The happy planet index

In his speech, Nick Marks puts the stress on the limitations of traditional accounting system indices as a real measure of well being. In fact also Robert Kennedy stated that "The gross national product measures everything except that which makes life worthwhile". And some social scientists have decided to ask people what makes life worthwhile for them; unsurprisingly all over the world people say that what they want are happiness and health, for themselves and their families. From this starting point has born the Happy Planet Index, which aims to provide a more significant index of well-being by taking into account the happiness of people and the happiness of the planet. The assumption is that earth is fundamental input that we all share, it's the ultimate scarce resource and when economists have a scarce resource they think in terms of efficiency. The easiest way to figure that out is to show it in a graph.

Running horizontally along the graph, is "ecological footprint" while running vertically is a measure called "happy life years": to the top right of the graph, there are nations that provide well-being by using lots of resources to get there, such as USA; on the contrary, to the bottom left there are countries which don't produce much well-being, with low life expectancy. But there are some countries which are doing better than global average and that are Latin America, above all Costa Rica. In Costa Rica 99% of the electricity comes from renewable resources, they abolished the army in 1949 and invested in social programs concerned health and education, which result in one of the highest literacy rates in the world. Now, that is an aspiration graph: we all have to be top left and it's have to be our collective goal. From a different point of view, it's possible to analyse time trends: as far as the OECD group concerned, there has been a small increase in the trend of well-being but there has been a far more relevant increase in ecological footprint and that means that we have become less efficient.
It is very easy to draw graphs, but the point is we all need to turn those curves. Nick Marks states that people are very motivated by the "now" and that's why social media should put the stress on environmental issues so that people start thinking about it; that's how you create a social goal. At a government level, they might create a national account of well-being; at a business level, you might look at the well-being of your employees, which is strongly linked with creativity and innovation and we need a lot of innovation to deal with those environmental changes; at a personal level, we need reminders. He says that in the U.K. there is a strong public health message on five fruit a day and how much exercise people should do and so he starts thinking what's about happiness, what are those things that people should do every day to be happier. And a piece of the Foresight (=previsione) Program project he did was right on what five positive actions you can do to improve well-being in your life. It pointed out that the first of this is to connect, is our social relationship; the second one is to be active, that is great for our positive mood; the third one is take notice of what happens around us, seasons changing or people. The fourth is keep learning and keep is important, learning throughout the whole life course, but it doesn't have to be formal learning, it's not knowledge, it is more curiosity. And the final one is the most anti-economic of activities, but give; we feel good if we give. These five things don't need a lot of material goods and so it's may be really possible that happiness does not cost the earth.

The real wealth of nations

Talking about wealth of nations traditional economists suggest to look at GDP, but it is a measure of income, not wealth. Happily the United Nations published balance-sheets for 20 nations in a report overseen by Sir Partha. They included three kinds of asset: manufactured (or physical) capital, natural capital and human capital. By this gauge, America's wealth turned out to be over ten times its GDP that year. Its wealth per person, however, was lower than Japan's, which topped the league on this measure. Officials often say that their country's biggest asset is their people: for all the countries in the report except Nigeria, Russia and Saudi Arabia it was actually true, while Japan had more human capital than anyone else. Japan was also one of only three countries in the report to have not deplete their natural capital since 1990. All of the countries except Russia increased their wealth, accumulating enough other assets to offset the erosion of their natural patrimony. Indeed, by putting a dollar value on each of the asset concerned, the UN makes all three kinds of capital comparable and that's seem to suggest that they are all replaceable. This idea make some environmentalists nervous: many of the resources the environment provides are irreplaceable necessities. In theory, however, the undoubted value of these natural treasures should be reflected in their price, which should rise as they become scarcer. But in practice natural assets are often hard to price at all and even when market prices exist they may not reflect their true social value. Beekeeping is one example beloved by economic theorists: bees create honey, which is sold to the market, but they also pollinate near trees, a useful service that is not purchased or priced. No one is more aware of these limitations than the report's authors; their estimates are illustrative, not definitive, as Sir Partha said. He hopes more economists will do the hard but valuable work of pricing those things which seems to be priceless.

¬ THE SOCIAL PROGRESS INDEX

Simon Kutznets was an economist ; in 1929 he wrote a report called “national income”. This report is the foundation of how we judge the success of countries know as GDP (gross domestic product).
We have to understand how GDP came to dominate our lives, Kuznets’s report was delivered at a moment of crisis. The U.S. economy was plummeting (precipitando) into the great depression and they didn’t know what was going on.. they didn’t have data and statistics. Kuznet’s report gave them reliable data and with this informations policy malkers were able to find a way out of the slump. Today every country produces GDP statistics but kuznets himself says that the walfare of a nation can scarcely be inferred from a measurement of national income. GDP is usefull to measure economic performance ,not well-being,it shouldn’t be a guide to all decision making. But we have ignored Kutznet’warming.
We live in a world where GDP is the benchmark of success in a global economy (criterion by which to measure something,standard). But GDP ignores the enviorment, it can’t count fairness or happiness. We need a better way to measure our societies so we can introduce SOCIAL PROGRESS INDEX, a measure of well-being of society separate from GDP.
It’s based in 3 dimension:
-The first is does everyone have the basic needs for survival; food,safety,water?
-Secondly,does everyone have access to the building blocks to improve their life;education information health?
-Third,does every individual have access to a chance to pursue their goals and dreams free from obstacles?
For each of this 12 components we have indicators to measure how countries are performing. We measure the quality of people’s lives.
If I draw a graph and put the social progress on the horizontal axis and the GDP per capita on the horizontal ones, I can see that the number one country on social progress is New Zeland and the least is Chad. This fact may seem obvious because New Zealand has a higher GDP than the Chad but if I show you two other country like the United States - richer than New Zealand but with a lower level of social progress- and Senegal – with higher level of social progress than Chad but the same level of GDP. Costa rica is a social progress superpower (it’s got a level of social progress the same as some western european countries,with a much lower GDP). This show the average relationship between GDP and social progress.
It is important to underline that for the poor countries the curve is really steep (ripida) so if poor countries can get a little bit of extra GDP and if they reinvest that in doctors,nurses,sanitation there’s a lot of social progress bang for your GDP buck. But go on a bit further up the curve and we see it flattering out (si appiattisce): each extra dollar of GDP is buyng less and less social progress. And GDP is becoming less and less useful.
Brazil is doing a good job of tourning GDP into social progress,it addopts a bold economic plan to double GDP in the next decade buti t needs to prioritize social progress in its development plan and see that it’s not just growth alone,it’s growth with social progress.

The OECD better life initiative *(p.: "anisciativ")*.

The OECD better Life Initiative tries to measure well-being and progress starting through evidence on 11 different kind of items. The framework developed distinguishes between current and future well-being: current well-being is measured in terms of material living conditions and quality of life while future well-being is assessed by looking at key resources that have driven well-being over the time and that are persistently affected by today's action (that are, natural, economic, human and social capital). Regarding current well-being, it has some distinctive features: first, it focus on people rather then on the economy, because there may be significant differences between economic growth and the well-being experience of individuals; second, it puts the stress on well-being outcomes instead of well-being inputs or outputs, as outcomes provide direct information on people's satisfaction and that's what really matter . Finally, it takes into account well-being's distribution in the population, considering disparities across age group, genre, social and economical background. It involves, as we have already mentioned before, 11 items:
- Income and wealth: measure the economic resources that people can use and that are important because protect against different kind of risks.
- Availability and quality of jobs: are relevant for people's well-being because of the same reason of income and wealth, which actually arose from them, and because offer the opportunity to feel useful to society and built self-esteem.
- Access to housing: beyond obvious reasons, is an important determinant of subjective wellbeing, social connections and access to job or public services.
- Physical and mental health: important in itself for personal well-being but which also contribute to general well-being.
- Education (and skills): basic need and aspirations of all humans.
- Work-life balance: that means a compromise between time spent at work and time devote to family, personal care and other non-work activities which are important because help individuals remain healthy and productive.
- Civic engagement: matters because allow people to contribute to deliberations that shape (modellare) the well-being of communities (Civic engagement: to be a good citizen, interested in the lot of the place in which you have to live in and other people living there with you).
- Good governance: is necessary to translate people's voice into policies that support their aspirations.
- Social connection: valuable in themselves but also instrumental in achieving a number of other more material goals, such as finding jobs or support in case of need.
- Quality of the natural environment: important in its own but also for people's health and their ability to undertake a number of activities (such rising children).
- Secure environment: important to generate well-being.

RICH PROVINCE,POOR PROVINCE

In the 1990 as china's economy boomed,inland(entroterra) provinces such as ningxia fell far behind the prosperous coast. In recent years the party's leaders have placed considerable emphasis on the need to narrow (ridurre) regional income gaps. China is very unequal,is 5 times wealthier than the poorest province,Gansu. The government has used numerous strategies: go west plan involving the building of roads and other investment inland. Belt and road policy aimed partly at boosting economic ties(rafforzare I legami economici) with central Asia and sud est Asia and thereby(e quindi) stimulating the economies of provinces adjoining those areas. The central governments also gives extra money to poorer provinces. Deng Xiaping's economic reforms launched in 1970 helped seaboard provinces, which were than poorer than inland ones,to catch up by making thing and shipping them abroad.

in the 1990 the coast pulled ahead. Then after 2000, the gap began to narrow again as the worldwide commodity(merce) boom increased demand for raw materials (materie prime)produced in the interior. But GDP growth slowed especially in poorer regions. 7 inland provinces had nominal growth below 2%,in contrast the rich provinces as Shangai and Beijing grew between 5 and 8%.

The more a region is poor the slower the growth is.

China's slowdown has been much sharper (nitido,acuto) in poorer areas than richer ones.

There are 3 reasons why convergence has stalled:

1 the commodity boom is over. Both coal and steel prices fell by 2/3 between 2011 and 2015.

2 commodity-influenced slowdowns are often made worse by policy mistakes. inland provinces built a housing Boom on the back of the community one, creating what seemed at the time like a perpetual motion machine: hight raw-material prices financed construction,which increased demand for raw materials. When commodity prices fell, the boom began unsustainable.

3 tibet is an exemple of third reason: in theory poorer places should eventually converge with rich areas because the will attract buisnesses with their cheaper labour but these advantages are outweighed by asset of richer places: more reliable legal istitutions, better education.

The contrast is worrying. Rich provinces continue to depend on world markets and foreign investement. Poor one depend on support from the central government.

Chasing the dragon: the growth of the two economic giants & India's economy

China and India reconnected with the modern world in1980s, when they opened markets to foreign products, services and investments, and, from then on, they've never stopped growing. By the time, China was already growing faster and by now its GDP is 2.5 times that of India, although India has recently overcome China in terms of growth rates. Many economists look at their growth as a competition in a "race to the top", but it's more interesting and relevant to think in terms of their combined effects on the rest of the world.

China and India have very different economies and process of growth.

China's planned economy is based on manufacturing and China strength is represented by clothing, textiles but also by the electronics industry. Ia has also become the largest market for cell phones,steel and television.

India's economy is less dependent on manufacturing; its strength are services, especially software, biotechnology and some media sector, including the Bollywood film industry. India is characterized by a more efficient capital markets, a well-structured legal system and a highly entrepreneurial culture but it still has poor infrastructure, restrictive bureaucracy and lower literacy rates. The workforce is 40% illiterate, and even those people who have access to education have a poor knowledge, mainly because of the awful ublic school system- there's a shortage of skilled workers and a huge surplus of milions of workers in agriculture.

The success of indian software industry is legendary and China is already second only to the US in terms of advanced technology exports. As their industry begun to develop, Western firms started to see competitors where they once had seen collaborators.

China's technology companies are catching up their foreign rivals , moving from low-price product segments ti hight price product segments and expertise in design; they are adding more value per employee.

However, a research found out that several firms are more focused on the short-run gains and neglect the long-period effects of these emerging markets. In the case of China, we find that some firms are unintentionally 'breeding' their future competitors.