

SESSION SUMMARY

■ **MEASURING PROGRESS OF SOCIETIES**

- ◆ [Presentation of OECD Better Life Initiative: Your Better Life Index](#)
- ◆ [Panel 1: Better Policies](#)
- ◆ [Panel 2: Better Lives](#)

Tuesday 24 May 2011

Introduction by: **Angel Gurría**, Secretary-General, OECD

Keynote: **Danilo Türk**, President, Republic of Slovenia

Moderator: **Larry Elliott**, Economics Editor, *The Guardian*, United Kingdom

“Improving the quality of our lives should be the ultimate target of public policies,” OECD Secretary-General **Angel Gurría** said, introducing this key session at the 50th Anniversary OECD Forum. He illustrated the motivation behind the creation of the OECD Better Life Initiative with a quote from Robert F. Kennedy that “Gross National Product measures everything ... except that which makes life worthwhile”. Mr. Gurría explained how the OECD has been working hard to develop new indicators that seek to overcome the shortcomings of gross domestic product (GDP) as a measure of social well-being, and introduced the keynote speaker, **Danilo Türk**, the Slovenian President, as one of those “leading the charge” on this front.

Mr. Türk applauded the OECD’s anniversary presentation of the Better Life Index, predicting that it would have a “transformative impact” on debate and policy formulation. Mr. Türk said that what we measure shapes what we pursue, and what we pursue defines what we measure – in essence, the Better Life Index will help determine our priorities. In Mr. Türk’s view, the developed world has reached a stage of economic saturation when it must begin to find new ways of progressing, paying particular attention to the balance between social justice and economic competitiveness. “We need to shift the focus of how we understand work, from measuring economic production to measuring people’s well-being,” he said.

Finally, Mr. Türk outlined what he considers the four great strengths of the OECD’s new index: it brings together the experience and expertise of the organization in collecting and processing reliable data; it invites the involvement of citizens, which could potentially engender “huge debate” and lead to better policies; it facilitates comparison between countries and within countries, helping to frame the trade-off between different aspects of social policy; and it provides a base for further development and innovation in measuring progress. Indeed, Mr. Türk said the Better Life Index offered the hope that that Robert Kennedy’s concerns about the shortcomings of traditional methods would soon become obsolete.

◆ Presentation of Your Better Life Index

Martine Durand, Director of Statistics and Chief Statistician, OECD
Anthony Gooch, Director, Public Affairs and Communications, OECD

On 24 May 2011 the OECD launched the Your Better Life Index, an interactive tool designed to measure the quality of life in different national economies based on factors which are most important to individual citizens.

Anthony Gooch explained that few people truly understand what the OECD as a whole is about, and what makes it unique among intergovernmental organisations and this inspired a refocusing of attention towards the “ultimate beneficiaries of our efforts at the OECD – people”. Mr. Gooch explained how people wanted to move beyond one-dimensional measures of wellbeing such as GDP and become more involved in policy debate, and how the index seeks to meet these aspirations. Describing the initiative as bold and pioneering, Mr. Gooch explained how it combines the substantive work of the OECD with the input of individuals and the new possibilities of modern technology to inform and promote dialogue on the balance between individual and societal wellbeing. “The index is intended to put people at the centre, to empower and engage them,” he said.

Martine Durand described the Better Life Index as a conceptual tool for looking at “wellbeing today in order to improve well being for tomorrow”. Ms. Durand noted that the OECD has been working for more than 10 years on developing indicators to measure the well being of societies and emphasized that the index is just the first step in an ongoing process which is meant to grow in breadth and depth over time. Starting with 11 key indicators– housing, jobs, income, community, education, the environment, governance, health, life satisfaction, safety and work-life balance – for the 34 member countries of the OECD, the aim is to add further measures for sustainability and governance as the process moves forward. One of the constraints in creating additional indicators and including more countries is the comparability of statistics, she explained. Nonetheless, as Ms. Durand said, the OECD hopes that the new index will provide a mechanism for the shaping of better policies based on the opinions and preferences expressed by individual people.

The OECD Better Life Index can be found at www.oecd.org/betterlifeindex

◆ Panel 1: Better Policies

Speakers: **Jacques Attali**, Chairman, PlaNet Finance
Antoine Frérot, Chairman and CEO, Veolia Environnement
Pravin Jamnadas Gordhan, Minister of Finance, South Africa

Moderator **Larry Elliott**, kicked off the session by posing three challenges for formulating policies aimed at improving the quality of people’s lives: What are the indicators that best reflect today’s priorities? How to ensure the “buy-in” of people and other policy stakeholders? And what tools do governments have for enacting those policies?

Jacques Attali questioned the underlying design of this type of index because the indicators were chosen “not because they are the best things to be measured but because they are the only things measured”.

He questioned whether it missed something fundamental – namely the whole range of indicators on democracy and politics including corruption, public frustration, transparency and freedom of speech.

When asked by the moderator how one can measure frustration and corruption in a non-qualitative way, Mr. Attali replied that “the answer is simple: opinion polls”. Mr. Attali held up the example of Bhutan, a country which has developed a gross national happiness index based on a holistic approach to measuring social progress and quality of life, and speculated about the possibility of a “black swan index” to capture the things that cannot be seen and measured in advance, possible outcomes and scenarios, even major risks such as the 9/11 terrorist attacks or the economic and financial crisis. He closed with the argument that establishing further indices and measuring things that have not been measured before can push us forward and facilitate the creation of a truly new agenda.

Pravin Jamnadas Gordhan, Finance Minister of South Africa, agreed that it is important to have better policies for better lives, but we need to ask clearly “better lives for whom?” are the policies we are talking about aimed at the privileged or the marginalized people of our societies? He believed that the policy debate is being framed from a global perspective, but that it is crucial to remember the inequalities that exist within and between countries when drafting new policies. He emphasized that a particular challenge for policymakers is the measurement of policy effectiveness and that people will become interested in public policies only when they make a real difference in their lives. Mr. Gordhan warned that there is restiveness among people who have been marginalized historically and who ask ‘when do I get my chance?’. “It is not only the equality of opportunity that is important, but the equality of outcomes”, he said. “The issue isn’t about the indicator only. The issue is whether once we have measured the problem, we have effective programmes which will be delivered and when the next measure comes along we can show palpable differences in people’s lives”.

Antoine Frérot added a perspective from the business world, insisting that “prosperity is obviously a part of quality of life” but adding that the main challenge is that the current model of development depletes the resources of the planet. “For the economic stakeholders, the most important indexes to measure their impact on people's life should be those enabling us to measure how economic development can be more compatible with the future. Firstly, the future of nature and of the planet and also the future of people.”

However, Mr. Frérot strongly believed that economic growth and our dependence on natural resources are not incompatible; they can be reconciled by avoiding wastage, recycling more, and “producing more with less”; innovation was the key enabler to achieve this efficiency. Mr. Frérot also predicted that measurement indicators would continue to evolve to reflect the constraints of environmental protection and natural resource availability.

◆ **Panel 2: Better Lives**

Speakers: **Sharan Burrow**, General Secretary, International Trade Union Confederation (ITUC)

Steve Killelea, Founder, Institute for Economics and Peace

Yoshinori Suematsu, Senior Vice-Minister, Cabinet Office, Japan

Discussant: **Irena Krížman**, Director-General, Statistical Office, Republic of Slovenia and President, Executive Committee, International Association for Official Statistics (IAOS)

Giuseppe Porcaro, Secretary-General, European Youth Forum

Sharan Burrow echoed Mr. Gurría's opening message that "GNP measures everything, except that which makes our lives better", and qualified the new index as a "step forward in sustainable thinking". However, Ms. Burrow lamented that it "means little if it remains separate to the dominant economic thinking" of most international institutions which remains dominated by the pursuit of economic growth, despite the growing rhetorical commitment to other measurements of progress and well-being. Referring to recent policy developments in Europe, she commented that, "the Washington Consensus seems to have moved from Washington to Brussels". Ms. Burrow expressed her skepticism about the willingness of world leaders to engage in a true discussion on social justice and protection – "if we are going to shift to a more balanced, more sustainable, more equitable future, then will the leaders have the courage ... to be more inclusive?" she asked.

Yoshinori Suematsu spoke of the impact of the recent earthquake and tsunami on perceptions of social well-being and happiness in Japan, drawing three main conclusions: first, the discovery of a profound gratitude for being alive; second, the importance of social networks and relationships to survivors – "the sale of engagement rings rose 50%" in the wake of the earthquake -- and third, observations in refugee camps showed that those who assumed social roles and found meaningful activities to pursue proved to be most successful in managing their hardship. "Doing nothing in the refugee camps has been a source of unhappiness," he said, just as there is a relationship between unemployment and unhappiness. For Mr. Suematsu, the experience suggests that there are three pillars for meaningful well-being: household income; health of body and soul and the related absence of stress in all areas of life; and the importance of social bonds. If you want to measure happiness, stress is a key factor, he said, since it is the cause, for example, of serious and costly health problems. "If we can measure stress, that makes government, stakeholders, people know what is the problem that needs to be relieved; this is the meaning of statistics."

Steve Killelea provided a comparative description of the Global Peace Index, developed by the Institute of Economics and Peace, and described the strong correlation that exists between a country's ranking for peacefulness and its income per head. This showed that "peace is an excellent proxy" for progress, he said. Believing that different societies will use different parameters for happiness, his institution developed a peace index based on eight main factors including: well-functioning government, strong competitive business environment, equitable resource allocation, acceptance of the rights of others, free flow of information, lack of corruption and a good rapport with neighbours. While warning "there's no silver bullet that creates peace", Mr. Killelea expressed no doubt that "societies which create the structures for peace, create resilience".

Giuseppe Porcaro of the European Youth Forum discussed how the OECD's Better Life Index could "bring back a holistic view of the needs of citizens", but cited three main challenges to ensure that the statistics captured the reality of the situation: the need to focus on non-formal skills and not just formal education outcomes; traditional and new forms of unemployment, such as those created by the "limbo of internships"; and citizen participation.

Irena Križman asked how statistics can be brought closer to policymakers – the Better Life Index will help, she said, but asked what other methods could be used. She also asked how statistics can be used to manage changes in society and be made acceptable to all stakeholders. Ms. Križman also warned about the possible consequences of reduced statistical quality in times of economic crisis and reduced government spending – "what is the cost of not having statistics?" she asked. And how can statistics help restore confidence and trust in governments, institutions, and markets?