



UNIVERSITY OF THE PHILIPPINES SCHOOL OF ECONOMICS

and

PCED | Philippine Center for
Economic Development

present a seminar on

ON MEASURING SOCIAL TENSION

By

Professor Nanak Kakwani

26 January 2017, Thursday

4:00-5:00 p.m. – Room 303

Abstract

Different types of social tensions can lead to social unrest. Inequality and poverty, for instance, could cause social tension given temporal fluctuations in living standards including both systemic and idiosyncratic sources of risk. Social tensions may also arise from immobility among social groups, polarization, and issues relating to middle class. This paper provides a common methodology to model different sources of social tensions. Social tension has many dimensions shaped by economic, social, and political factors. Some of these dimensions are not quantifiable. This paper deals with dimensions of social tension that can be quantified using available data from household surveys. The following aspects of social tension will be considered in the chapter: (i) high inequality, (ii) existence of poverty, (iii) shrinking middle class and increased polarization, (iv) growth volatility, and (v) social immobility.

Measuring each of these dimensions will require normative judgments, which become explicit using a social welfare function. A social welfare function is primarily used to identify policies that work and those that do not. From any public policy perspective, various policies affect individuals differently; some lose while others gain. Hence, it is inevitable to make some form of normative judgments in the assessment of policies using social welfare functions. Social welfare functions help specify judgments on the weights rendered to different individuals. This paper aims to derive social welfare functions that explicitly incorporate judgments about various types of social tension. Such social welfare functions provide the basis for the measurement of social tension. These social welfare functions are applied in Brazil's case, with an empirical analysis of levels and trends of various types of social tension in the country from 1992 to 2012 using data from a national household survey called the *Pesquisa Nacional por Amostra de Domicílio (PNAD)*.

About the speaker:

Professor Nanak Kakwani had been Visiting Scholar at the IPEA in Brasilia in 2014, (which is the think tank institute of the Government of Brazil), working on social policies in BRICS countries. He was the Principal Researcher for one year (January 2005 to November 2006) and foundation Director/Chief Economist for two years (January 2003 to January 2006) at the UNDP's International Policy Centre for Inclusive Growth in Brasilia Brazil. Before joining IPCI, he had been Professor for 30 years at the University of New South Wales in Sydney, Australia. His research areas include poverty, inequality, pro-poor growth, taxation, public policies, human development (People's Well-being), etc. He has published more than 100 articles in international journals (including 9 papers in *Econometrica*) and 5 books, one by Cambridge University Press, one by Oxford University Press and more recently by Palgrave Macmillan. He was elected as fellow of Australian Research Committee of Social Science. He was also awarded Mahalanobis gold medal in 1984 for outstanding contribution in quantitative economics. He is on the advisory board of the *Journal of Economic Inequality*. He has been visiting professor at many universities and consultant to the World Bank, UNDP and the Asian Development Bank.



Free and open to the public

For group attendance, please contact **Ms. Judy Avila**, UPSE Economics Research Center

Phone: 632-9205465, Email: research@econ.upd.edu.ph