

## **Financial Consumption – Hidden Key Indicators**

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### **Abstract**

**The traditional economy that is geared towards maximization of wealth is supposed to lead towards automatic, and at the same time optimal, allocation of all resources, products and services. It has actually led towards a substantial economic growth, but has been followed by severe damages to the social and environmental framework, to a level that threatens the continuation of the human species on Planet Earth. Therefore, a paradigm shift towards a new multi-dimensional, multi objectives economy that serves a diversity of values (conscious capitalism) alongside the economic goals, is needed. In such an economy doing good (socially, environmentally and ethically) supports, rather than stand in contradiction to, doing well (economically).**

**We cannot manage unless we measure things, but the current measures we use are flawed and inappropriate. We, therefore, have to design a new, somewhat more complex, "dash board" and we have to overcome serious flaws in the pricing system. We shall demonstrate some of the hidden deficiencies of the most common indicators. It is difficult to start making the changes through the supply functions, and is easier to do it first through the demand side, where consumers use their money as a voting power, to affect the desired transformation. Studies show that most consumers in modern economies are willing to make a change, where most leading brands are still unprepared for it. This calls for major changes in preparing executives, regulators, accountants, engineers and designers for the new economy.**

**The largest financial asset in the world is the retirement and pension money (about \$80 Trillions). Designing a smart retirement system may have a tremendous impact on employment and employment security, on economic growth, on the stability of financial markets, on the adequacy of the pension monies. At the same time it will affect happiness, innovation and motivation, as well as climate change, the environment and the society. In essence this is the key to make our world more sustainable and a safe place for the future generations.**

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