

«We are not rejecting globalisation. Rather, we are hoping to improve the system»

Interview with Massimiliano Cagliero, founder and CEO of Banor: «We need to make corrections at a social and human level»



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I do not believe it is right to reject the globalised economy that marked the years preceding today’s crisis. There are those who may criticise: too many trips, too much delocalisation. But I do not share this opinion. The previous system is the only one that could have worked. And yes, it certainly needs to be revised and improved. But I don’t think that it should be rejected”. In his usual style, this was the calm but very clear opinion of Massimiliano Cagliero, founder and CEO of the Banor Group, one of the most appreciated independent firms specialising in financial consulting services and capital and asset management. “The pandemic imposed the isolation of individual States, and it was inevitable that the system would collapse, but it was for health reasons, which will pass. Today, I think it was necessary to do what was done before and that it would be dangerous to deglobalise. We have lived through many years of growth. Today, we must think of corrections to be made, above all, from the social and human points of view. The crisis has made us reflect on what we need to do on environmental, social and governance fronts in accordance with the ESG principles, which we adopted long ago”.

And so, even on the environmental front?

Certainly. When he was last interviewed by the Financial Times, Macron said, “The fact that this virus has also spread as a result of the wounds inflicted by industrialisation on the planet compels us to maximise our attention to sustainability”. I agree, but I would go further. The 2008 Economics Nobel prize winner, William Nordhaus, expressed a concept with which I agree, during an interview with *Foreign Affairs* magazine: “When an athletic team loses 25 games in a row, it is time for a new coach”. We have had a long series of summits on climate, failing them all. It is obvious that we have to change the old scheme of climate agreements.

On the other hand, which changes should be pursued on the specific front of social and labour rights? In general, I believe a change is needed in the approach to the social problems of the business world and their governance. For example, the countries that have best managed this crisis are those led by women, from Germany to New Zealand. Cities and offices will be thought of in a different way, as will our way of living in them. And I think that a quick rethink is needed, once the dust has settled.

Some people think that there is a need to link the resumption of normal activity and usual well-

being more directly with the protection of workers’ income. Do you agree?

Absolutely. The fact that we are more careful when it comes to people’s rights and jobs is very important. The lesson taught by Amedeo Giannini or Adriano Olivetti is the right one. We shall be moving increasingly in that direction.

But managers’ stock options are still based uniquely on the company’s economic results. Isn’t it high time that they should also be based on the number of jobs created or saved?

Yes, we could also reach a situation where bonuses are based on the number of created or saved jobs. Why not? At any rate, much depends on the performance of the various sectors and the associated challenges of competition. However, I can perceive some important signs. Even this trend adopted by many companies to cut the salaries of top-management and board members to provide a credible reaction to this crisis is worthy of note.

How do you rate the chances of recovery of the global economy?

I am worried because of the poverty that is being created. But I expect that there will be a sustained and lasting recovery. Clearly, some forms of behaviour have changed.

In China, there was a return to normalcy during week days, but not during the weekend. However, I do not expect a “V” shaped recovery. It will be slower, a “U” shaped recovery, but it will be healthier, hopefully based on more thoughtful and stronger foundations, and it would be good if new stronger leaders emerged. And I don’t think that anybody, least of all us, can go ahead on their own. Cohesion and cooperation are needed.

Speaking of cooperation, how do you assess the German attitude towards Europe and in particular towards Italy?

Merkel has spoken words of great solidarity. On the other hand, German public opinion always reiterates the concept that we Italians are richer than they are. And so their position is, we help those countries that are in need, but in order to pool the debt, they ought to pool their assets.

Finally, what is it like to manage assets in this phase? Is it a bit like being a trapeze artist?

No. It is one of those times when we have the best opportunities, and there hasn’t been a time like this for a decade. A year ago, we had great difficulty in finding investments, but not now. Even in this turbulent market, there are no excuses, we must deserve our commissions.