

The relational component of people's well-being at the roots of the 2008 economic crisis

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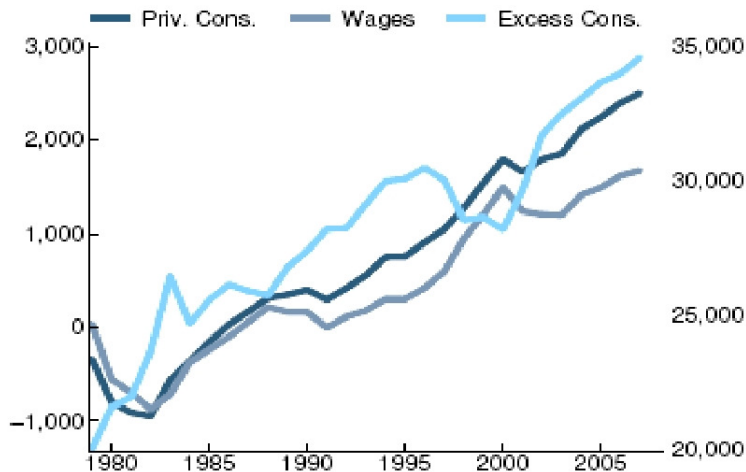
Our aim:

Developing an **early warning system** to **ring an alarm bell** in case of risk.

Our strategy:

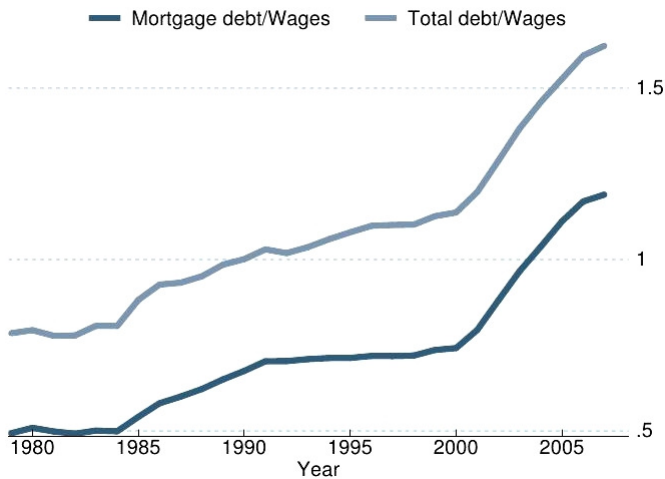
using the findings from the literature on SWB.

At the roots of the US bubble: excessive consumption



Source: Jagannathan et al. (2009)

financing consumption: the debt



Source: Jagannathan et al. (2009)

- easy credit to consumers;
- new financial tools;
- poor regulatory framework.



Explaining consumption bulimia

A society organized to maximize economic growth **benefits** from boosting consumption.

The NEG model predicts:

- people are (on average) richer;
- people work longer hours;
- people have less time for social relationships;
- well-being decreases;
- people attach higher priority to goals such as money, luxury goods, prestige and success.

Bartolini and Bonatti (2003, 2008); Bartolini and Sarracino (2014).

NEG model VS Reality

Various studies suggest:

- Economic growth and social capital: the dream went sour;

Sarracino (2013); Sarracino and Mikucka (2015); Roth (2009)

- The Easterlin paradox, both across and within countries;

Easterlin et al. (2010)

- Relational poverty, materialistic values and work effort.

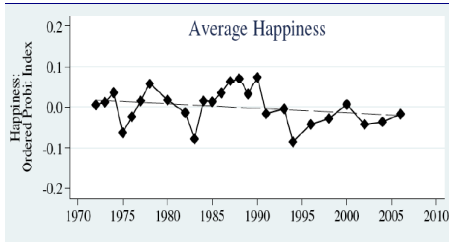
Bartolini and Bilancini (2011); Bartolini and Sarracino (2013)



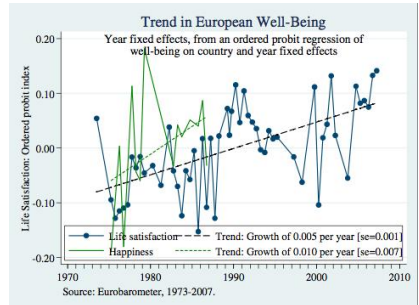


- 1 organize the society to prevent crisis from happening again;
- 2 we can monitor the symptoms of a NEG-type growth to create an Early Warning System.

Trends of well-being

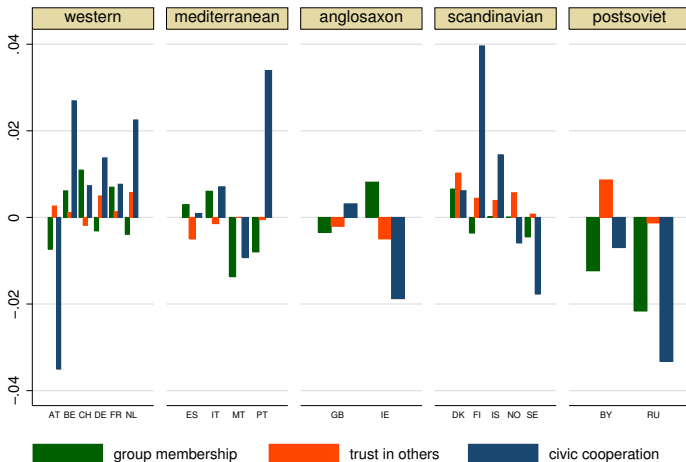


United States
Sacks et al. (2010)



Europe
Sacks et al. (2010)

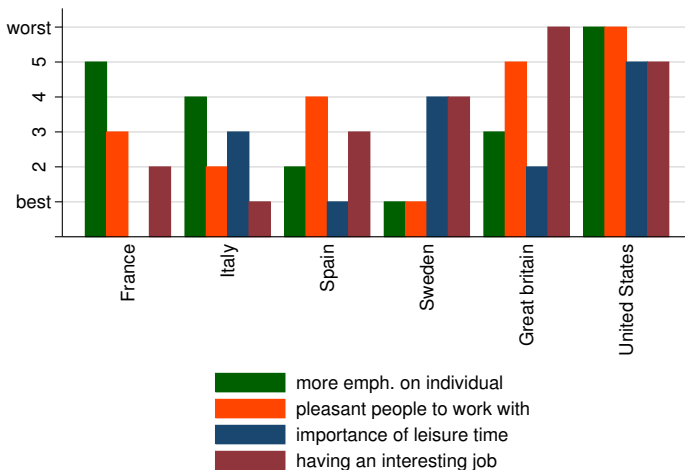
Trends of social capital



Data: WVS-EVS 1981 – 2012

Sarracino and Mikucka (2015)

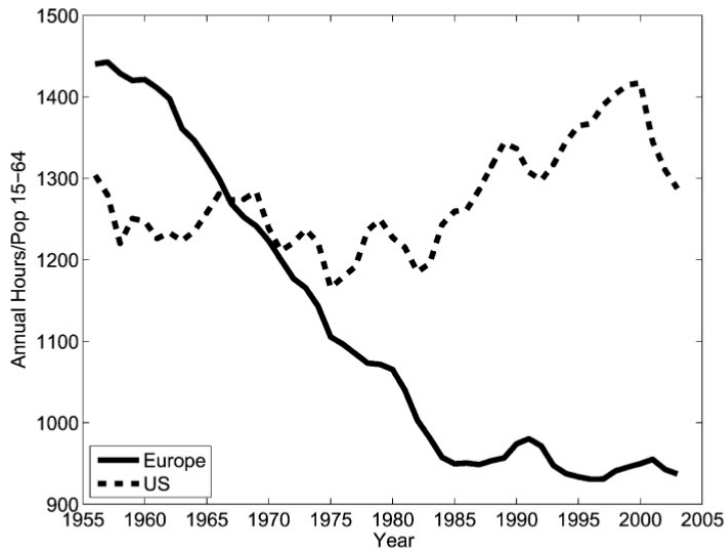
Ranking of the trends of materialism



Data: WVS-EVS 1981 – 2009

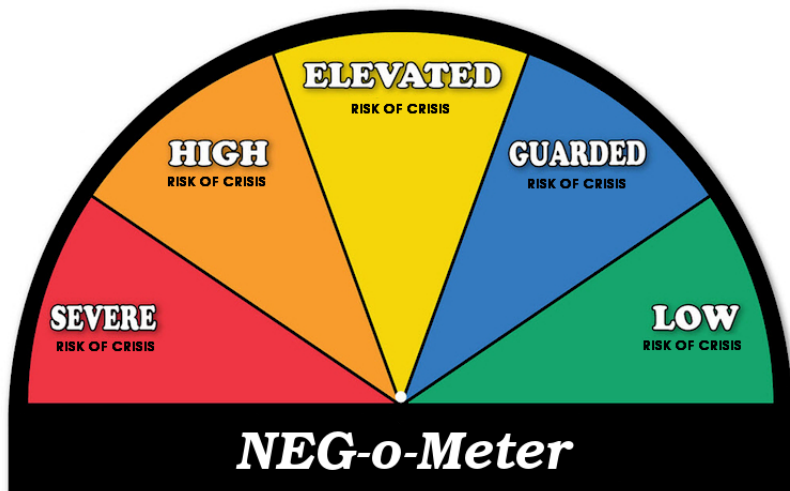
Bartolini and Sarracino (2013)

Trends of leisure and working time



Bartolini et al. (2014)

The NEG-o-meter



Conclusions

- The NEG-o-meter should complement financial and institutional tools to identify “risky” situations;
- It requires more extensive figures observed in a more consistent way;

Conclusions

- The NEG-o-meter should complement financial and institutional tools to identify “risky” situations;
- It requires more extensive figures observed in a more consistent way;
- Our results on UK are consistent with some warnings concerning a new speculative bubble:

www.thisismoney.co.uk/money/mortgageshome/article-2414970/Lloyds-boss-Were-happy-offer-95-mortgages--

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We're happy to offer 95% mortgages again ... there won't be a housing bubble: Lloyds chief shrugs off fears

By ALEX HAWKES, FINANCIAL MAIL ON SUNDAY

PUBLISHED: 21:29 GMT, 7 September 2013 | UPDATED: 11:03 GMT, 10 September 2013

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A controversial return to 95 per cent mortgages – levels last seen before the credit crunch – has been defended by Lloyds Banking Group chief Antonio Horta-Osorio.

Amid fears that heady levels of borrowing might be fuelling a new housing bubble, he said: “We are comfortable – depending on the customer. We look at customers not at products.”

Lloyds is regarded as the most influential lender as it supplies a quarter of all mortgages in the UK.

The bank has a total exposure of £322billion, meaning that it could face a big hit if Horta-



Thanks for your kind attention!

Why excessive?

- loss of competitiveness:

Why excessive?

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Why excessive?

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Why excessive?

- loss of competitiveness:



- increase in income inequality:

Why excessive?

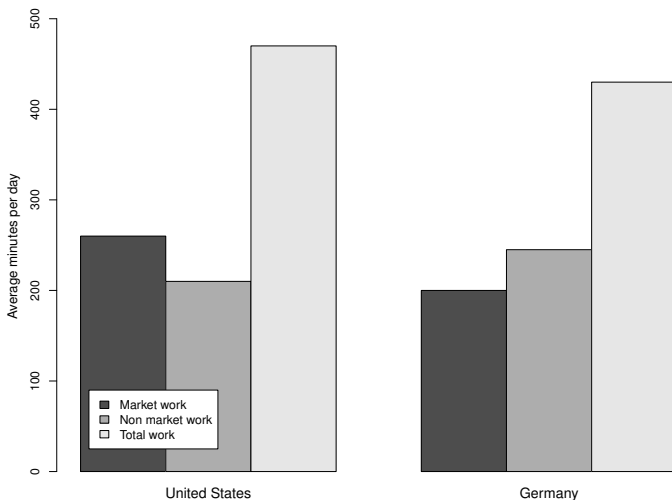
- loss of competitiveness:



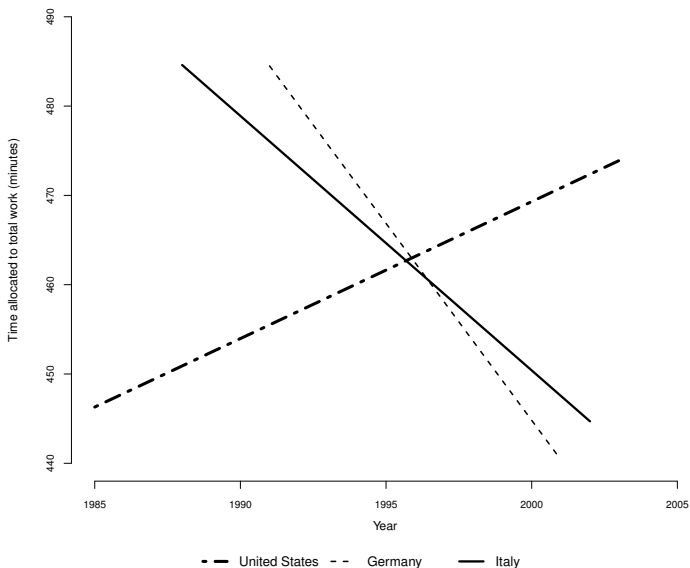
- increase in income inequality:



Trends of leisure and working time



Trends of leisure and working time



Adaptation



"It all looks so great. I can't wait to be disappointed."

Social comparisons



References I

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April 8 - 10, 2015 – Higher School of Economics, Moscow.

www.lcsr.hse.ru/en/seminar2015

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