is increasingly aware of contemporary environmental and social challenges. The dynamic balance between preservation of territorial capital ("N") and a state of socially shared well-being ("U") represents the path to follow to guarantee a truly sustainable development model.

The role of Social Innovation

Innovations are the fundamental tool for changing stakeholders' decision-making models and reorienting them towards the fundamental principles of social utility, efficiency and social ethics. In particular, cultural innovation is a fundamental pillar for overcoming the value imbalances of individuals and businesses, leading them towards a more balanced distribution of disposable personal income and investments. Innovation redistribution policies, on the other hand, must guide local institutions to compensate for the possible negative effects deriving from regulatory imbalances, creating redistributive frameworks that balance competitiveness with the protection of capital stocks and the maintenance of a state of socially shared well-being.

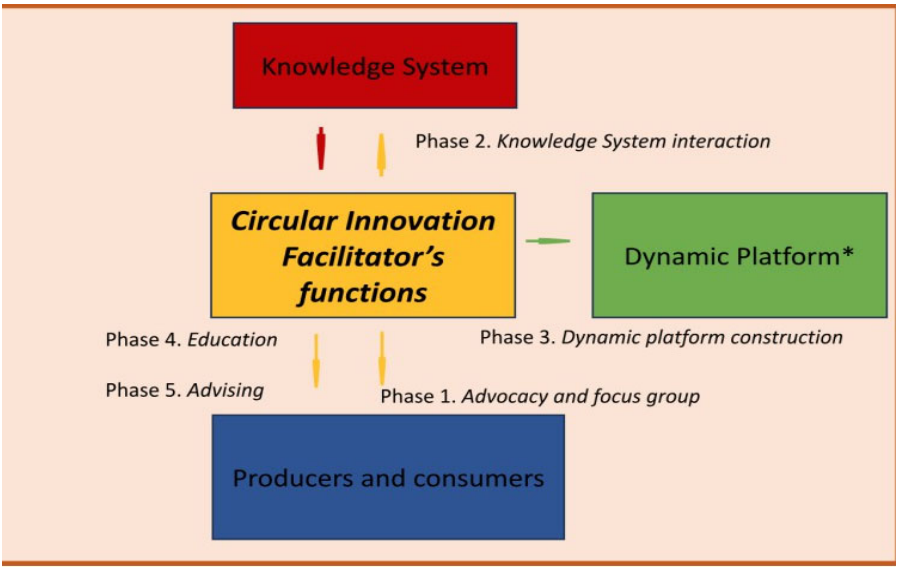
Both these innovations are the catalysts for models of technological and educational innovation and economic innovation. Technological and educational innovation must support research and implementation of the technologies needed to improve the preservation of capital stocks. Economic innovation, on the other hand, must introduce the production and consumption models needed to optimize efficiency in the use of stocks and internalize costs by applying the principle of social ethics.

The introduction of the new territorial competitive model must be accompanied by a structured operation of transfer of innovations in the territories, transforming them into social innovations, that is: concrete applications of an innovation. They can also be indicated with the term socialized innovations (Murray et al., 2009) and are capable of producing generalized and lasting changes in social relations and in the decision-making models of local stakeholders. Therefore, such innovations become

fundamental to lead territories on a sustainable path. Therefore, they can also be defined as Sustainable Innovations, that is: innovations capable of improving social utility, efficiency and social ethics.

In this perspective, the "Innovation Catalyst System" (Viola et al., 2023) represents an effective operational model to implement social innovation in territories (see Figure 4). This system offers a structured framework to catalyze and facilitate the adoption of innovative practices oriented towards Sustainability. The model operates by connecting the various territorial stakeholders with the integrated knowledge (Misso, 2010) through the figure of a mediator, the Innovation Facilitator, who is responsible for collecting the needs of the community and supporting the transfer of innovative practices necessary to satisfy them in a sustainable way.

Figure 4 - Innovation Catalyst System



Source: Simone Cesaretti Foundation Ets, 2025

In addition to the territorial dimension, it is, finally, fundamental to consider the importance of coordinated actions at a global level, moving towards a strengthening of multilateralism and towards overcoming those regulatory imbalances that are, currently, the cause of a lack of harmonization between the globalization of market rules and the globalization of universal rights.

This integrated approach to the dimensions of innovation allows us to overcome the dichotomy between growth and Sustainability, transforming territories from protagonists of the *Race to the Bottom* to pioneers of a new paradigm of territorial development capable of combining global competitiveness and socially shared well-being.

Final remarks

The growing demand of society towards the search for development models capable of maintaining a state of socially shared Well-being over time is progressively slowing down the demand for goods and services resulting from economic policies for growth, based mainly on *Race to the Bottom* strategies. That is, impacting on elements connected to the quality, Diversity of goods and services, protection and enhancement of territorial capital.

In order to pursue, over time and in the territories, the maintenance of a state of socially shared Well-being, it is therefore essential to abandon these competitive strategies and move, by the various territorial stakeholders, towards a new strategy based on the principles of social utility, efficiency and social ethics. A strategy that is based, as mentioned, on an action of territorial literacy, a change of economic paradigm and on territorial marketing policies capable of directing goods and services towards those markets attentive to a non-segmented approach to individual and collective Well-being and persistent over time.

Within this new context, the concept of Innovation, declined in all its forms (cultural, redisitrubitve, economic, technological/educational, regulatory), plays a central role. However, it is up to the territories to know how to build within themselves those hubs capable of interconnecting the different territorial stakeholders (Innovation Catalyst System).

In short, combining growth and Sustainability requires the ability to know how to move, at a territorial level and, in perspective, at a global level, to new competitive paradigms supported by a system approach to Innovation.

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