

# EQUILIBRI

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RIVISTA PER LO SVILUPPO SOSTENIBILE

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*Al Lettore*

Con il primo numero di quest'anno «Equilibri» porta a conclusione i cambiamenti avviati nel 2009 nei contenuti e nella grafica. La rivista che proponiamo oggi al lettore è completamente rinnovata: più ariosa, meglio scandita nelle sezioni e, quanto a collaboratori, ancora più internazionale.

Non meno importante della sua trasformazione è il tema del dossier d'apertura: Oltre il PIL.

Il discorso intorno ai limiti e alle insufficienze di questo storico indicatore risalgono al momento in cui è stato inventato e sviluppato. Come ogni indicatore è il prodotto di una convinzione (a partire da alcuni valori ai quali le nostre società attribuiscono importanza, poter disporre, da parte dei governi, di una bussola per orientare le decisioni) e il risultato di una convenzione (un atto volontario col quale i governi hanno scelto variabili e pesi da assumere come guida e confronto per le loro decisioni).

Il nostro dossier riassume il dibattito intorno a questa «misura», riattualizzato dalla decisione del governo francese di istituire lo scorso anno, in piena crisi economica, una «Commission sur la mesure des performances économiques e du progrès social», affidandone la cura a Joseph E. Stiglitz, Amartya Sen e Jean-Paul Fitoussi. Ma la vera novità del dossier sta nella presentazione dell'Indicatore di Sostenibilità messo a punto dalla nostra Fondazione e reso pubblico per la prima volta in occasione del recente vertice di Copenaghen.

Gli articoli pubblicati spiegano in un linguaggio chiaro in cosa consiste l'Indicatore e come è stato costruito, ma per saperne di più sotto il profilo tecnico e seguirne gli impieghi e gli aggiornamenti basta collegarsi al sito [www.feemsi.org](http://www.feemsi.org)

Diversamente dagli altri, la caratteristica più importante del FEEM SI è che poggia sui tre pilastri della sostenibilità: economica, sociale e ambientale. Inoltre, permette di simulare le politiche e di vederne subito le implicazioni positive e negative. Ed è quindi uno strumento di grande

aiuto ai decisori perché consente loro di avviare consapevolmente delle politiche che agiscano sulla realtà, cambiandola.

DOSSIER: BEYOND GDP

**Does a Paradigm Shift Entail a Change of Measure?, Bernardo Bortolotti and Carlo Carraro**

This article focuses on the current debate on the reliability of the Gross Domestic Product (GDP) as an indicator of economic performance. The GDP has come to be regarded as the most accurate proxy indicator for economic development throughout the world. It has stood the test of time, but it has to be considered for what it is - the overall market value of all final goods and services made within a country within a given time. It does not measure happiness and well-being, nor the social and civil progress of a country. Measuring these dimensions is a huge challenge, but it is especially important in a time of economic and financial crisis aggravated by global issues such as climate change, poverty and scarcity of natural resources. FEEM's Sustainability Index is a small contribution in this direction.

**The FEEM Sustainability Index: A Tool for the Future, Caterina Cruciani and Elisa Lanzi**

This article focuses on the methodology behind the aggregation of the 18 indicators that compose the FEEM Sustainability Index. Differently from previous works, a methodology based on the elicitation of subjective weights is defined for the aggregation, bypassing the limitations of a purely additive methodology like the equally weighted average. The article explains how synergies and conflicts across the different indicators are factored into the analysis allowing for the reconstruction of the preference profiles of the respondent and provides a brief description of the theoretical properties of the aggregation methodology alone as an overview of the elicitation procedure for the subjective weights.

**Building an Aggregate Sustainability Index, Silvio Giove and Caterina Cruciani**

Achieving a sustainable development is one of the major challenges of modern societies. This is why it is important to obtain policy-relevant and operative measures of sustainability. Thanks to its construction within a computable general equilibrium model, the FEEM Sustainability Index (FEEM SI) is able to project indicators in time and evaluate sustainability in the future under different economic scenarios. We provide an example of the effects of the introduction of a composite policy aimed at improving overall sustainability and show how the choices we make today can change our future.

**Measuring Sustainability, Anil Markandya**

This article reviews the measurement of how sustainable is the economic, social and environmental performance of different countries. The measurement of sustainability is explained and some of the evidence is evaluated. A new index of sustainability developed by FEEM is compared with some of the other indexes. The evidence suggests that sustainability scores are low in a number of developing countries, but progress is being made in some of the fast-growing ones. Policies to address sustainability, especially on the environmental side can make major improvements in the sustainability index.

### **Why We Need Less than the GDP, Geminello Alvi**

The GDP has suffered the severest consequences of the financial crunch. It has been grossly misused to raise private debt to such record levels that it has become public debt. GDP is a practical and consistent indicator, but it is ambiguous too. The mistake would be to use it as a measure of happiness. How can one demand happiness from economy? The Sermon of the Mount in the Gospel of St. Matthew was clear in stating that happiness cannot be measured by utility.

### INSIDE THE CRISIS

#### **The New Wealth of Nations, Daron Acemoglu**

In today's world prosperity coexists with abject poverty. Why have some societies managed to grow rapidly for several decades, while others have been unable to generate economic growth and a decent living standard for their citizens? And how can we avoid crises to ensure continued growth in today's successful societies? It is time to reconsider the factors that are important for differences in economic growth and economic success across nations. Recognizing the role of institutions and the political economy obstacles to developing growth-enhancing institutions are not only necessary to understand how much of the world is still poor and fails to generate economic growth, but also to develop a better perspective for dealing with events such as the current crisis and investing in the institutions that will ensure the continued growth of our society.

#### **Democratizing Finance and Growing the Green Economy, Hazel Henderson**

This article reviews current issues of global financial crisis and its relationship to the climate crisis. It recommends linking these two crises and policy responses and devising strategies beyond conventional economics. A systems view is required to see the opportunities to move beyond the failures of the Copenhagen Conference and identifies the two «win-win» agreements that both industrialized and developing countries left on the table: a floor global price on carbon and direct public and private investments in rapid ramp-up of «green» infrastructure in developing countries to allow them to «leapfrog» the Industrial Era and proceed straight to the Solar Age.

### NATURE AS A LIMIT

#### **Climate Change Policies. Lessons from Public Economics, Nicholas Stern**

In the last twenty years economics has created much of lasting value and real potential: it has been a very fertile period. But economics has also suffered from «collective amnesia» covering whole areas of public policy. And on policy and the role of government it has, embarrassingly, swayed with the political winds to the detriment of both our profession and to outcomes. Both the amnesia and the political bending have contributed to the economic crisis of the last year or two and to hostility towards the profession. The purpose of the article is first to lament the amnesia on theories of public policy in imperfect economies, in short the subject of public economics, to describe the bending of public policy analysis to political vogue, and to indicate some of the consequences. Some of the mechanics of the processes are then described, in terms of choice of models and patterns of

teaching. Finally, the example of climate change is used to illustrate some of the consequences of the amnesia, as well as of the political influence.

## INTERNATIONAL LETTERS

### **Two Pieces of News from Copenhagen, Carlo Carraro and Emanuele Massetti**

Are the commitments from Copenhagen enough? The bad news is that the answer is «no». This article examines the targets communicated to the UNFCCC in early February by major economies and the agreement to allocate funding to mitigate climate change. A scenario of global greenhouse gas emissions is produced using as a support tool the Integrated Assessment Model WITCH. Emissions in 2020 are found to be higher than what required to achieve low temperature targets. However, the good news is that if the funding promised in Copenhagen is carefully allocated, there is the potential to reduce greatly the gap between targets and reality by financing cheap abatement actions in Developing Countries.

### **Europe after Lisbon. A New Beginning?, Alessandro Fusacchia**

With the entry into force of the Lisbon Treaty, the EU seems better equipped to act as a global player and face the major changes and developments which are taking place at the international level. The article argues that more than anything else will do the political willingness (and capacity) of the new European leadership to fully implement the Treaty and transform it into an asset to conduct an effective common foreign policy.

## GEOPOLITICS FOR ENERGY

### **Dreaming a Small Home in China, Min Zhang**

If China surprises the world with its strong and growing economy during the worldwide recession, its domestic real estate market may disappoint people with its increases in housing prices. Some argue that it is the result of conflicts between different interest groups. Others suggest that the Government has failed to apply an effective housing policy to restrict this unusual phenomenon.

### **Chafghanistan, Roberto di Caro**

There is a strange war going on in Afghanistan. American soldiers fight and die to allow the Chinese to run their business and exploit undiscovered oilfields and the second largest copper reserves in the world. But in the complex military, political and economic scenario the interests of China and Afghanistan converge. The Chinese could play the role of «social stabilizers» thus helping to reinforce the fragile structure of the Afghan state.

### **Burma. An Energy Regime, Astrid Pannullo**

In a country where people can't live a normal life the military junta decided to move its sumptuous court far from foreign observers' inquisitive and obtrusive eyes. Pynmana/Napyidaw is the new administrative centre of Myanmar. Today the Generals manage their international politics and relationships from the heart of the jungle. The Asian economic asset passes through Myanmar.



### **Scorched Earth. A Conversation with James Hansen, Sandro Malavasi**

Some time after the Climate Conference in Copenhagen, «Equilibri» interviews James Hansen, one of the world's leading climate scientists and director of the NASA Goddard Institute for Space Studies. Hansen had foreseen the risks of global warming for the first time in 1981. He has developed one of the first climate models in the world. Today Hansen is fighting on the front line, using scientific data as persuasion tools. In the interview he discusses how to reduce the effects of global warming, he criticizes the cap-and-trade approach, supports the fee-and-dividend system and accepts fourth generation nuclear power.

### **The Fine Line: Taiwan's Future and China's Rise, Nick Plosser**

China's position as a world power is now well established and much has been written about its rapid economic expansion. With this growth, China is exerting more influence and pressure in Asia and the rest of the world. An ever-present and always contentious issue for the mainland and the United States is the status of Taiwan. Taiwanese businessmen have participated and benefited from China's growth, but issues of citizenship and full participation in world affairs have only become more problematic for the island's population at large. As China continues to grow stronger and become even more linked with the U.S., Taiwan must work even harder to maintain the balance between its interests, and the larger concerns of both its allies and adversaries.

### **Fort Hood and the Jihadist Diaspora, Daniele Atzori**

This article aims to briefly summarise the evolution of the concept of *jihad*. In particular, it will be argued that it is possible to distinguish between two forms of *jihad*: a “*jihad* of position” and a “*jihad* of movement”. An analysis of the latter developments of Al Qaeda's “*jihad* of movement” will show how the terrorist group is currently opting for a global struggle which relies on the strategic concept of Islamic leaderless resistance.

### **The Middle East and its Endless Instability, Barry Rubin**

Barry Rubin is director of the Global Research in International Affairs (GLORIA) Center in Herzliya, Israel, and is considered one of the top experts in Middle East politics. He writes frequently for the «Jerusalem Post» and the «New York Times», «Wall Street Journal», «Foreign Affairs» and «Foreign Policy». In Rubin's opinion the Sunni radical groups, of which Al Qaeda is the tip of the iceberg, and Iran, represent dangers that the Obama administration is not facing with the necessary determination. Rubin's ideas reflect the debate that is rocking the media and the US policy-making community, interpreting to some extent the concern of the Republican public opinion. Given the Republican «comeback» and the present situation in the Middle East, it's a thorn in Obama's administration side.

### **Looking at Vietnam, Federico Vasoli**

Vietnam is a booming economy with an ever-increasing internal demand, a strong geopolitical position in the South-East Asia region, a rich four-thousand year-old culture and all the characteristics to make Italian investments profitable: stability, a hard-working population, attention to quality standards, low taxation, plenty of

raw materials, among other things. Nonetheless the Italian business community and Italian leaders have not yet fully grasped the chance Vietnam may represent.

## ECONOMIC ARITHMETICS

### **Hitting the Unconventional Gas, Manfred Hafner**

The last year has been characterized by a dramatic fall in gas demand, important and ongoing LNG capacity additions and the North American unconventional gas revolution. While gas demand and LNG overcapacity are cyclical events which will be absorbed over time, the unconventional gas development could have a lasting and growing impact on world gas markets especially if the North American experience spreads to other world regions. Non-conventional gas plays are widespread all over the world and technology crosses borders easily. There are still huge uncertainties associated with the future worldwide development of unconventional gas, but the potential impact on gas supply, gas security and geopolitics could be dramatic.

### **Cars: At What Price? , Marcella Nicolini and Carlo Scarpa**

EU member states have been donating large amounts of public money to car producers. Data on state aids per employee over the 2000-2008 period show that new member states are the most generous, followed by Italy. Large differences in expenditure across countries and past and possible future subsidy races document a lack of coordination in national policies. This calls for a European policy for aids to this industry.

## SUSTAINABLE READINGS

### **Where Does Europe End?, Emanuele Frixia**

Rebuilding social, economic, political and geographical spaces in a developing system and treating the EU as a single political entity comparable to other political systems is the main topic of this book. *Where does Europe end? Borders, Limits and Directions of the EU* is a collection of the major issues in the present debate surrounding the EU: the balance between vertical and horizontal integration, the constitutional crisis, the hybrid nature of the EU, the territorial expansion from the EU15 to the EU27, the rise of a European society.

### **Neoconservationists and Post Identity Philosophers: An Open Struggle, Daniele Atzori**

Natan Sharansky suggests in his last book *Defending Identity: Its Indispensable Role in Protecting Democracy*, that defending identity is essential to protect freedom and democracy. The author bases his views on his experiences as a political prisoner in the Soviet Union and then as an Israeli politician. Sharansky's book reflects, in a simple and effective way, a broader political and intellectual debate about the values that XXI century Western societies should be based on.

### **War and Peace, by Soldiers' Mothers, Sara Rossi**

The Mothers is a group for human rights within the Russian army. Every year, in peace time, 2750 soldiers die from cold, hunger, blows and suicide. The Mothers speak with the highest levels of the army to change that.

Anna Lebedev, a young Russian journalist living in France, wrote a book about them. The book was published in French in 2001.

**Romania's Revolution of 1989. Getting Over the Past, Cristian Cercel**

The article is a book review of Ruxandra Cesereanu's *Decembrie '89. Deconstructia unei revolutii* (December '89. The Deconstruction of a Revolution). It presents the different interpretations of the events that led to the change of regime and emphasizes the absence of a proper process of coming to terms with the past in Romania.