



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

ORGANISATION DE COOPÉRATION ET
DE DÉVELOPPEMENT ÉCONOMIQUES

Mesurer le Bien-Être et le Progrès des Sociétés

Présentation au
Conseil Économique et Social et
au Conseil Supérieur pour un Développement Durable

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Presentation outline

- **Need for better measures of well-being and progress**
- **OECD response and other initiatives**
- **OECD Better Life Initiative**
- **What's next?**

Need for better measures...

GDP is a key economic measure....

... for monitoring macro-economic activity

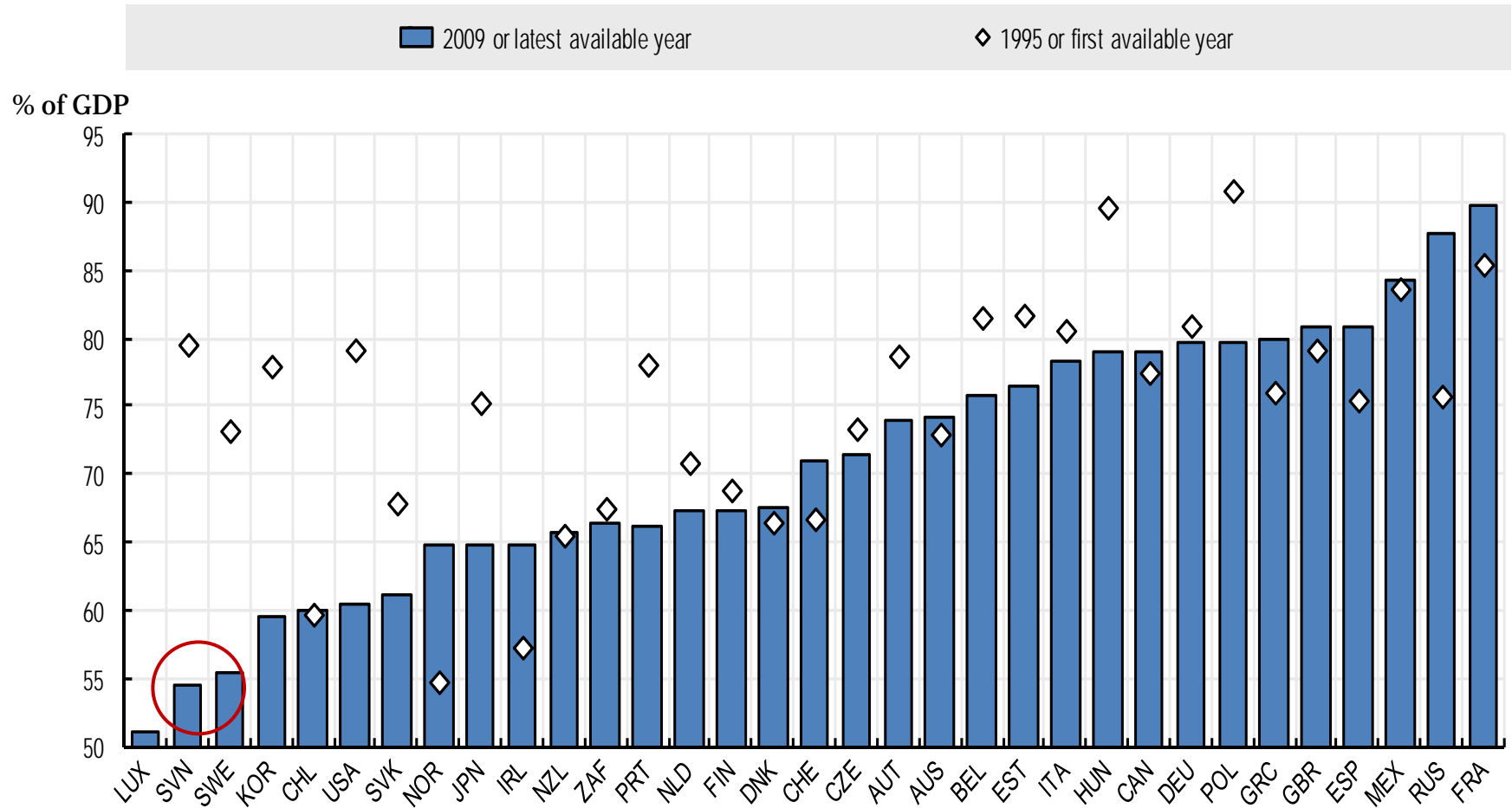
- Needed for macro-economic policies**
- Output and productivity, capacity utilisation**
- Competitiveness**
- Demand for jobs**

.... but not a metric of well-being

GDP is **not** a good measure of well-being because:

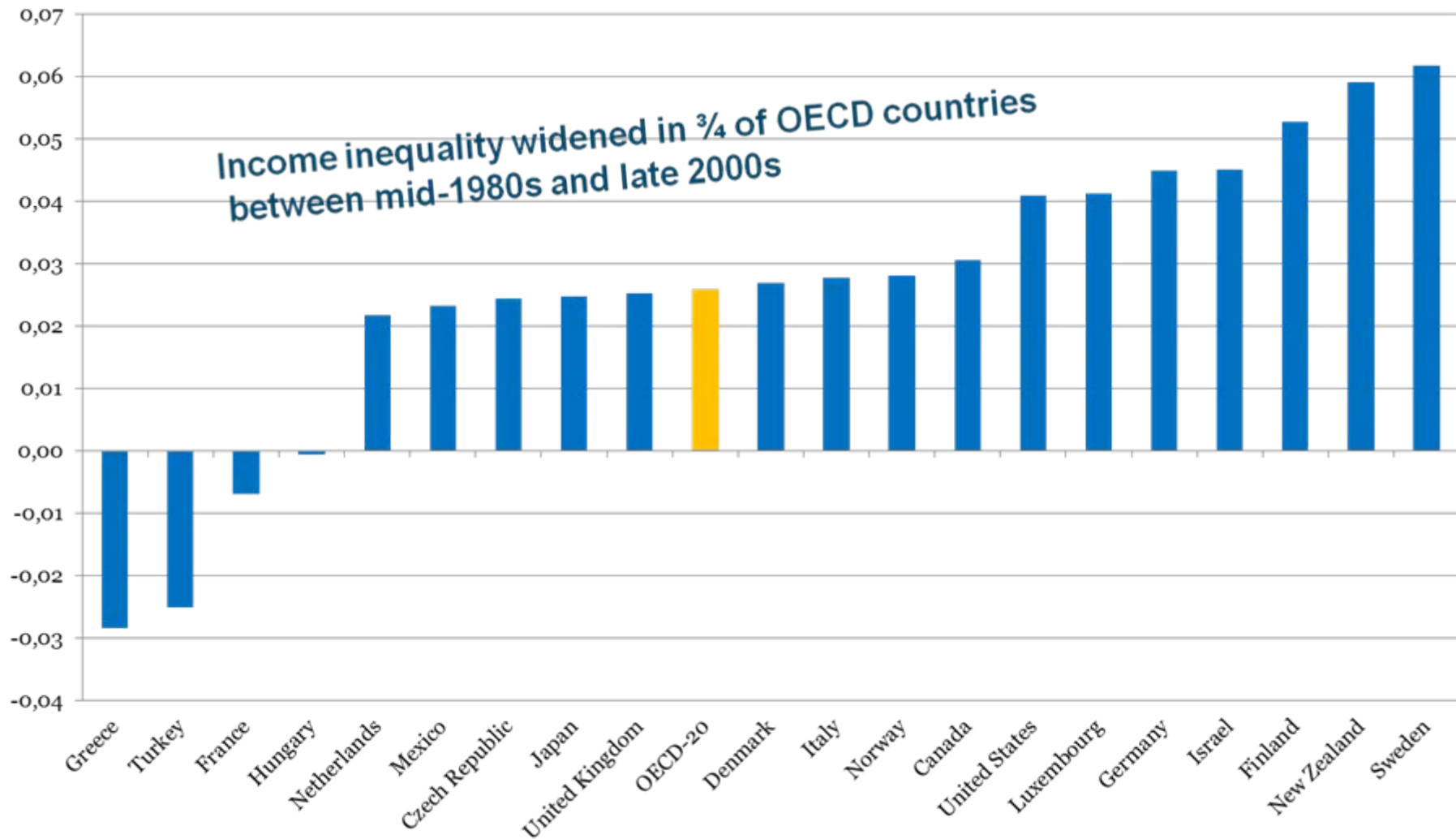
- It includes economic activities that either **reduce well-being** or that **remedy the costs** of economic growth
- It does not reflect **households'** economic resources well
- It excludes many of the dimensions that matter for well-being (e.g. **people's attributes, non-market activities**)
- It does not inform on whether well-being can **last over time**

GDP is an imperfect proxy of household income



Source : OECD, National Accounts database

Higher tides do not necessarily lift all boats

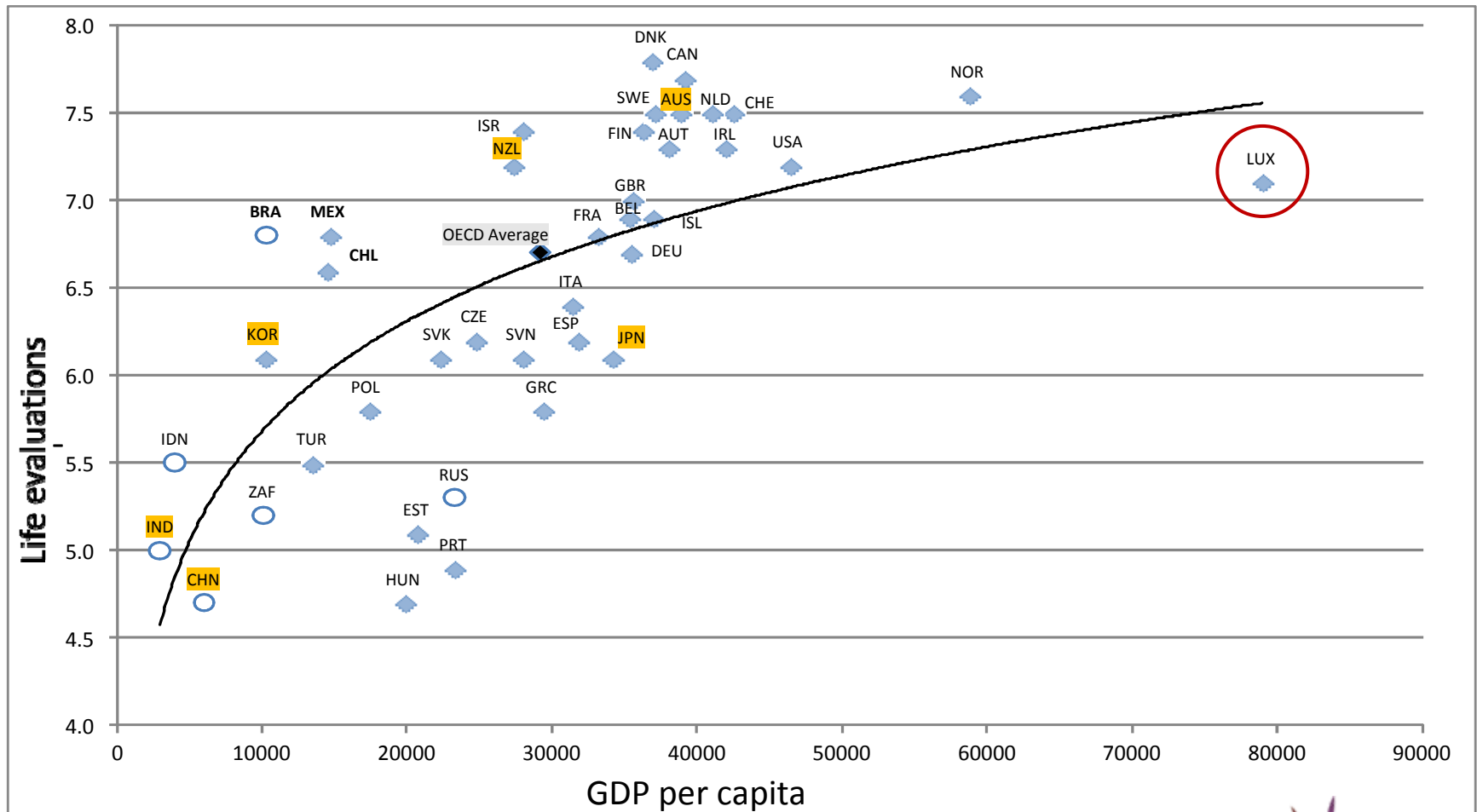


Point changes in Gini coefficient, from mid-1980s to late-2000s

Source : OECD Income distribution and poverty database

Money is not all that counts

Average life evaluation and GDP per capita across countries



OECD response and other initiatives

The OECD response ...

- **OECD has been leading the international reflection on Measuring Progress for nearly 10 years**
- **We organised three World Fora on “Statistics, Knowledge and Policies” (Palermo, 2004; Istanbul , 2007; Busan, 2009) to advance discussions**
- **We rallied support through the Istanbul Declaration and launched the Global Project in partnership with other organisations in 2007**

Today: strong political support

- President Sarkozy set up the **Stiglitz-Sen-Fitoussi Commission (SSFC)** in 2009
- EU Communication on “GDP and beyond” and EU 2020 Agenda (2009 and 2010)
- G20 Leaders statements in 2009, 2010 and 2011
- Conclusions of OECD Ministerial Council (2010)
- Many national initiatives in developed and developing countries

Regional and National Initiatives

- **National initiatives on well-being, e.g.:**
 - **Japan** growth strategy; **Korea** programme on measuring well-being
 - Public consultations in **Australia, Italy, Spain, UK, Luxembourg**
 - Parliamentary Commissions in **Denmark, Germany, Norway**
 - Development of new indicators in **France**
 - **China** five-year plan and “livelihood index”
- **International and Regional initiatives on well-being**
 - **EU Statistical System**: proposing 50 recommendations and actions following-up on the SSFC and the “GDP and beyond” communication
 - **Bhutan**-UN resolution on greater importance to well-being when implementing measures on social and economic development

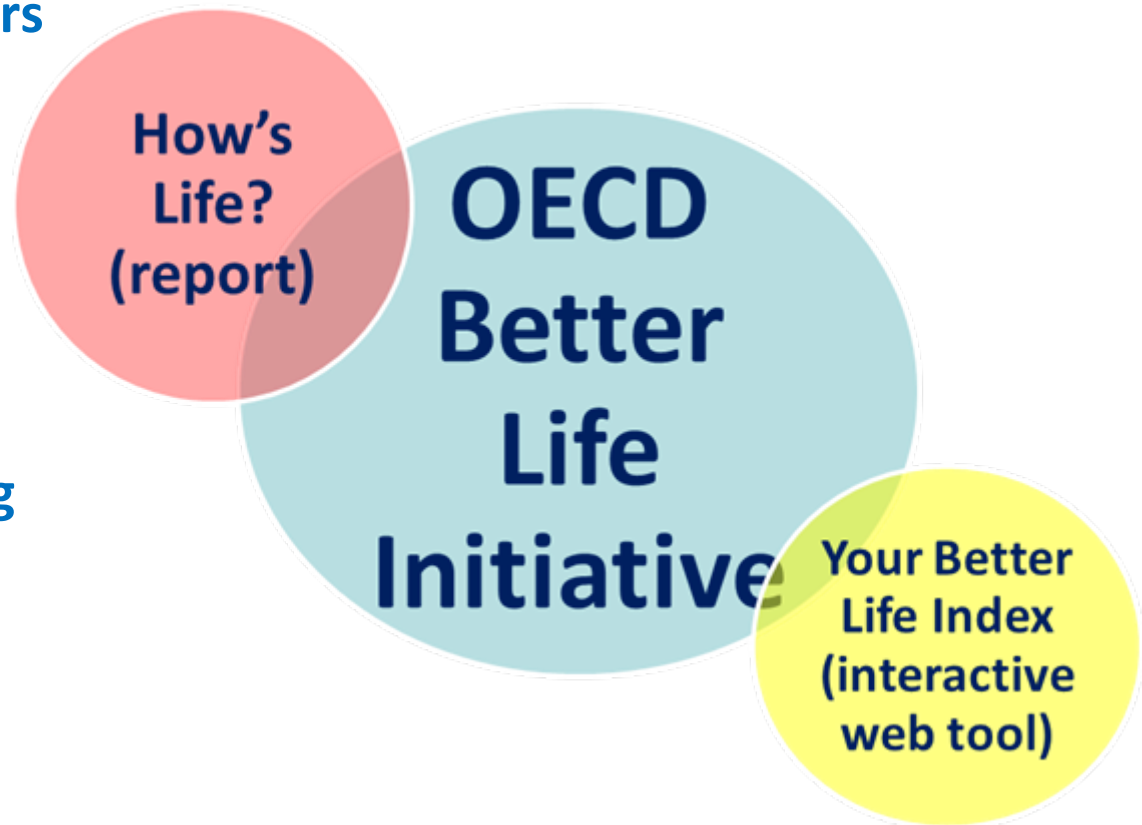


OECD **Better Life** Initiative

The OECD Better Life Initiative

Building on almost 10 years
of OECD work under the
Global Project

Now moving to measuring
what matters most in
PEOPLE's life



OECD@50: Better policies for better lives

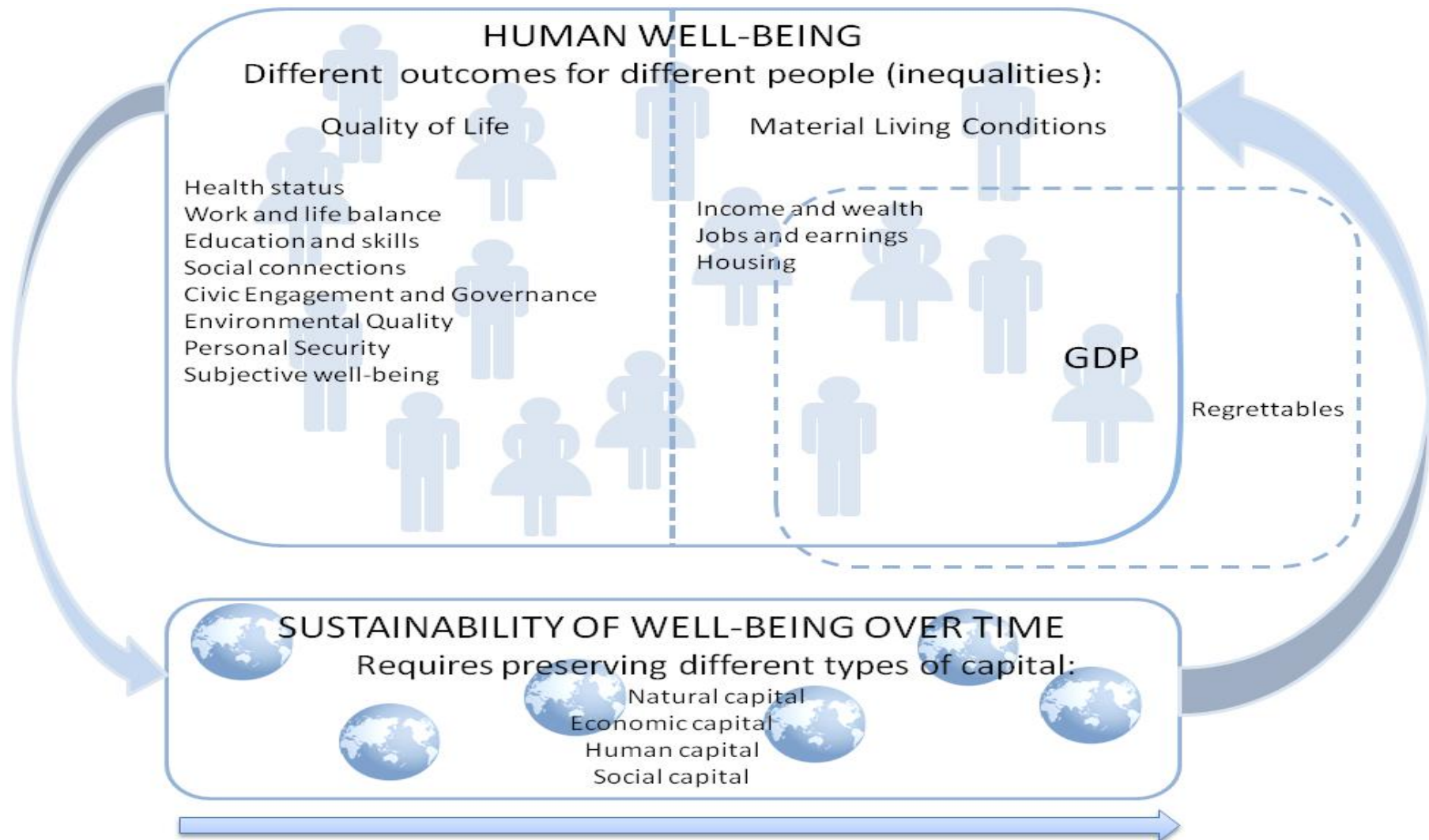
Focus

- **Households and people, not just GDP**
- **Outcomes, not inputs or outputs**
- **Assessing inequalities alongside averages**
- **Including both objective and subjective aspects of well-being**

Scope

- **Well-being here and now**
 - Quality of Life
 - Material Living Conditions
- **Well-being in the future**
 - Sustainability

The OECD well-being framework

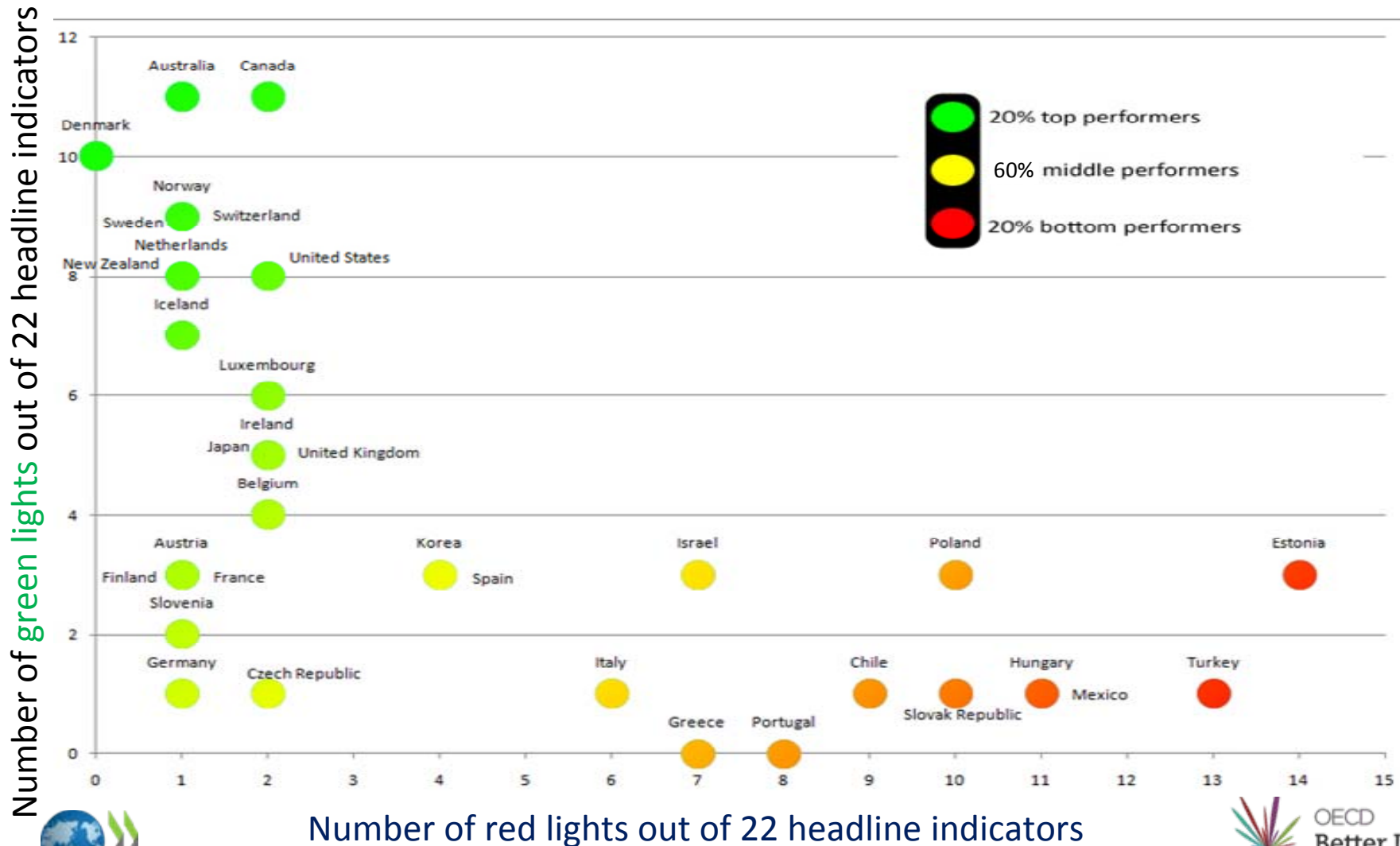


Measurement approach

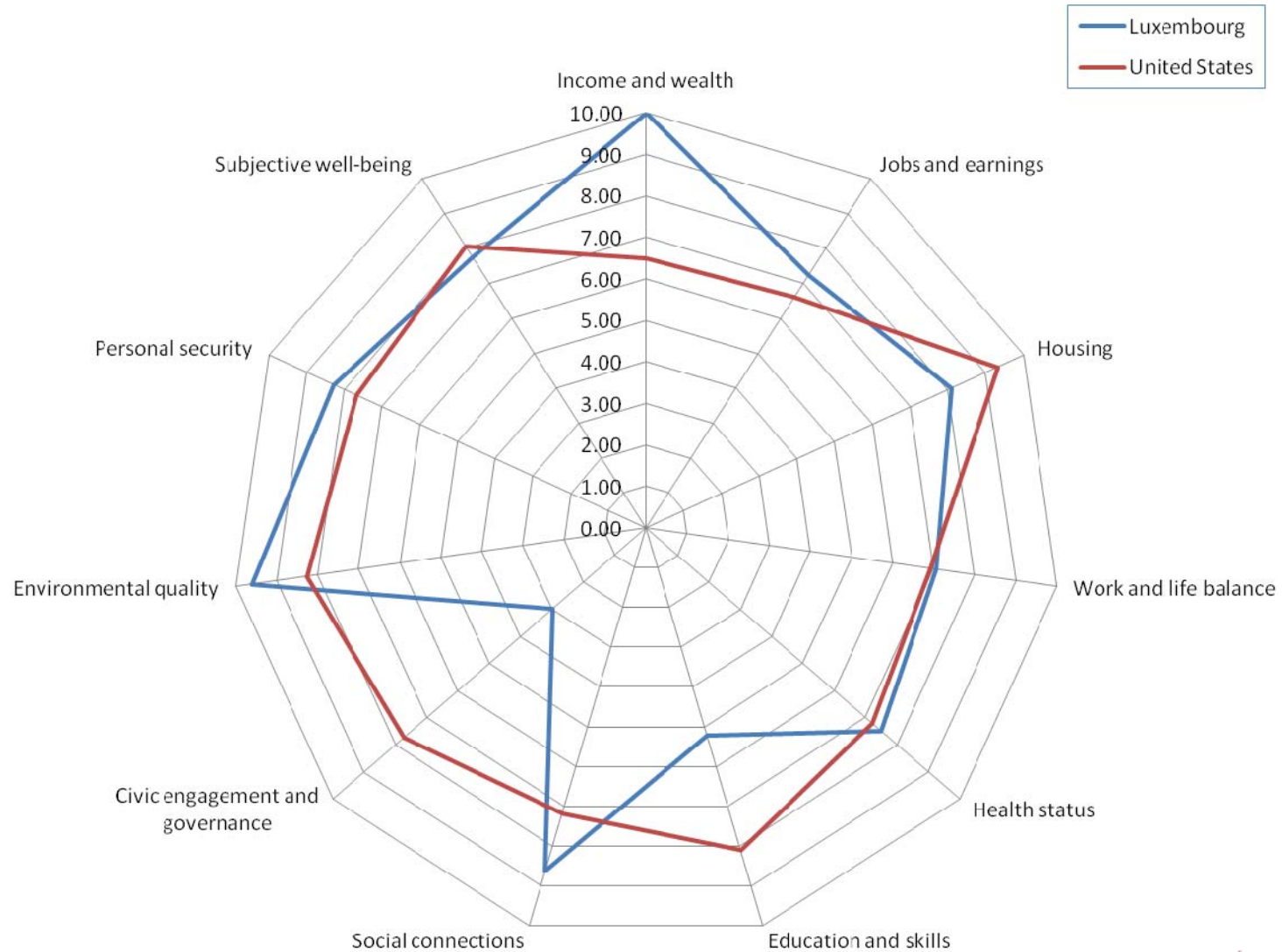
- **Relevance of indicators**
 - face-validity
 - easily understood, unambiguous interpretation
 - amenable to policy changes
 - possibility of disaggregation by population groups
- **Quality of supporting data**
 - official and well-established sources; non-official data used as placeholders in a few cases
 - comparable/standardised definitions
 - maximum country-coverage
 - recurrent data collection
- **Significant documentation and testing**
- **No Composite Index**

No country performs best in all dimensions

Average country performance by dimension

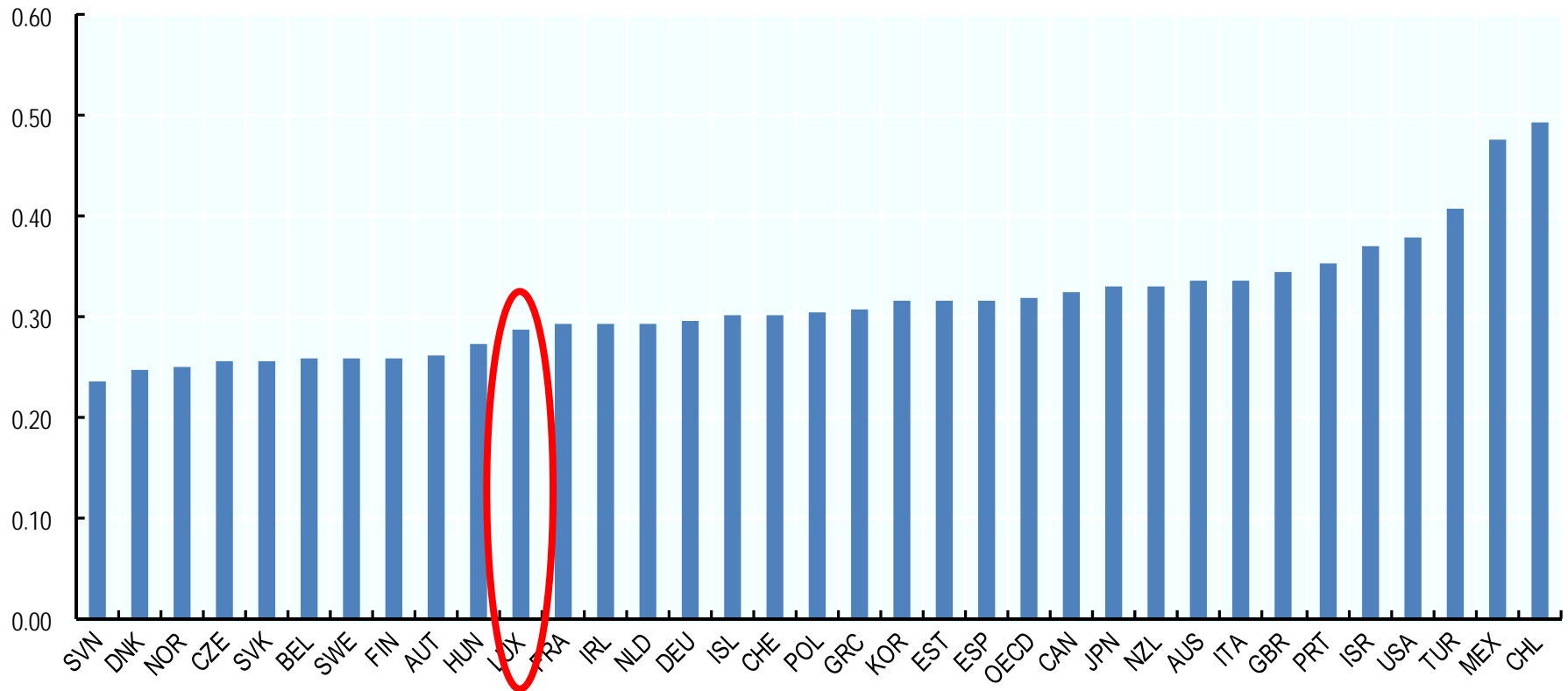


Strengths and weaknesses differ among countries



Inequalities in well-being : income

Large income inequalities in many OECD countries...

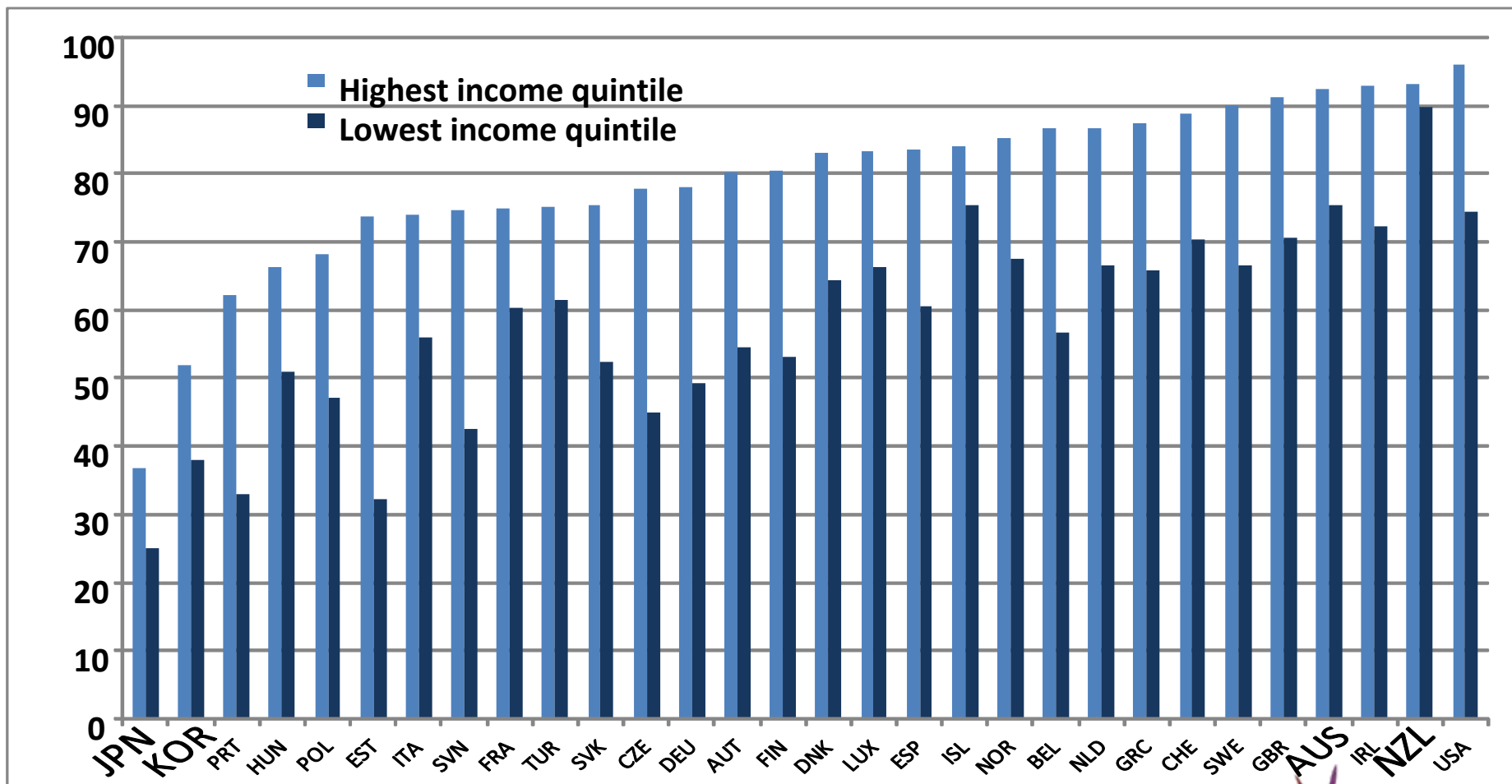


Gini coefficient, 2008 or latest year available

Source : OECD Income distribution and poverty database

Inequalities in well-being: health

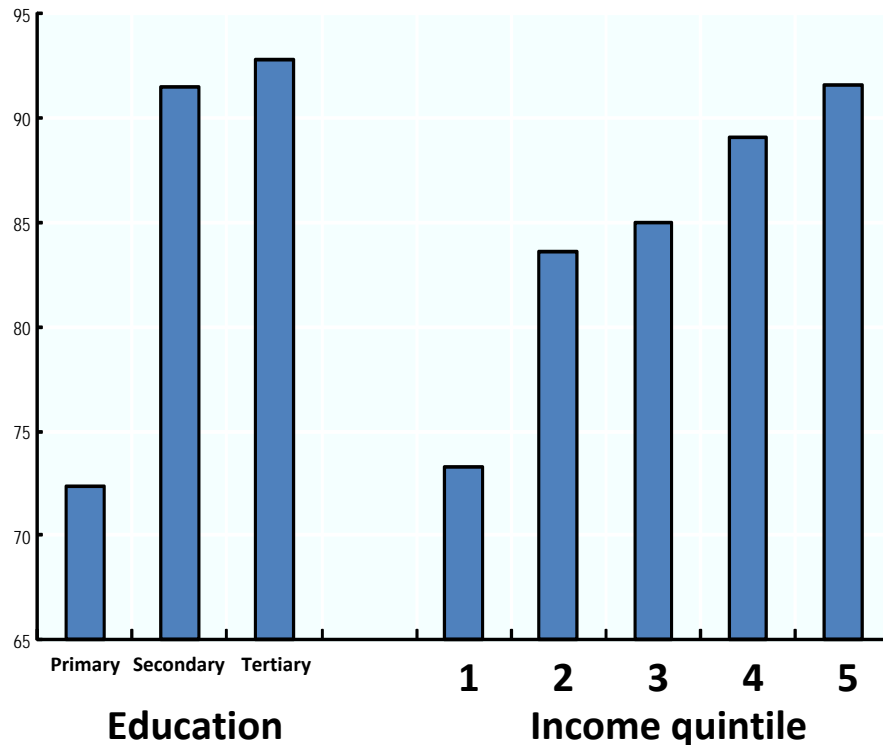
Low-income people report lower health status



Inequalities in well-being: social connections

Lower-educated and lower-income people also have....

....weaker social ties

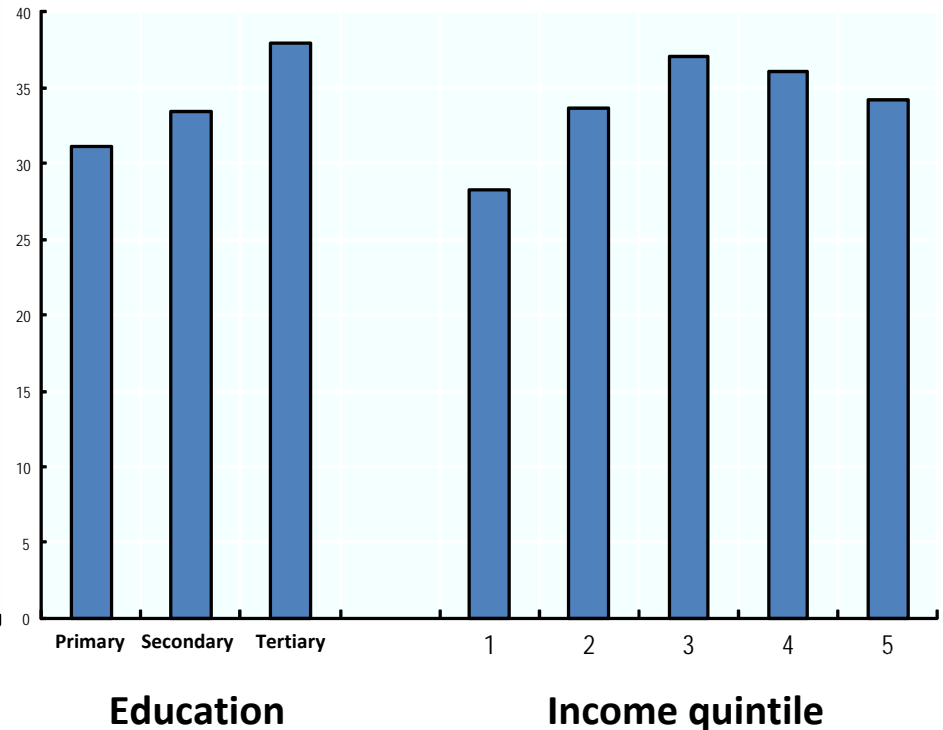


Percentage of people reporting that they have someone to count on in times of need, 2010



Source : Gallup World Poll

....lower trust in others

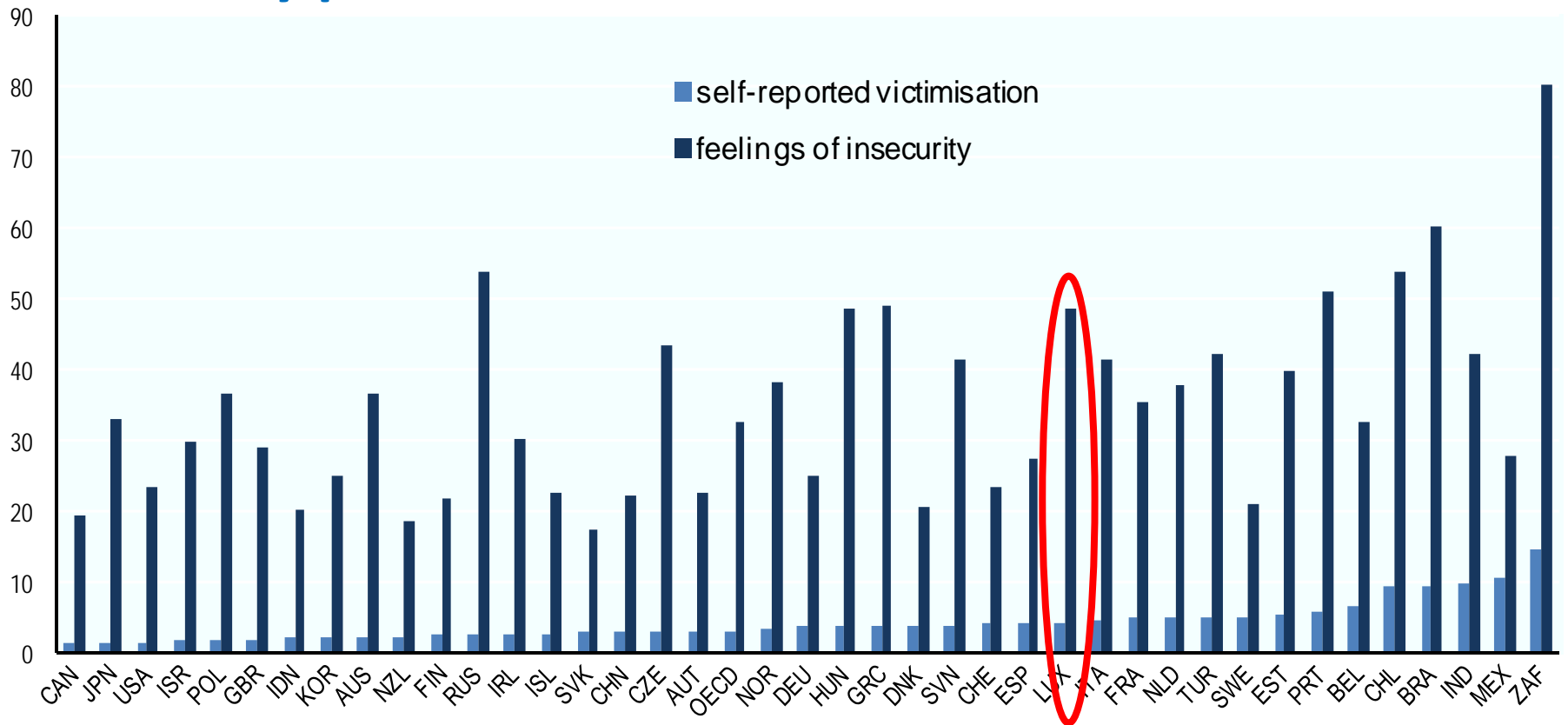


Percentage of people reporting trusting others, 2010



Well-being is both objective and subjective

For every person assaulted there are ten who feel unsafe

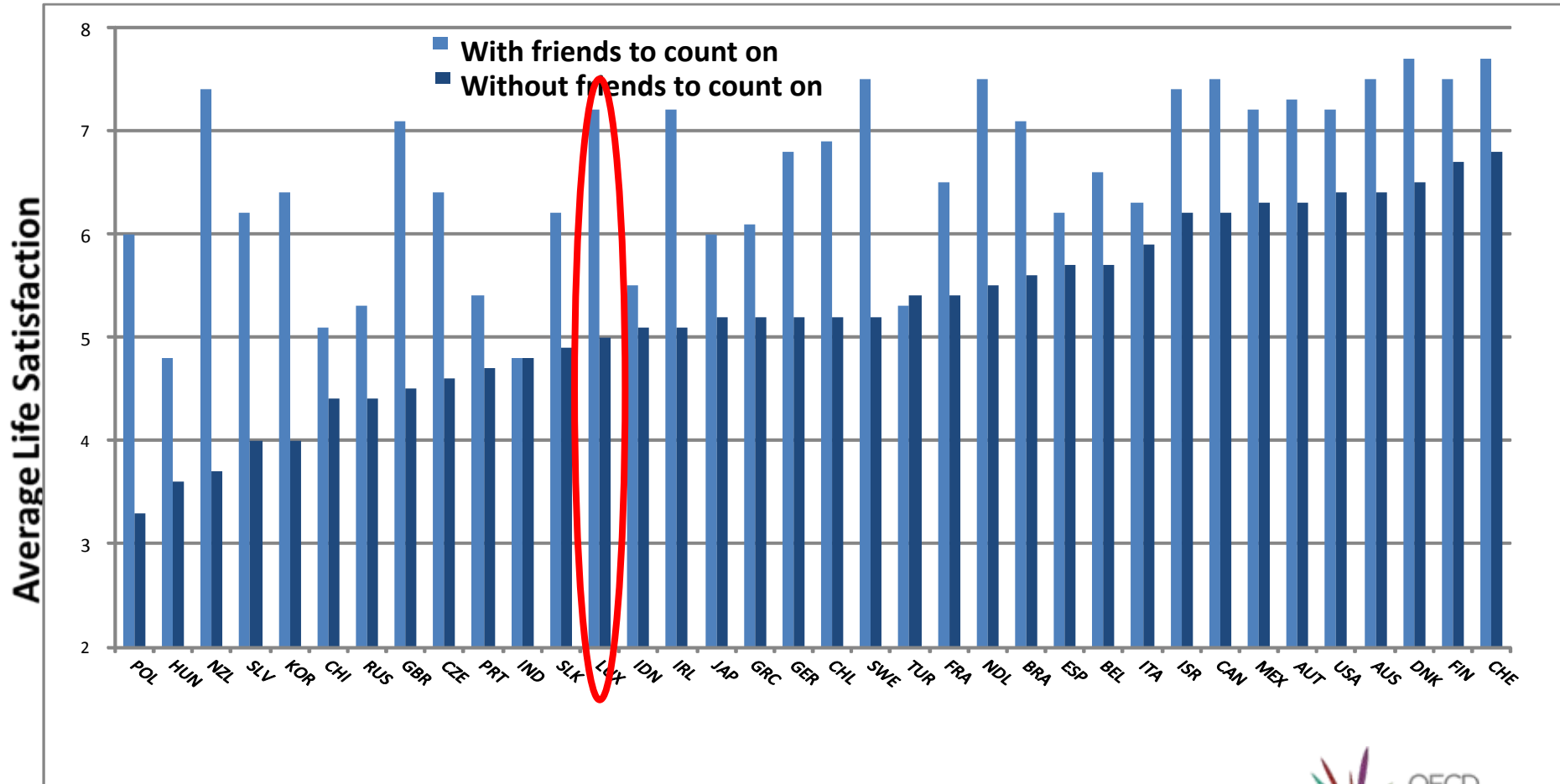


Percentage of the population, 2010

Source : UNODC and Gallup World Poll

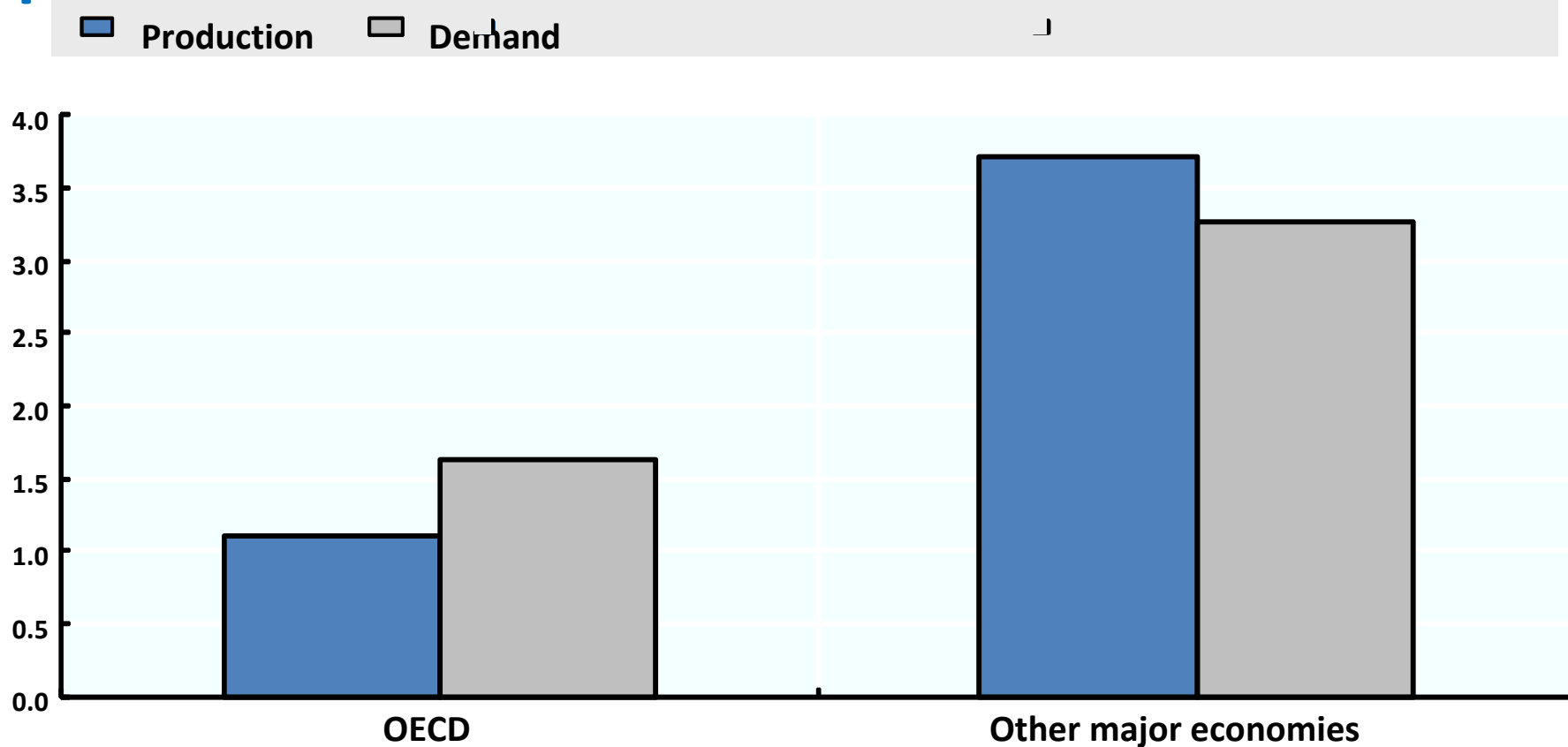
Other people matter for one's subjective well-being

Life satisfaction goes up with social ties



Environmental sustainability

Demand-based CO2 emissions grew faster than production-based emissions in the OECD area



An evolutionary process

- **Now:**

- Evidence based on **existing data**; all indicators reviewed by **National Statistical Offices**
- But **not all indicators satisfy all quality criteria equally well** → *How's Life?* identifies the statistical agenda ahead

- **In future:**

- **New and improved indicators** as results from OECD work, research and other initiatives become available
- More than just environmental **sustainability** (economic, human and social)

OECD research on well-being

- **OECD committed to deliver on measurement agenda**
 - Developing guidelines on subjective well-being
 - Integrating inequalities in National Accounts
 - Developing standards for measuring household wealth and joint distribution of income, consumption and wealth
 - Measures of household non-market production
 - Green Growth Indicators; Human and social capital
- **In collaboration with National Statistical Offices and other international organisations**

Involving the public

- Engaging with civil society has been one of the goals of the **OECD-hosted Global Project**



- *How's Life?* is accompanied by interactive web tool (*Your Better Life Index*) aimed at involving the public

Your Better Life Index



[contact](#) [oecd.org](#)

[Index](#)

[Countries](#) ▾

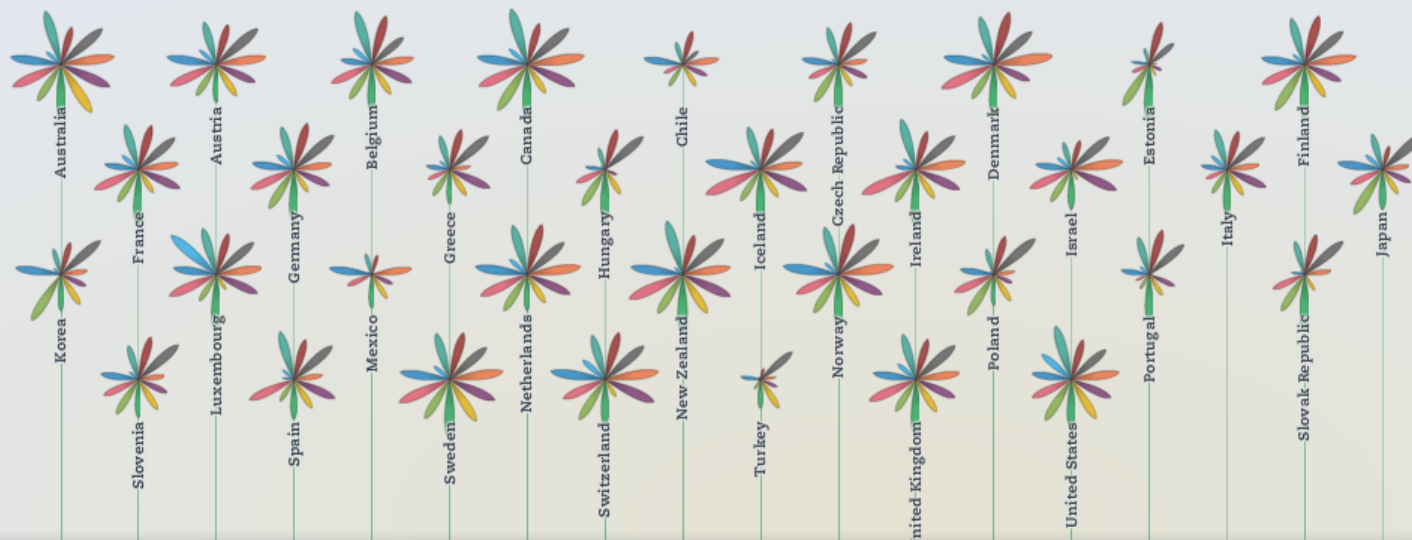
[Topics](#) ▾

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Create Your Better Life Index

How do you define a better life? Use our interactive tool to see how your country performs on the topics you feel make for a better life.

Start with all topics rated equally or set your own preferences [here](#).



Create Your Better Life Index

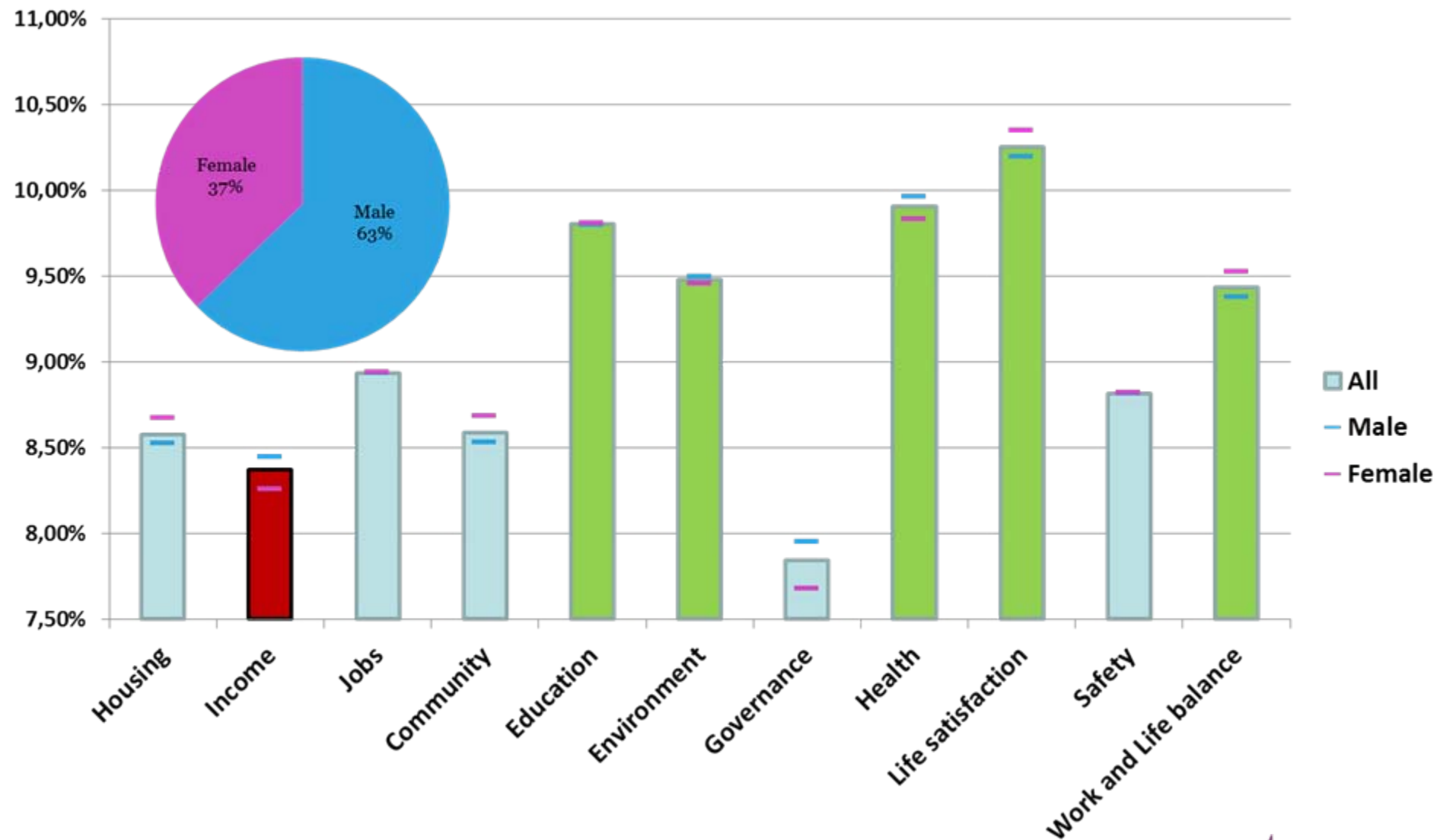
Rate the topics according to their importance to you: - +

Housing	● ● ● ● ●
Income	● ● ● ● ●
Jobs	● ● ● ● ●
Community	● ● ● ● ●
Education	● ● ● ● ●
Environment	● ● ● ● ●
Governance	● ● ● ● ●
Health	● ● ● ● ●
Life Satisfaction	● ● ● ● ●
Safety	● ● ● ● ●
Work-Life Balance	● ● ● ● ●

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Help

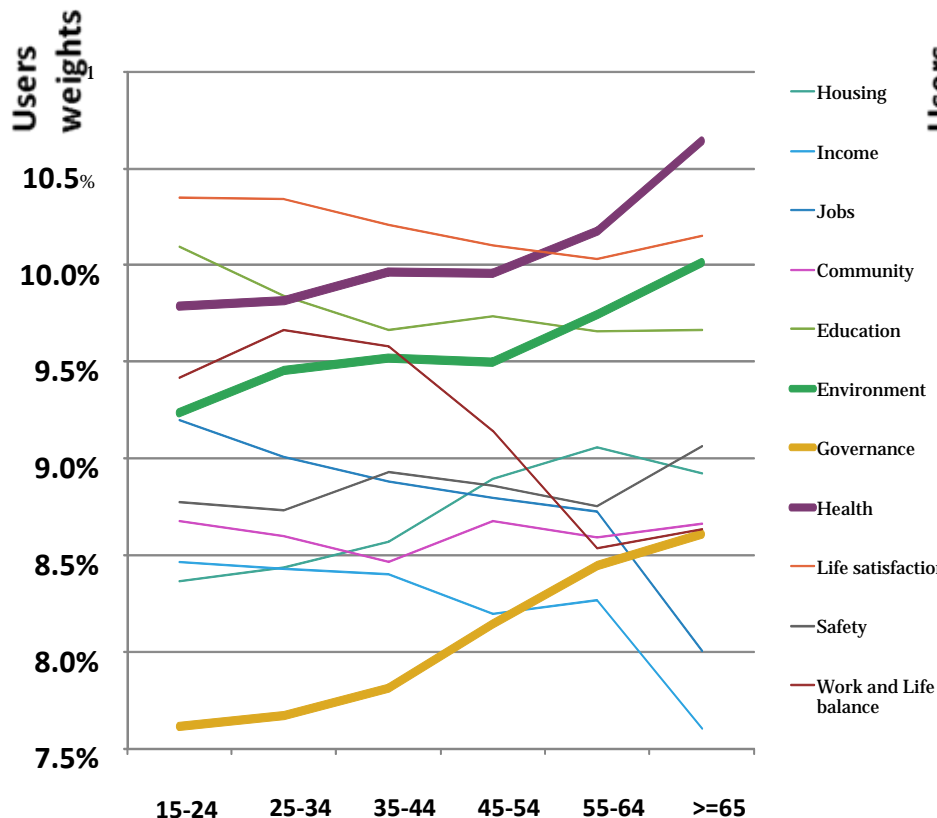
What matters most to people ?



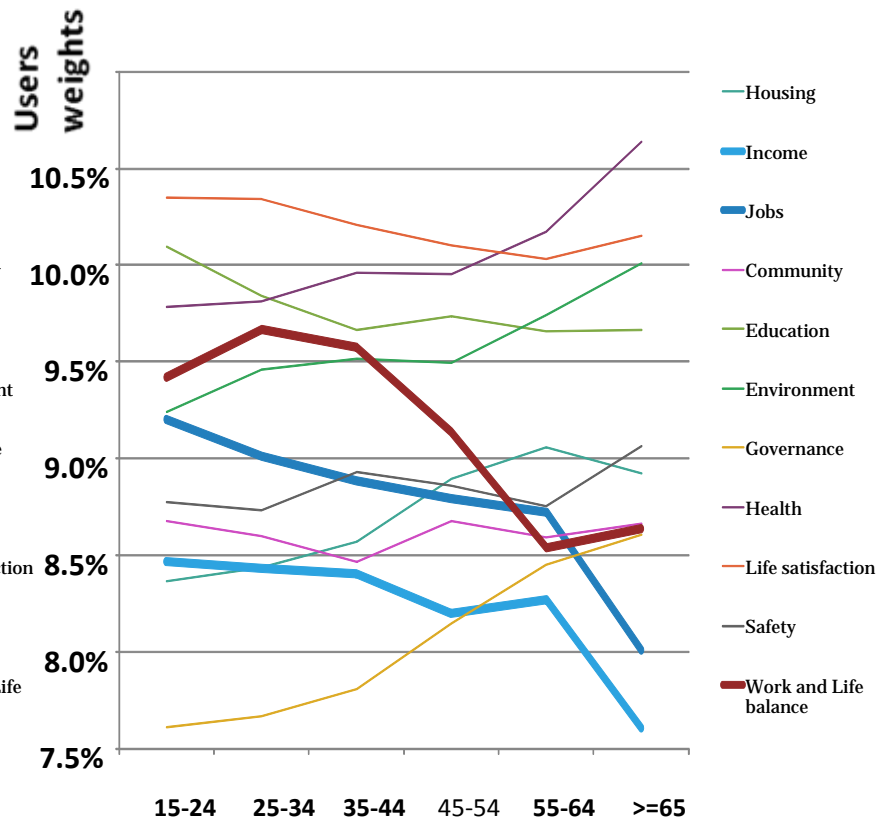
Source : OECD calculations

Age makes a difference

Health, Governance and Environment become more important with age



While income, jobs and work-life balance become less important



Source : OECD calculations

What's next?

What's next?

- Extending the well-being agenda to developing countries as part of the new OECD Development Strategy
- Promoting effective use of new measures for policy-making
- Continued engagement with civil society

What's next?

Preparatory Regional Conferences for Latin America, Asia-Pacific, Africa and Europe in 2011 and 2012

4th OECD World Forum on Measuring and Fostering the Progress of Societies, New Delhi, October 2012

Consultation with a wide range of stakeholders

Thank you

<http://www.oecdbetterlifeinitiative.org/>

<http://www.oecdbetterlifeindex.org/>