Introduction to Social Research

Week 12 & 13: Subjectivity & Objectivity

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Outline

I. Measuring Unemployment

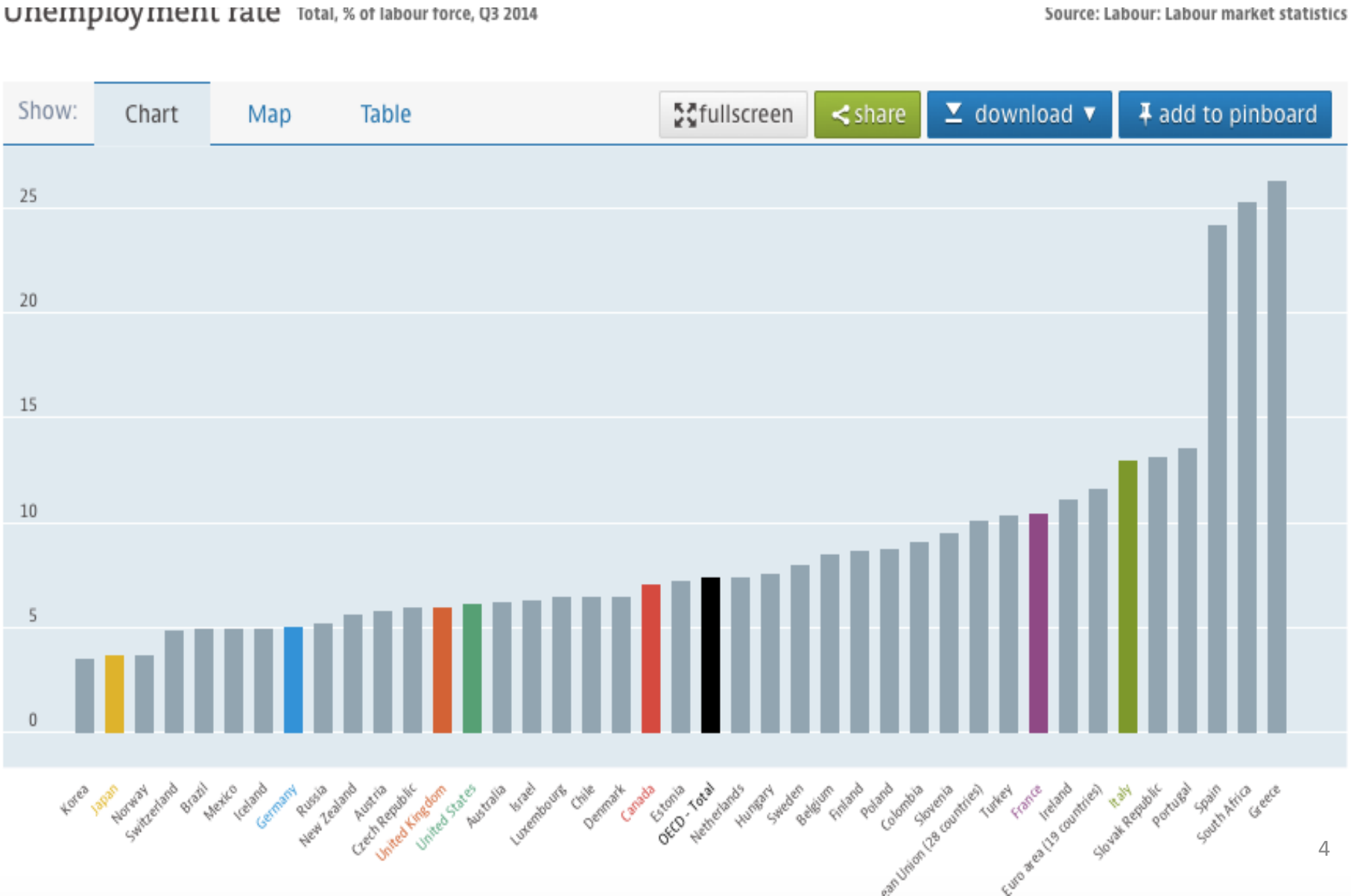
II. Measuring Economic Inequalities

III. Measuring Economic Growth

IV. Conclusions

I. Measuring Unemployment

Do unemployment statistics reveal the reality of unemployment and its social conditions in different countries?



Problems of the Definition of the Category of Unemployment

- **ILO/OECD definition of unemployment rate**

"Unemployment rate is the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-employment. **Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks.**"

Problems of the Definition of the Category of Unemployment

- **Unemployment according to ILO**: a person of working age has no job, is available for work, and makes efforts to find employment

- **Some critical issues:**
  1. Differences in official statistics (France in 2006, with INSEE & ANPE)
  2. Boundaries between employment and unemployment: underemployment (part-time workers, less than 15 hours per week, but would prefer to be working full-time) or short-time working
  3. Boundaries between inactivity and unemployment: early retirement, vocational training
  4. Willingness to work: criteria of measurement

- **Long-term unemployment**: more than 6 months. Unemployment is no longer an involuntary & occasional deprivation of work, but gained a character of permanence

- **Structural unemployment**: mismatch between workers' skills, education, or location and the job that are available

Problems of the Definition of the Category of Unemployment

- **Unemployment nowadays:**

  1. Signal of political weaknesses

  2. Aggregate, statistical category allowing comparisons in time and space

  3. Social and objective phenomenon such as inflation, growth, poverty, fertility

  4. Moral dimension rooted in meritocracy/ assistance

Sociopolitical Construction of Unemployment

- **Unemployment as a social category**: invention at the end of the XIXth century (political category and outgrowth of welfare state)

  1. Employment & work: the social construction of their boundaries (unemployment, activity, and inactivity are relative)

  2. Employment: institutional rules & policy supports

  3. Unemployment: "The modern concept of unemployment derives from one particular employment relationship, that of the large, permanent manufacturing establishment. Employment in such institutions involves a radical separation in time and in space from family and leisure time activity and was (and is) relatively permanent. When employment ties of this kind are severed, there is an empty space in the worker's life which is sharply defined and that space is what is meant by unemployment." (Piore, 1987: 1836)

Sociopolitical Construction of Unemployment

- **Institutional aspects & subjective meaning:** the experiences of unemployment

- **Controversies about the figures of unemployment:** political & social stakes
  1. Social rights
  2. Political influence on the statistics

- **Boundaries between unemployment, employment, & inactivity:** growth of part-time jobs & underground economies

Unemployment, Unemployment Halo & Underemployment

- **Under-utilization of work capacities & unemployment:**

1. In France in 2006, restrictive ILO definition, 3 Mio unemployed, wider definition: 5 Mio.

2. US Bureau of Labour Statistics since 1995: introduction of 6 unemployment rates (in 1994: U-1=2.2%; U-3=6.1%+ U-6=10.9%)

Unemployment Halo & Underemployment

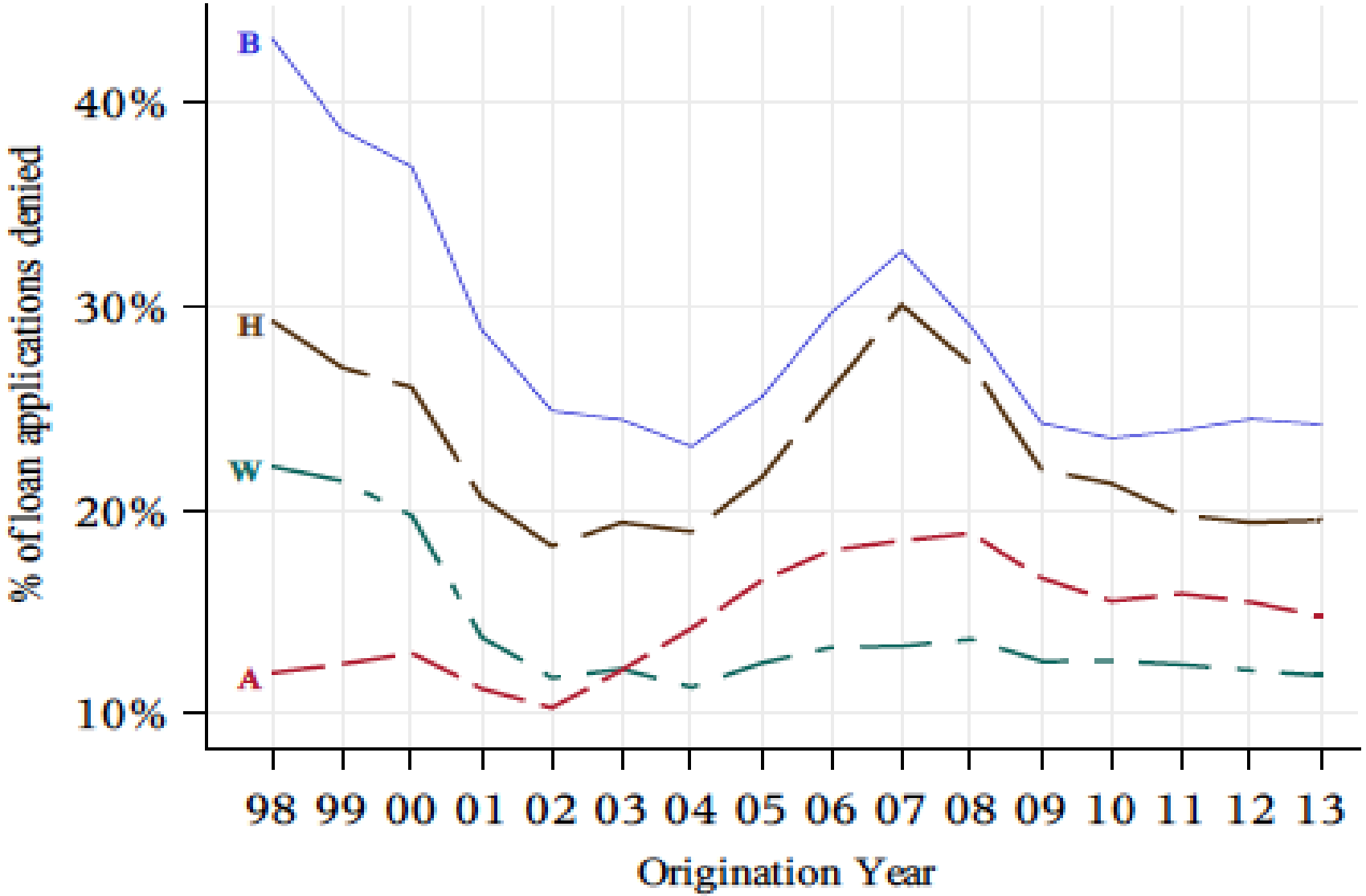
Criteria			Group	Detail
Jobless & willing to work	Available	Active job search	**ILO unemployment**	C1 Unemployment PSERE
		No active job search	**Unemployment halo**	C2-1 Discouraged workers
				C2-2 Constrained worker
				C2-3 Workers actually not searching for a job
	Unavailable	Active job search		C3 Unavailable persons looking for a job
		No active job search		C4 Unavailable persons not searching for a job
Have a part-time job and wish to work more	Available	Active job search	**ILO underemployment**	C5 Underemployment
		No active job search		C6 Underemployment
	Unavailable	Active job search		C7 Underemployment?
		No active job search		C8

Source: author's based on Freyssinet, 2009

II. Measuring Economic Inequalities

Does Money have a Colour?

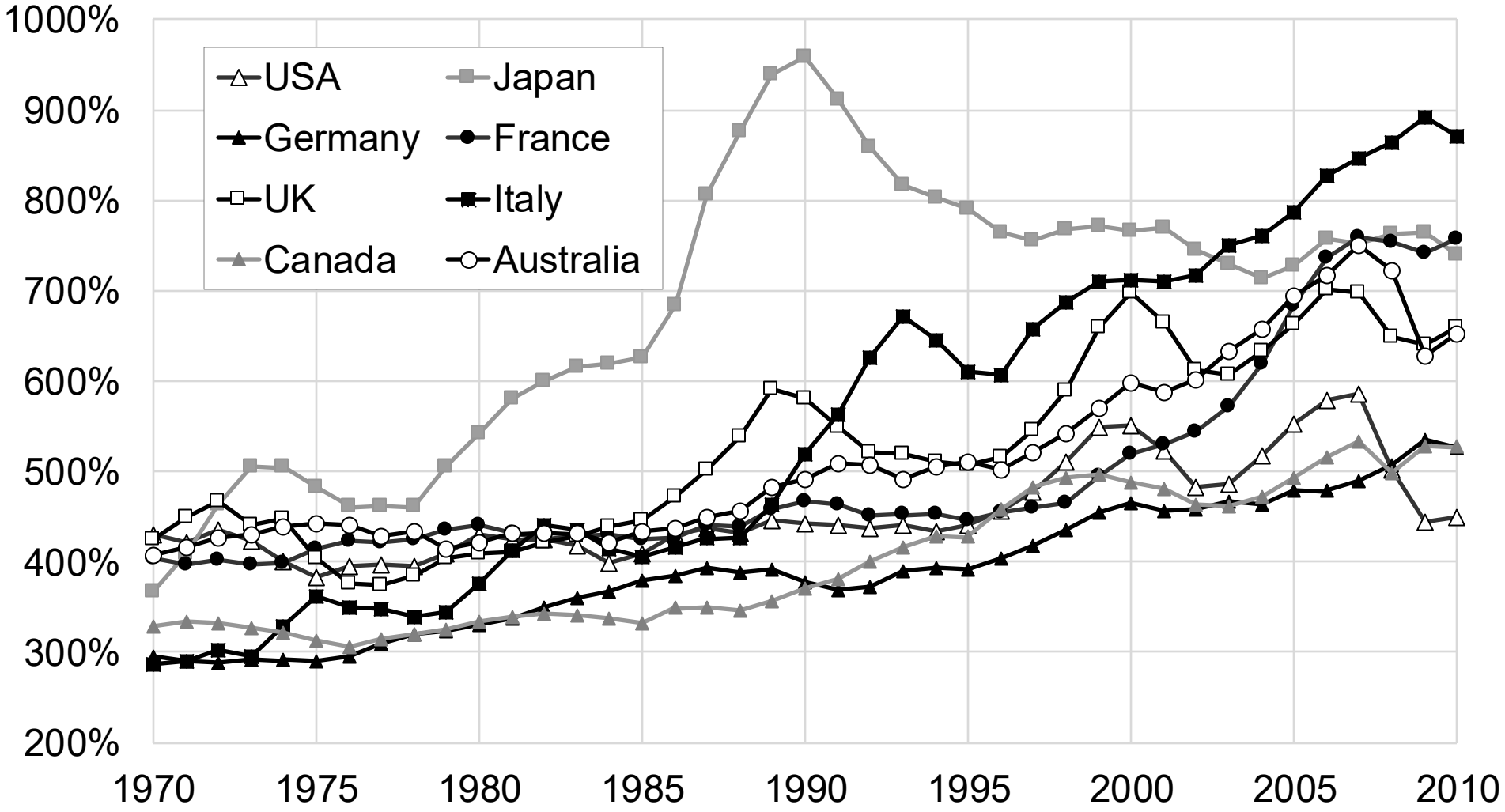
A: Traditional denial rate (ODR)



Source: Urban Institute, http://www.urban.org/research/publication/better-measure-mortgage-application-denial-rates/view/full_report

Intl Comparison of wealth & Income inequality

Figure A9: Private wealth / disposable income 1970-2010

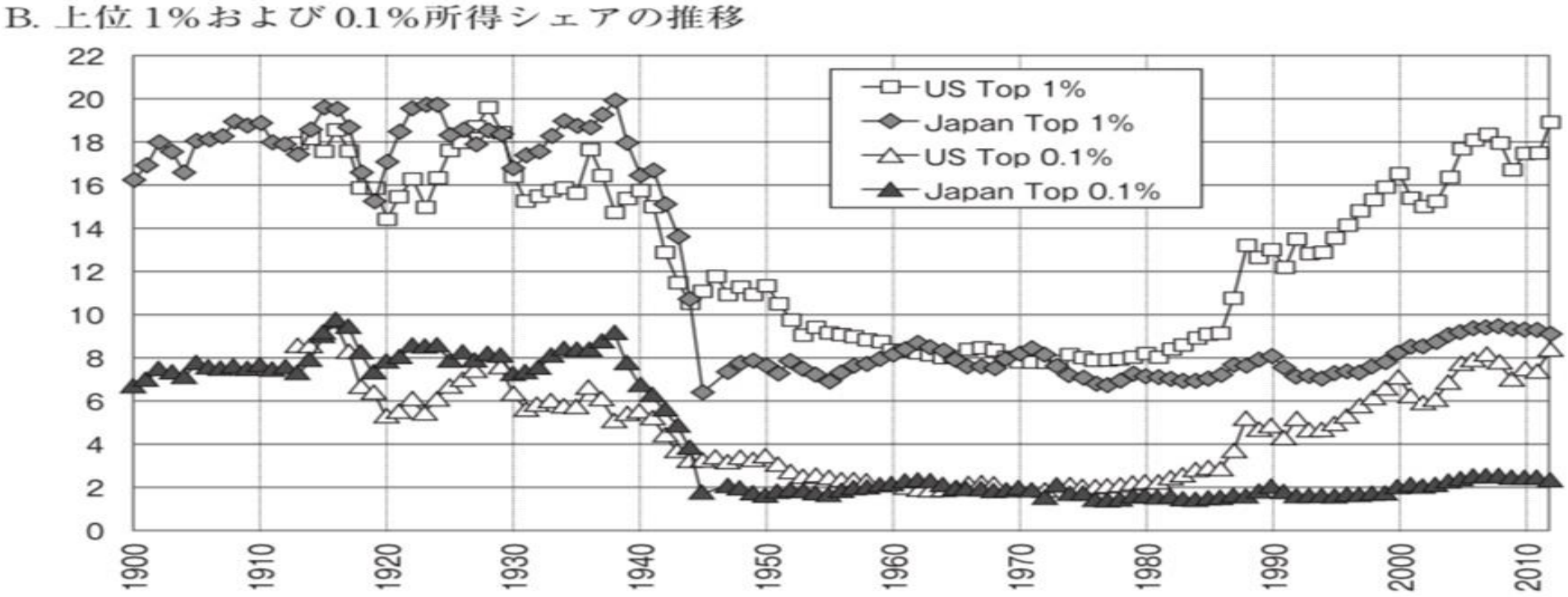


Authors' computations using country national accounts. Private wealth = non-financial assets + financial assets - financial liabilities (household & non-profit sectors)

Source : Thomas PIKKETY, 2014 ; http://piketty.pse.ens.fr/fr/capitalisback

Comparison of Wealth & Income

Comparison of US & Japan Top 1% wealthiest households share



注） 成人人口の上位 0.1% および 1% の高額所得者の所得が総個人所得に占める割合を示す．所得は原則として個人の課税・公的移転前の市場所得だが，公的年金を含み資本譲渡益を含まない．

出所） Moriguchi and Saez(2008), updated.

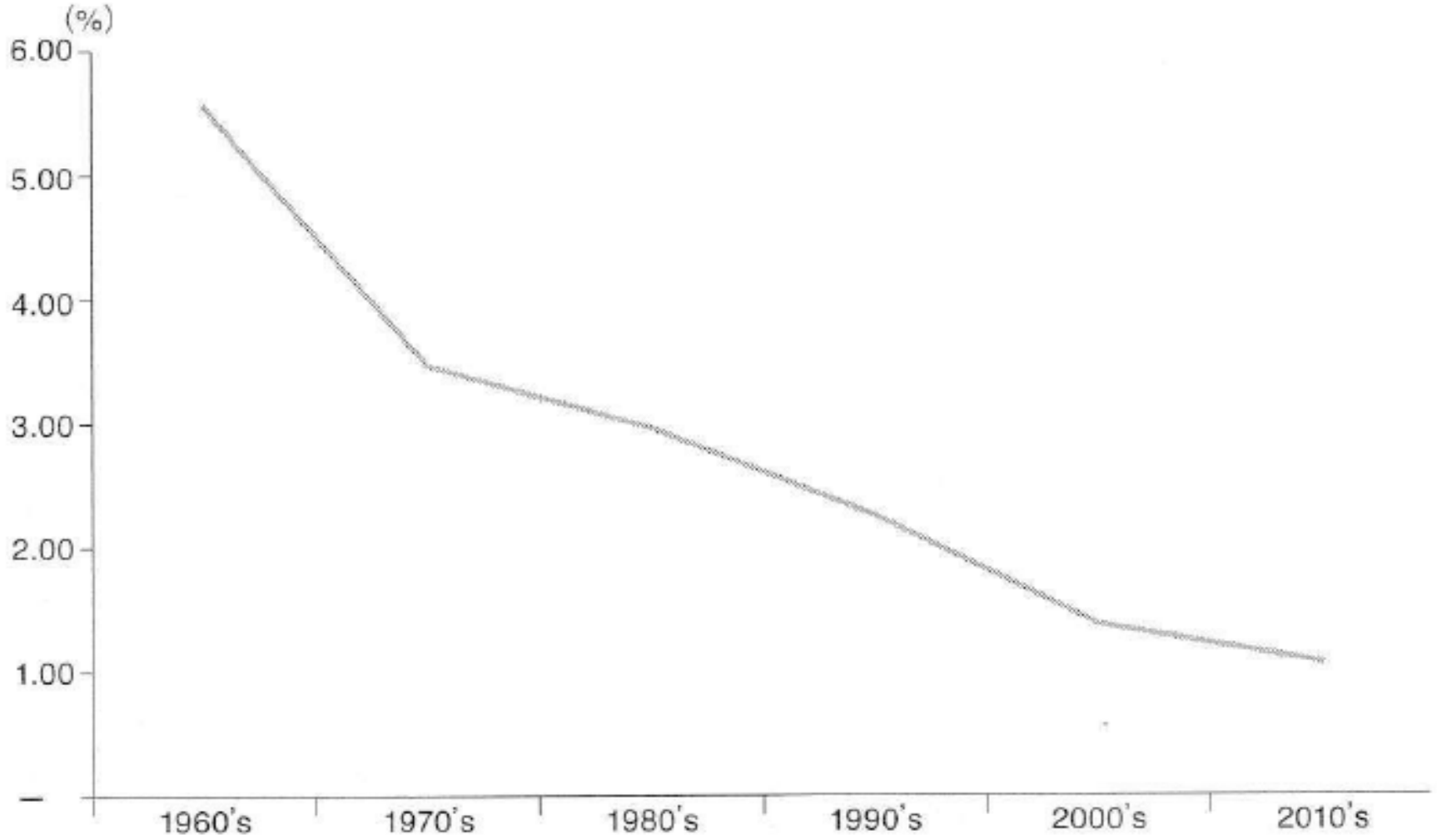
（出所）森口2017：173

"In Japan: the disparity is not so much between the super-rich and everyone else, but between large corporations, which can retain earnings and accumulate capital, and the individuals who are being squeezed in the process." (World Economic Forum, 2015)

III. Measuring Economic Growth

Gross Domestic Product: Political Construction

Change of Annual Growth Rate of GDP in G7 Countries



出所：世界銀行ウェブサイトをもとに筆者集計
(https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG)

（出所）山口周『ビジネスの未来』、プレジデント社。

A brief history of GDP, its context in the 1930s

The Great Depression, 1929

BROOKLYN DAILY EAGLE
And Complete Long Island News

LATE NEWS
WALL STREET 1:15 PRICES ★★

89th YEAR—No. 295. ★ NEW YORK CITY, THURSDAY, OCTOBER 24, 1929. ★ 32 PAGES THREE CENTS

WALL ST. IN PANIC AS STOCKS CRASH

Attempt Made to Kill Italy's Crown Prince

ASSASSIN CAUGHT IN BRUSSELS MOB; PRINCE UNHURT

Royal Suitor Was About to Lay Wreath on Unknown Soldiers' Tomb.

Princess, Deeply Moved, Falls Into Fiance's Arms and Kisses Him

Hollywood Fire Destroys Films Worth Millions

ATTEMPT MADE ON LIFE

Consolidated Studios Are Swept by Flames Fatal to One—Master Pictures Burned Include Many New Talkie Productions.

FEAR 52 PERISHED IN LAKE MICHIGAN; FERRY IS MISSING

Wreckage Picked Up Indicates Craft Went Down With All Aboard.

PIECE OF PLANE LIKE DITEMAN'S IS FOUND AT SEA

Black and Orange Wreckage Indicates Daring Flier Went to Death.

High Duty Group Gave $700,000 to Coolidge Drive

Grundy Agrees Rates Went Up Due to His Activities as Propagandist. Favors More Lobbying to 'Carry Out Voters' Wish.'

FOR MORE LOBBYISTS

STOCKS CRASH IN RUSH TO SELL; BILLIONS LOST

Morgan, Mitchell Buying Stocks in Effort to Check Rush to Unload.

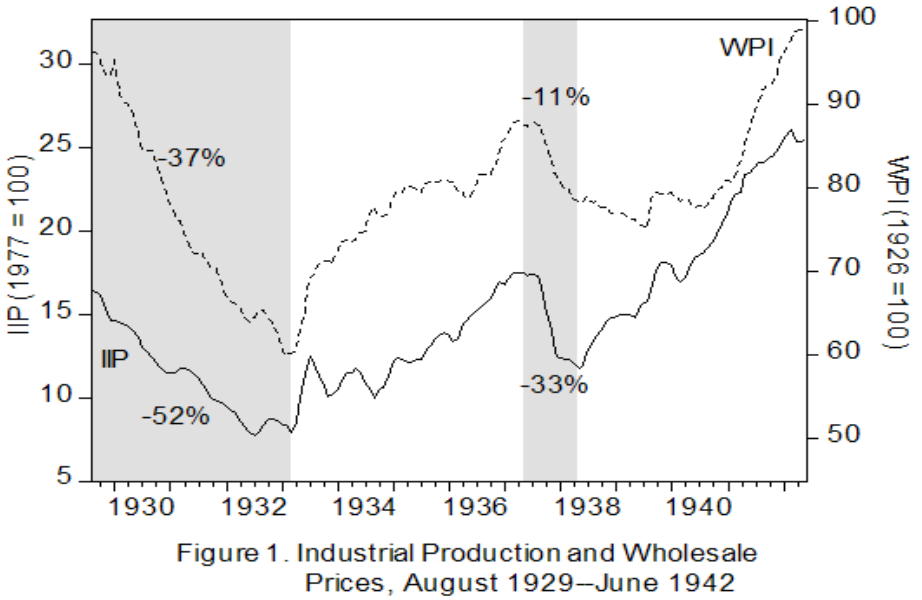


Figure 1. Industrial Production and Wholesale Prices, August 1929–June 1942

Source: Economic Recovery in the Great Depression, EH.net

F. Roosevelt's Reelection, 1936

Don't Be Fooled by Figures

I. SPENDING UNDER REPUBLICANS

Under Hoover the national debt rose 3½ billion (net). In the last 2¼ years the gross debt increased nearly 5 billions. **Yearly Deficits Were 59 Per Cent of Expenditures in 1932; 46 Per Cent in 1933.**

WHAT DID PRESIDENT HOOVER BUY?

A six-billion-dollar loss in farm income, bank failures, foreclosed homes, shut-down factories, government bonds at low levels, national panic. The depression was bought and the people sold.

Our Yearly National Income Dropped 40 Billion
Our Federal Revenues Fell 2 Billion

THIS WAS REPUBLICAN PROSPERITY

II. SPENDING UNDER DEMOCRATS

Under President Roosevelt the gross national debt has increased about thirteen billion (including the 2 billion bonus). Against this, however, the Government has 2 billion in gold profit, a 2 billion increase in the General Treasury Fund, and another 2 billion investment in bank stocks, loans and other repayable assets so that the *net* increase is cut down to 7 billion. It costs less to carry this heavier debt because easier credit and able treasury financing have saved approximately 1 per cent in interest rates.

Yearly Deficits Were 56 Per Cent of Expenditures in 1934; 48 Per Cent in 1935

WHAT HAS PRESIDENT ROOSEVELT BOUGHT?

A 1935 gross farm income of over 8 billion—a 2.8 billion rise since 1932.

Reemployment of 5 million workers. A payroll gain of 59 per cent since 1933.

The highest volume of industrial production since 1930.

Less than 50 bank failures in 1935 compared with more than 1,400 in 1932.

1936 dividends at a 5-year peak.

Government bonds at their top prices, the best test of treasury soundness.

Our National Income, as Estimated for 1936, Will Have Grown Some 21 Billion in 4 Years
Federal Revenues Are Running More Than Double the Receipts in 1933

THIS IS DEMOCRATIC PROSPERITY

III. BALANCING THE BUDGET

When President Roosevelt took office he faced a grave national crisis. He could stand on his platform and cut expenditures. Or he could draw heavily on government funds to feed the starving and aid banks and business. He chose the latter course as *the only road to recovery.* If the Government could shoulder a war debt of 25 billion to save Europe, President Roosevelt felt that it must use its credit even more freely to save its suffering people in a national catastrophe. Had government help come sooner and on a more adequate scale, it would have taken less spending and lending to stop the depression.

ORDINARY EXPENSES MET

In no fiscal year have the ordinary expenses of government under President Roosevelt exceeded revenues. Increases have been caused by farm aid, new construction and additions to regular recurring items such as veterans' benefits, pensions, national defense and the like.

EMERGENCIES BROUGHT RISE

RELIEF is the great human cost which has run up government expenses. As good times return, this item is being lowered.

DECREASING THE DEFICIT

President Roosevelt's program calls for a steadily decreasing deficit each year. In 1935 the deficit was 400 million less than in 1934; had it not been for the soldiers' bonus and the loss of AAA taxes, the deficit would have declined again in the fiscal year 1936. For 1937 there will be a drop below 1936, as estimated by the Treasury, of over 3 billion (to $2,675,700,000).

The gross national debt per capita was $250 after the war. Today it is $255 (including a bonus charge of over $15 apiece). We reduced the debt then. We can do it again.

The First Step to Reduce NATIONAL Debt is to Lighten PERSONAL Debt

Follow* PRESIDENT ROOSEVELT *Forward

Source: https://commons.wikimedia.org/

Brief History of GDP, National Income, Kuznets, 1934

A. Classification by types of payment.
I. Labor incomes.
1. Wages (money and money value of food, board, and other perquisites and gratuities).
2. Salaries (same as 1, including also commissions).
3. Other labor income.
(a) Compensation for injury (paid to employees).
(b) Pensions.
II. Property incomes (paid to individuals).[3]
4. Interest.
5. Dividends.
III. Entrepreneurial incomes.
6. Withdrawals by individual entrepreneurs.
7. Business savings (positive or negative).
(a) Individual entrepreneurs.
(b) Corporations.

Items 1 through 6 constitute national income paid out; by adding 7 we obtain national income produced.

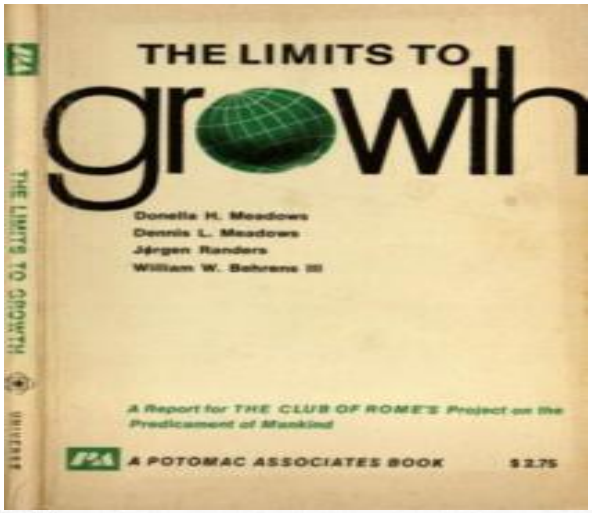
Limits:

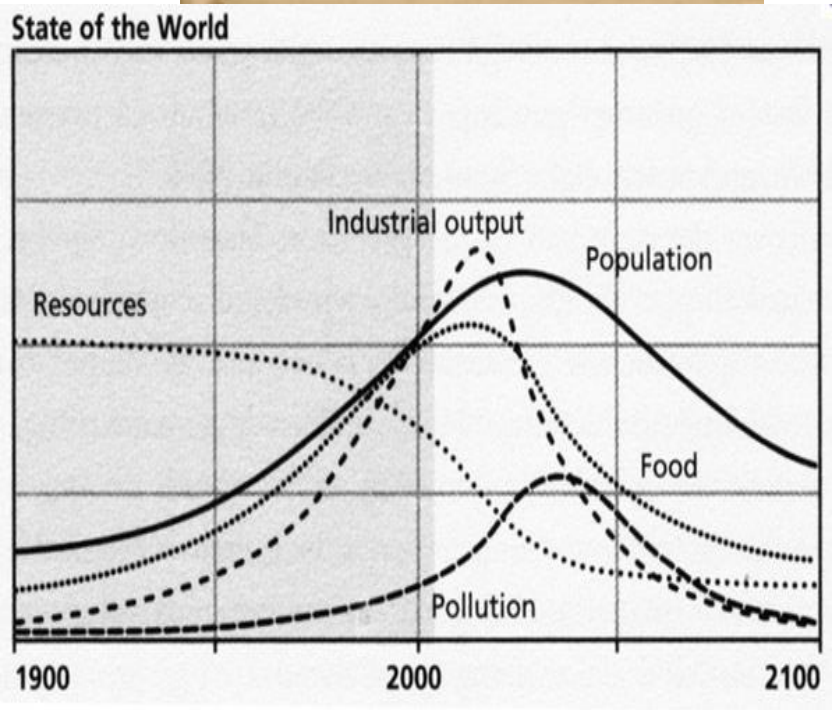
- Evaluation of incomes with no specific amount of money paid (unpaid housework)
- International & historical comparisons are difficult
- Valuation of public authority services not traded on the free market
- Goods produced calculation: net or gross value (taking or not into consideration depreciation of capital)
- Social consensus on the meaning of economic activity: family as economic unit i.e.
- National income as indicator of economic strength?

Source: Kuznets, 1934: 2

Brief History of GDP, Critics

Club of Rome, Limits to Growth, 1972

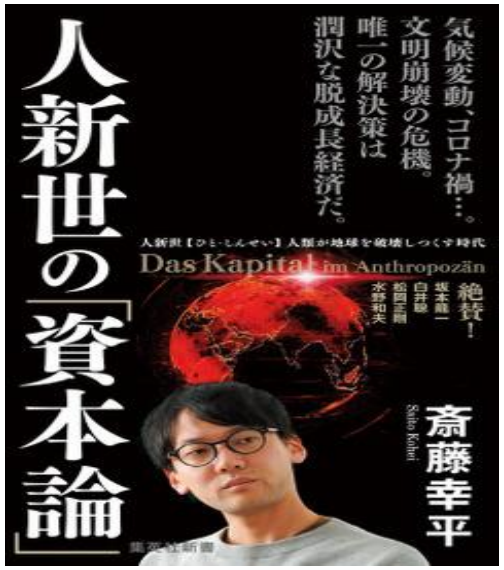


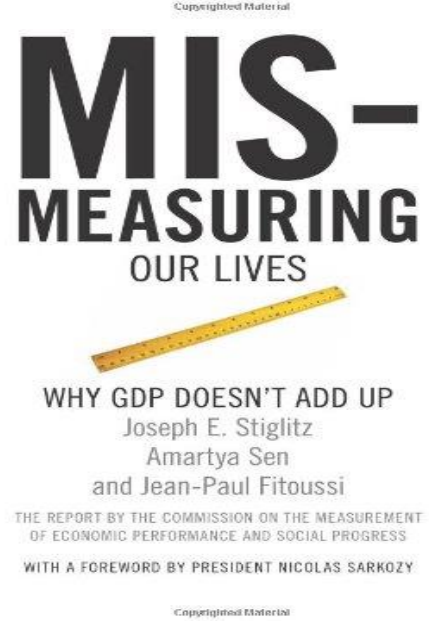


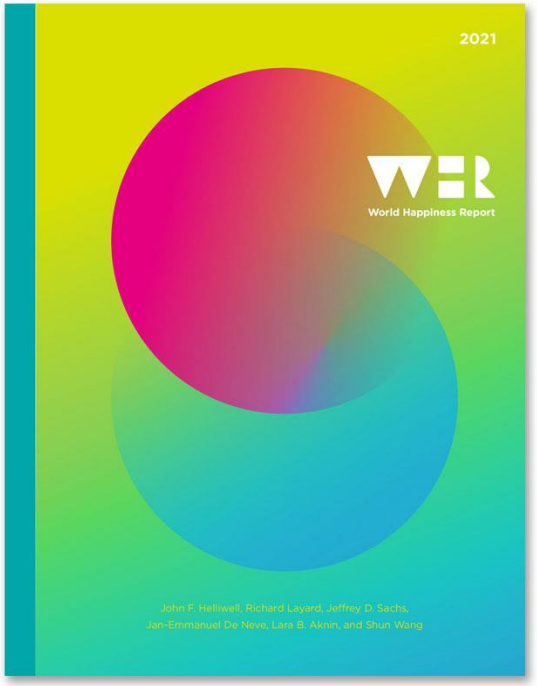
Source: earthaboutreport, 2010

- Is economy without GDP growth possible? Is it compatible with capitalism?
- Welfare state models combined with the continuous economic growth are put into question
- Recent Discussions about "Post-Growth" or "De-growth Society"

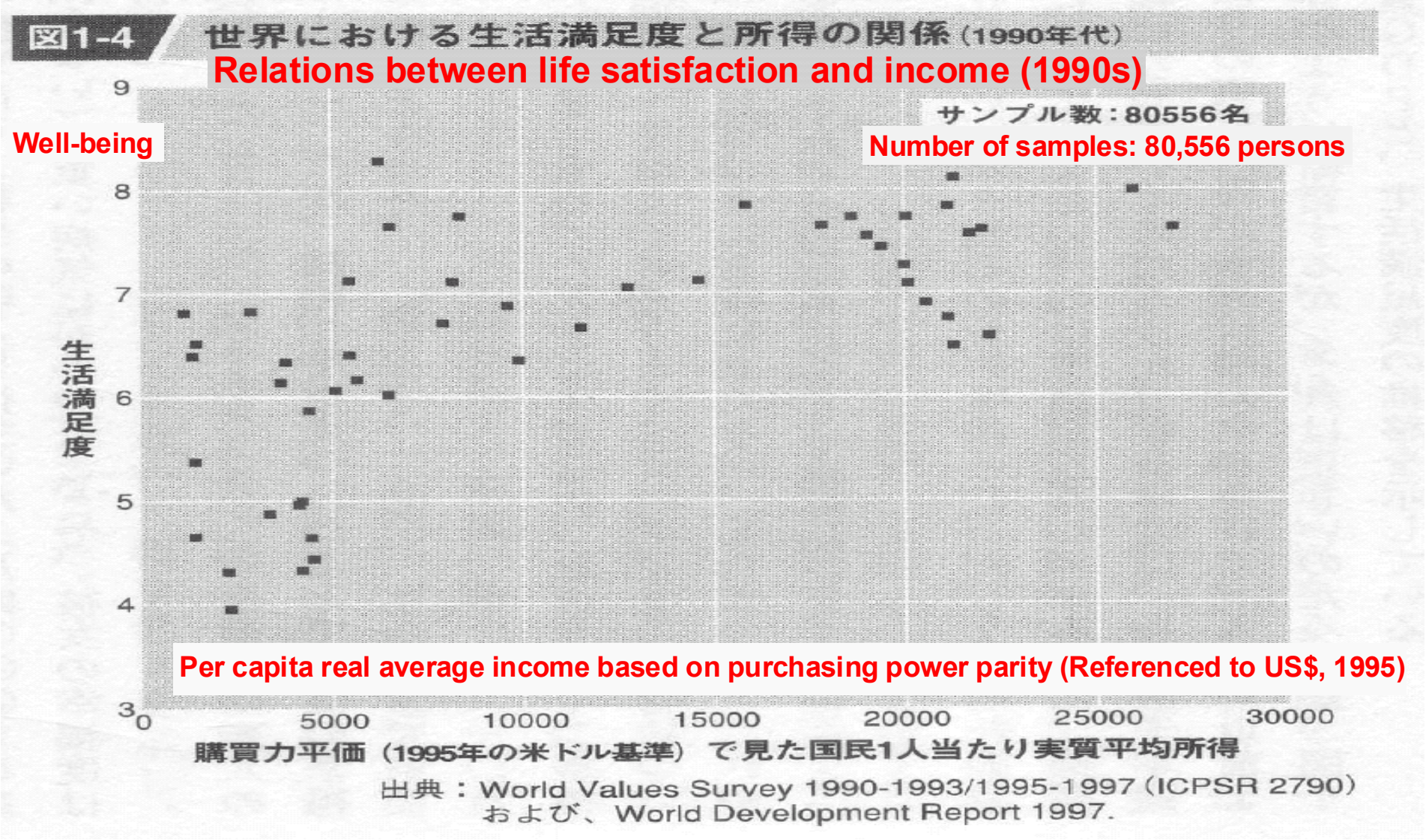
Recent Developments of De-or Post-Growth







Relations between Life Satisfaction and GDP per capita



Source: Frey (2005)

Gross National Happiness & others

Gross National Happiness Index

4 Pillars	9 Domains	33 Indicators
Preservation of Culture	Psychological Well-being	Life satisfaction Positive emotions Negative emotions Spirituality
	Time Use	Work Sleep
	Community vitality	Donation (time & money) Safety Community relationship Family
	Cultural diversity and resilience	Zorig chusum skills (artistic skills) Cultural participation Speak native language Driglam Namzha (the Way of Harmony)
Conservation of Environment	Ecological diversity and resilience	Responsibility towards environment Ecological issues Wildlife damage Urban Issues
Economic Development	Living standards	Per capita income Assets Housing
	Health	Self-reported health Healthy days Disability Mental health
	Education	Knowledge Literacy Schooling Values
Good Governance	Good Governance	Fundamental rights Governance performance Political participation Services

Source: ResearchGate

Table 1. Health Index of GAH (a tentative plan)

(Translated from the original Japanese document by the author.)

Category 1	2	3	4	Index	Numerical
1 Lifelong Healthy City	Health			Vitality (General wellness)	72.9% (2010)
				Life expectancy	Arakawa City…Male 80.79, Female 84.15 Japan…Male 81.79, Female 84.81 (2008)
		Physical Health		Degree of free body movement	–
				Healthy life expectancy	Male 79.83, Female 81.81 (2008)
				Premature death rate	Male 123.4 Female 100.9 (2008)
				Incidence of people requiring long-term care	17.7% (2008)
				Rate of falling	20% (2010)
				BMI of 25 or more	Male 23% Female 16% (2008)
			Physical Activity	Frequency of exercise	–
			Meals	Level of satisfaction with one's diet	73.8% (2010)
			Bodily Rest	Rest level of body	–
		Mental Health		Suicide rate	2.78% (2008)
				Depression rate	26.9% (2010) *over 65 years old
				Mental Stability	–
			Connectedness	Social connectivity (Level of actually feeling a connection with other people)	–
			Social roles	Level of actually feeling that one is living a meaningful life	–
			Mental relaxation	Mental relaxation (level of actually feeling relief of mind)	–
		Environment for Health		Level of actually feeling that one's environment is suitable for the preservation of health	–
				Number of welfare recipients per million population	24.2 (2009)
				Average medical expenses for individuals under public health care	\285,578 (2009)
				Number of medical facilities per 10,000 population	10.2 (2007)
			Community support	Ratio of people who feel that they can get support from the community when needed	–
			Quality of Life	Percentage of people who feel satisfied with their lifestyle	–
			Community livability	Percentage of people who feel satisfied with their living environment	83.8% (2010)

Gross Arakawa Happiness, Arakawa City

IV. Conclusions

Conclusions

- Figures are not always standardized tools and comparable: the case of unemployment rate
- Figures and the problem of interpretations/analysis: money and race
- Quantitative methods are not necessary the most objective approach: a questionnaire must be deconstructed

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