RIASSUNTI INGLESE

TOPIC 1

1) TED TALK – Michael Green: What the Social Progress Index can reveal about your country

The author of this speech, **Michael Green**, says that on January 4, 1934, **Simon Kuznets**, an economist, delivered to the United States Congress a report called "***National Income, 1929-1932***", which gave life to the **GDP** (Gross Domestic Product, in italian: PIL). Kuznets' report, was delivered during the **Great Depression** (1929), and **policy makers** were struggling to respond. They were struggling because they didn't know what was going on: they didn't have any data or statistics. So, Simon Kuznets gave them reliable data on what the U.S. economy was producing.

However, Kuznets warned policy makers that GDP was just a tool to help us measure **economic performance**, and not our **well-being**.

We live in a world where GDP is the **benchmark of success** in a global economy. Our societies have become engines to create more GDP, despite it ignores the environment and counts bombs and prisons as progress: It **can't measure happiness, fairness** or **justice**.

Kuznets then introduces a new measurement index: the **Social Progress Index (SPI)**. It measures the well-being of a society by defining what it means to be a good society, based on 3 dimensions and 12 components:

- Basic needs for survival: **food, water, shelter, safety.**
- Possibility to improve life quality: **education, information, health and sustainable environment**
- Chance to pursue goals, dreams and ambitions: **having rights, freedom of choice, freedom from discrimination, access to the world's most advanced knowledge**

These **12 components** together form the **Social Progress** framework. Michael Green then shows a graph where horizontally he puts GDP per capita, and vertically the Social Progess Index.

The number one country on social progress is **New Zealand**.
The country with the least social progress is **Chad**.
USA has higher GDP but lower SPI than New Zealand
Brazil is the best country in **BRICS** (Brazil, Russia, India, China, South Africa)

DIFFERENCES (GDP/SPI):

- SPI measures well-being, GDP measures the economic success of a country.
- SPI based its studies on achievements reached, not on effort or intention. (it doesn't measure how much a nation spends on healthcare, it measures the length and the quality of people's lives)
- SPI protects environment (example: Amazon rainforest), GDP doesn't.
- SPI helps countries to develop with real improvements in people's life.

The **relation** between GDP and SPI is that there is a ***trend line***. Countries with low GDP have a faster social progress growth than other countries with a higher GDP.

2) TED TALK -- Nic Marks: Happy Planet Index

In this speech, **Nic Marks** says that he wants us to stop thinking that the future for humanity will be "a nightmare". Then, he talks about a movie called "**The Road**", which is a beautiful piece of filmmaking, but everything is desolate, everything is dead: a father and his son trying to survive in a post-apocalyptic world walking along the road.

Then, he explains that in the western world, we have enough goods, services and other stuff, but we continue to pursue the intention of production that we've learned from **GDP measurement**, and as **Robert Kennedy** says: "*GDP measures everything except what makes life worthwhile*". GDP doesn't measure **happiness**, **people's well-being**, **social justice**, etc.

Marks then introduces the **Happy Planet Index**: an index that measures the efficiency of a country, the happiness, etc., and he shows a **graph** where, horizontally, he puts the "ecological footprint" (more is bad) and vertically he puts the "happy life years" (more is good).

Surprisingly, countries with a quarter of USA stuff and a lower GDP, have a better Happy Planet Index (example: Costa Rica and Latin American Countries)

Marks says that the **real challenge** is to reach these countries which are happier with less stuff, and this is a **"*collective goal*"** for him, that can be achieved by using media, radio, etc., and by following **5 positive actions**:

- Connect (social relationships)
- Give (compassion, generosity…)
- Keep notice (pay attention to the news)
- Be active (do sports)
- Keep learning (in terms of curiosity, not knowledge)

3) The OECD Better Life Initiative: Concepts and indicators

The **OECD** (Organization for Economic Co-operation and Development) **Better Life Initiative** was launched in **2011**: the first thing this organization did, was **developing a framework** to measure well-being, which distinguishes between **current** and **future well-being**.

Current well-being is measured in terms of outcomes achieved in: (NON LEGGERE LE PARENTESI)

- **Material living conditions** (income and wealth, jobs and earnings, housing conditions)
- **Quality of life** (health status, work-life balance, education and skills, social connections, etc.)

These **2 elements** are broken down into **11 dimensions:**

1) *Income and wealth* → It measures economic resources that people can use to satisfy needs
2) *Jobs and earnings* → They offer the opportunity to fulfil people's ambitions
3) *Housing* →Important for health and subjective well-being
4) *Health status* → Allows to do personal/social activites that contribute to subj. Well-being
5) *Work-life balance* → Important in terms of family life, personal care, etc.
6) *Education and skills* → Necessary to achieve economic & non-economic outcomes
7) *Social connections* → They are needed to achieve important goals such as finding job, etc.
8) *Civic engagement and governance* → Having a political voice in the society
9) *Environmental quality* → Important for people's health
10) *Personal security* → Living in a secure environment is important
11) *Subjective well-being*

Future well-being it's based on key resources, that pass through indicators of different types of capital:

- Human, social, natural and economic capital

The OECD well-being framework for measuring current well-being has some **distinctive features**:

- It focuses on **people** [individuals/households (families)]
- It concentrates on well-being **outcomes**, as they provide direct information on people's lives
- It considers the **distribution** of well-being in the population

Furthermore, every nation has its own dimensions, for example, in Italy, thanks to the BES **(Benessere Equo Sostenibile)**, there are 12 dimensions.

4) The real wealth of nations – The economist

There is no monetary measure that sums up the stock of **natural**, **human** and **physical assets** of a nation. Economists usually settle for GDP, but that is a measure of income, not **real wealth.**

The **United Nations** have published the balance-sheets of 20 nations in a report overseen by **Partha Dasgupta** (economist and professor at the Cambridge University) which included:

- Physical capital (machinery, buildings, infrastructures)
- Human capital (Population's education and skills)
- Natural capital (Lands, forests, fossil fuels and minerals)

According to these balance-sheets, **America** has the highest level of **Inclusive Wealth** (118 trillion of dollars in 2008, 10 times its GDP that year), and **Japan** beats America for the wealth per capita.

For many nations, human capital is the most important asset (except Nigeria, Saudi Arabia, Russia which prefer natural capital such as oil and natural gas).

This report, also, wanted to make these kinds of capitals **comparable** and so, said Partha, **economic policymaking was turned to an asset–management problem**: depleting 100 billion of dollars in natural capital but adding 100 billion of dollars in human capital doesn't make a wealth worse than before. The problem is that some natural resources (such as **fossil fuels**) can't be replaced and their values are reflected in the fact that, **when they become scarcer**, **their price rises**.
But some of them are priceless (such as clean air), so economists should start to value things that seems to be priceless.
One example is the work of **Taylor Ricketts** that valued the **pollination of honey bees** and discovered that a coffee-grower of Costa Rica benefited **62.000 dollars a year** for the honey of feral bees in two parts of forests.

5) TED TALK: Robert Neuwirth: The power of the informal economy

In this speech, Robert Neuwirth starts talking about the **System D**, which is also called **informal economy, underground market** or **black market**.

Robert Neuwirth starts showing ***pictures*** of his 4 years long experience around the stalls (street markets) of **Lagos, Nigeria** (Africa). These pictures depict:

- A **woman** wandering around the lagoon in a boat, selling all kind of goods
- **Artisans** building the boat in which the lady was selling her goods
- A "**global business**", which is a hut where fish coming from the North Sea is smoked and sold for a tiny profit
- A **dump**, where people scavenge materials to re-sell them (here he met **Andrew Saboru**, who has become a **scrap dealer** and now earns the double of the Nigerian minimum wage)
- A "**shopping mall**", which is a big street full of stands where every kind of good is sold

Robert Neuwirth says that this is what we call the "underground market" or "black market", but there's nothing "underground" about it, it's right there for you to find, it's totally open.
The word **System D** comes from a french word: ***Débrouillardise,*** which means "**to be self-reliant**", and this is how french colonies in Africa are: self-reliant. Their economy is also called **DIY economy (*Do it Yourself)*.**

Neuwirth then says that we keep focusing on the "***luxury economy***", which **excludes 1.8 billion people** around the world, and big businesses have recognized this. Neuwirth then shows a <u>**picture of 2 guys carrying boxes**</u> of **Gala sausage roll** on their heads. The company that made these sausage rolls, **UAC Foods** (active in Africa/Middle East) understood that their food would not be sold if it was in stores, in fact, it is sold as a "snack" on the streets.

An example is the company **Procter & Gamble**: statistics say that **Walmart** is their biggest customer, but their largest market is made by all the **tiny kiosks** that exist in System D.

Big businesses have also made studies about **piracy**. For example, a big sneakers shoes company (like Adidas, Puma, etc.) understood that piracy is useful for market research: if a sneaker gets pirated and another one doesn't, then the other one's company have done something wrong.

Neuwirth concludes saying that, if **Adam Smith** had framed out the theory of the **flea market** instead of the **free market**, the 3 principles of this theory would have been:

1) Cooperation
2) Self-reliability
3) Alternate currencies (such as "barter")

TOPIC 2

1) Rich province, poor province (China)

China’s president **Xi Jinping** said that “no region or ethnic group in China should be left behind” as a result of China’s economic boom in the 1990s, which led the inland provinces to fall far behind the prosperous coast provinces. For example, Shangai (which is counted as a province) is **five times wealthier** than the poorest province (Gansu).

The government has launched a ***“Go West”*** plan, which involves the building of roads, railways, pipelines, etc. or the ***“Belt and Road”*** policy, which aims at boosting economic ties with Central/South-East Asia. The government also gives extra money to poorer provinces while ***Guangdong*** (prosperous coast province) gets only the 10% of these money.

These plans and policies worked very well. **Deng Xiaoping’s** economic reformes (launched in the 1970s) helped coast provinces (which were poorer than inland provinces back in the 1970s) to catch up by producing things and shipping them abroad (Previously, **Mao** didn’t want that because his fear was that the coast provinces were vulnerable to attacks).

However, the **convergence** between coast and inland provinces **is ending**: GDP growth of inland provinces slowed across the country in 2015 (**2% and below**), while coast provinces’ GDP grew between **5-8%**. The **reasons** why this convergence is ending are 3:

- The **main** one is that the **<u>commodity boom</u>** (*materie prime*) **<u>is over</u>**: **coal** and **steel** prices fell by two-thirds between 2011 and 2015.
- The **second** one were **<u>policy mistakes:</u>** the housing boom in inland provinces stalled when commodity boom was over.
- The **third** one is **<u>Tibet</u>**: theoretically, poorer places in China should attract businesses with their cheaper labour and land (and that is the case of Tibet), but richer places mean better skills and education, reliable legal institutions, etc.

This **contrast is worrying**. Rich provinces continue to depend on world markets and foreign investment. Poor ones increasingly depend on support from the central government.