

A stylized world map composed of a grid of dots. Some dots are grey, some are red, and some are larger than others, creating a textured effect.

# Measuring Progress and Well-Being

## Achievements and Challenges of a New Global Movement

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- The current debate on measuring progress and well-being is rapidly gaining in importance throughout the world. Efforts to this end have the potential to bring about a real paradigm shift concerning what we as a society consider to be progress and how, as a consequence, we will shape how we live together. Case studies from various pioneering countries are presented here to highlight what has been achieved two years after the landmark Stiglitz et al. report, as well as what future challenges need to be addressed.
- In many countries national round tables are being conducted for the purpose of developing new sets of indicators for measuring well-being. Indicators of this kind can provide citizens with more accurate information on progress in their country, and they offer decision-makers crucial guidance for policy action.
- In future, these indicator sets will need to be fed into national political debates by means of a properly thought-out communication strategy. Effective ways to achieve such an end, this report argues, include an annual »indicator-based State of the Union address« by a senior politician, as well as Regulatory Impact Assessments with a focus on quality of life (QOL-RIA).
- If the initiatives portrayed in this study are pursued with continuous energy the ultimate reward would be a victory for evidence-based policymaking and the democratic culture in the form of more transparency and accountability.





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## 1. Introduction: Finding new answers to important questions

Fundamental questions are being posed anew in many countries today. What do progress and well-being mean for us and how can we measure and improve them? Is public policy successful in making our lives better? Finally, how in future do we want to organise how we live together, building on what we have learned? These questions are crucial for politicians who as decision-makers have the power and responsibility to exert an influence for good. But it is in the interest of every citizen to obtain accurate information on the extent to which his or her country's decision-makers and all of us as a society are capable of meeting the challenges of our time.

We use specific indicators to guide our political, economic and social action. Only in this way can we discern whether things are improving over time, how we are doing in comparison to other countries and regions and whether the actions of the government are bearing fruit. The most widespread indicator of progress and societal well-being since it was devised in the 1930s is gross domestic product or GDP. It measures the total volume of goods and services produced in a country in the course of a year. For some time now, however, the application of this measure for the purpose of measuring societal well-being has been coming under strong criticism. The Commission on the Measurement of Economic Performance and Social Progress (the Stiglitz-Sen-Fitoussi Commission or the Stiglitz Commission for short), a group of experts including Nobel Prize winners, recently presented a summary of the problems pertaining to such a use of GDP (Stiglitz et al. 2009). For example, GDP does not take into account distribution and sustainability, not to mention various activities which take place outside the market (housework, neighbours helping one another, bringing up children or voluntary work) which nevertheless play an important role in both individual and social well-being. In conclusion, the Commission advises »to shift emphasis from measuring economic production to measuring people's well-being« (Stiglitz et al. 2009: 12). If we orientate our actions in accordance with purely economic and, moreover, inadequate indicators such as GDP, the argument is, when it comes to it we may make quite different decisions compared to what we might opt for if we took human well-being as the central guideline of our actions. In future, the Commission would therefore like to see (i) a revision of economic indicators, (ii) more broadly-based

measurement of quality of life and (iii) more attention paid to sustainability (Stiglitz et al. 2009).

But how does one measure comprehensively something as apparently vague as quality of life and what can be done politically to increase it? There is more and more talk in the media about a so-called »happiness index« as a guide for policy (see, for example, Stratton 2010). The Stiglitz Commission proposes that the focus should be on eight areas of quality of life in particular: (i) material living standards (income, consumption and wealth); (ii) health; (iii) education; (iv) personal activities, including work; (v) political voice and governance; (vi) social connections and relationships; (vii) environment (present and future conditions); and (viii) insecurity, of an economic as well as a physical nature. For further discussion of such issues the Commission also advocates that »at the national level, round-tables should be established, with the involvement of stakeholders, to identify and prioritise those indicators that carry the potential for a shared view of how social progress is happening and how it can be sustained over time« (Stiglitz et al. 2009: 18).

The present study follows-up from here and examines the new ways that selected countries are taking to measure well-being. It looks at the cross-national differences and similarities in the recent debate, emphasising the search for indicators of the well-being of nations and individuals. Using key case studies it considers which actors are examining this topic, what conclusions they have reached, and where future challenges lie. Two questions have a central role in this: (a) the selection of key indicators for national well-being and (b) the relevance of the indicators selected for policy. In the concluding section the central cross-cutting issues which have emerged in the debate are addressed and we take a look at what lies ahead.

This study is therefore intended primarily for both the interested public and specialists interested in a systematic look beyond national borders in order to identify so-called best practices in the measurement of well-being. It can serve as an introductory overview, a contribution to the debate and a reference point. A unique window of opportunity is opening up at present since many countries are working on similar questions in parallel. International harmonisation of efforts is therefore eminently desirable and learning from one another as well as we can would benefit all actors with an interest in this debate.

In the countries presented here official statistics and social indicators on the issues of sustainability and social well-being are available going back many years.<sup>1</sup> On top of that, a continuously growing branch of academic research is dedicated to the measurement of quality of life.<sup>2</sup> The initiatives described here, building on this, primarily investigate the question of what measures should be chosen from this mass of information as central guidelines for policy action and as a yardstick for well-being, as well as what strategically significant gaps in the data infrastructure need to be closed. The challenge is to establish what indicators of national well-being are sufficiently accepted, robust and relevant to be able to play a key role in social reporting in each country. In that way, both citizens and decision-makers will be kept more concisely informed than hitherto on progress in their country.

For reasons of space, this cannot be a *complete* overview of all the initiatives active in this debate. In some of the countries described there are other actors besides those presented here. Prominent case studies were selected which have made a clear-cut contribution to the global debate on new ways of measuring quality of life with a focus on larger OECD countries – including in Europe, North America and Australia, as well as covering supra-national actors and finally initiatives from the rest of the world.<sup>3</sup> This study is based on publications both in print and online, but because of the on-going nature of many projects also on the useful information provided by many experts from the respective countries.<sup>4</sup>

1. See, for example, in Germany the regular *Datenreport*, the GESIS Social Indicators Monitor (SIMon) or the French *Données sociales* (Noll 2002, 2004, 2011).

2. Institutionalised, for example, in the form of the International Society for Quality of Life Studies (ISQOLS).

3. The country selection is largely influenced by the original purpose of this report which was to inform a German audience about what is happening in this regard beyond national borders. Interested readers are also advised to look at the overview of other initiatives by the Australian Bureau of Statistics: [http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/LATEST%20Indicator%20Map.pdf/\\$file/LATEST%20Indicator%20Map.pdf](http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/LATEST%20Indicator%20Map.pdf/$file/LATEST%20Indicator%20Map.pdf)

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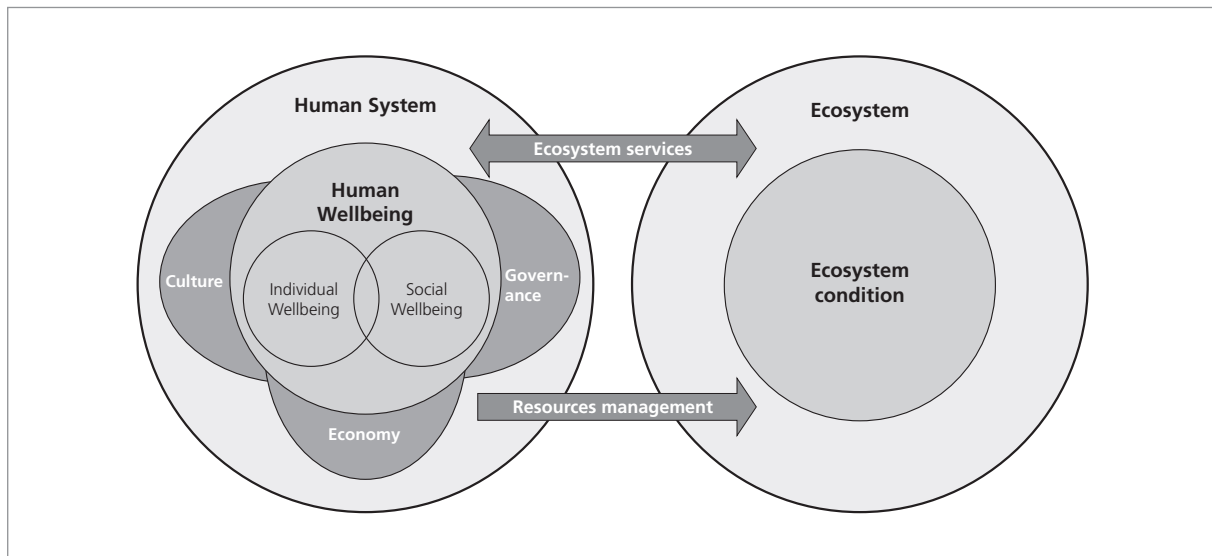
A noteworthy feature of the initiatives presented here is that the current global movement seeking new ways of measuring well-being has a different quality in terms of its political and social relevance than earlier efforts in this area. There have been similar debates before: in the 1930s Simon Kuznets, who devised GDP, deemed that »the welfare of a nation can, therefore, scarcely be inferred from a measure of national income«. In the 1960s and 1970s, criticisms of a one-sided focus on growth multiplied, expressed by pioneers such as Robert Kennedy, according to whom GDP measures everything »except that which makes life worthwhile« and the ideas on the limits of growth of the Club of Rome (Meadows et al. 1972) and Fred Hirsch (Hirsch 1976).

However, the current international efforts in this direction, this survey will show, have the potential to have a lasting effect. They are enjoying political momentum which may enable them to bring about a real paradigm shift concerning what we as a society consider to be progress and how, as a consequence, we will shape how we live together. Distinct from earlier efforts the twenty-first century movement involves a constantly growing and well developed network of actors at both national and international level. Furthermore, the available data and the current state of research on quality of life have come a long way in comparison to 40 years ago. On top of that, there are new communication tools which make the exchange of expertise and information both quicker and better. Finally, the economic and financial crisis of recent years has demonstrated impressively that the models on which we base social action must be revised and our definition of progress reformulated.

## 1.1 What is well-being?

Before examining individual indicators and arguing about their selection it is important to clarify at the conceptual level: what is well-being? In other words, what is to be measured and achieved in the various countries? Such reflections are not a matter of armchair philosophy, but rather a practical obligation of the whole undertaking, as conceptual clarity is a prerequisite for any successful indicator system. On this basis, an OECD working paper, for example, introduced the concept of »equitable and sustainable well-being« (see figure 1, Hall et al. 2010). According to this approach, human well-being consists of both individual and social well-being, and it is embed-

Figure 1: Equitable and sustainable well-being



Source: Hall et al. 2010.

ded in culture, the economy and governance. Moreover, the human system must always be considered in relation to the ecosystem and its interactions with it. Important cross-cutting themes in determining the well-being of a society also include (a) fair distribution and (b) sustainability with regard to the available resources.

A theoretical basis of this kind provides a range of key terms which are indeed taken up again in various forms in sets of national indicators. It is also important to add that the concept of quality of life is traditionally measured by means of so-called »objective« and »subjective« indicators (see, for instance, Noll 2004). The former provide external descriptions of people's conditions of life, e.g. with regard to monthly income, number of doctors per 100,000 people, or qualifications, while the latter is based on direct questioning of people concerning how satisfied they are with their lives overall and with particular aspects (such as work or family) on a scale of e.g. 0 to 10.

## 2. Country profiles and case studies

### 2.1 United Kingdom

The United Kingdom has been at the forefront of the debate on the measurement of well-being for several years. The recommendations of the Stiglitz Commission

therefore fell on fertile soil and are being effectively put into practice. Prime Minister David Cameron, while still in opposition, called for the introduction of a measure of »general well-being« (GWB) to complement GDP. In 2006, he declared that »improving our society's sense of well-being is, I believe, the central political challenge of our times« (see, for example, Kroll 2010a). He was therefore fulfilling a long-cherished promise when he launched a large-scale initiative in this domain in November 2010. For this purpose, Cameron asked the independent Office for National Statistics (ONS), under the leadership of Jil Matheson, to survey national well-being as a new basis for policy. He announced that »we will start measuring our progress as a country, not just by how our economy is growing, but by how our lives are improving; not just by our standard of living, but by our quality of life« (Cameron 2010).

To accompany the new ONS work programme on national well-being<sup>5</sup> an Advisory Forum was set up whose members include not only members of the Stiglitz Commission, but also leading representatives of the UK's civil society, academia, business community, and government administration, enriched with international cooperation partners from the OECD and Eurostat. Next to the Advisory Forum there is also a Technical Advisory Group that

5. [www.ons.gov.uk/well-being](http://www.ons.gov.uk/well-being)

meets more frequently to give advice on issues related to the measurement of national well-being.

One of the first steps taken by the initiative was to establish as regular practice the comprehensive measurement of the country's subjective well-being by the ONS. The purpose is to supplement existing objective measures of quality of life with direct information on how people are doing and how they evaluate their life circumstances (Dolan et al. 2011; Layard 2005). To this end from April 2011 200,000 Britons will be asked four questions on subjective well-being in the Integrated Household Survey each year (see Box 1), answers being given on a scale of 0 to 10. The data are due to be published in July 2012. There will also be monthly surveys of 1,000 people on particular areas of well-being in the ONS Opinions Survey (to be published in November 2011). These investigations will make it possible to depict the distribution of subjective well-being, broken down by region and societal subgroup, as well as in the form of a time trend. In contrast to existing (mainly academic) surveys the accuracy and representativeness of these surveys right down to local level will be unprecedented due to sample size (Matheson 2011).

Box 1: UK Office for National Statistics:  
 Questions on subjective well-being  
 1) *Overall, how satisfied are you with your life nowadays?*  
 2) *Overall, how happy did you feel yesterday?*  
 3) *Overall, how anxious did you feel yesterday?*  
 4) *Overall, to what extent do you feel that the things you do in your life are worthwhile?*

Source: Matheson 2011

In addition, another key concern of the authorities is to involve the broader public in the process. Between November 2010 and April 2011, therefore, the ONS held a »National Debate on Well-being«, the results of which were published in July 2011. Within the framework of the debate the ONS solicited input on the following questions: »What things in life matter to you? Of the things that matter to you, which should be reflected in measures of national well-being? Which of the following sets of information do you think help measure national well-being and how life in the UK is changing over time? Which of the following ways would be best to give a picture of national well-being? How would you use meas-

ures of national well-being?« More than 34,000 replies were received via a website, questionnaires, postcards and 175 events up and down the country. The latter were also tailored to particular social groups, such as school children, ethnic minorities, pensioners or the disabled, taking the form of consultation forums. Although the National Debate was not a statistically representative survey it was able to capture a comprehensive picture of the most prominent views held in society regarding well-being, and to get people »on board« in the debate. Participants indicated that for them the following constitute what is most important in life: Health, good connections with friends and family, good connections with a spouse or partner, job satisfaction and economic security, present and future conditions of the environment. The majority of people wanted these things to be used as national indicators of well-being, supplemented by a measure on education and training (Matheson 2011).

On the basis of this consultation process, as well as existing social statistics and further expert round tables the ONS is at present working on a provisional set of indicators which is due to be presented in autumn 2011. In the participatory spirit of the National Debate further discussions will be held in 2012 and 2013 and the approach will be evaluated comprehensively. An exchange of views between central government, local government, business community, the media and academia will further improve the draft of autumn 2011 in order to take the wishes of the British public into account in the best way possible. Although an initiative was launched quickly to improve the measurement of subjective well-being eventually the set of indicators to be developed by the ONS is intended to consist of both subjective and objective indicators. It has not yet been decided whether the indicators will be brought together in an index or presented in the form of a so-called »dashboard« consisting of individual measures (ibid.).

In the meantime, ways are being explored how the new indicators will be integrated in everyday policy work. The ONS is already working with the civil service and in particular with the Cabinet Office to develop appropriate instruments to evaluate measures and also to ensure that the concept of well-being is fully integrated in the political process (ibid.).<sup>6</sup> In Parliament, Members of the House

6. Furthermore, efforts are being made in the UK to examine the social effects of policy measures via a broader range of indicators. Among them is the inclusion of subjective well-being in the so-called »Green Book«, in



of Commons and the House of Lords had already formed a cross-party committee in March 2009 to draw attention to the political implications of a well-being approach. The so-called All-Party Parliamentary Group (APPG) on Well-being Economics, under the leadership of Liberal Democratic MP Jo Swinson, regularly discusses relevant issues and has already adopted several Early Day Motions to put forward its views, signed by quite a number of MPs. One of these stated in 2011: »this House [...] urges the Government to integrate the findings of wellbeing research into its policy making process so that it can play its part in promoting the happiness of the nation.«<sup>7</sup>

A variety of civil society actors and think tanks are also fostering the well-being debate in the UK. The New Economics Foundation (nef), for example, with its National Accounts of Well-being (nef 2009a) or Happy Planet Index (nef 2009b) has made important contributions to the debate. The former calls for more consideration of well-being indicators in policy, based on an analysis of the well-being module in the European Social Survey, while the latter ranks countries in accordance with life expectancy, life satisfaction and ecological footprint. As a result, it turns out that the Western industrialised countries must spend far more resources than, for example, the Latin American countries in order to achieve a comparable level of subjective well-being. Similarly, the Legatum Institute publishes an annual Prosperity Index which combines the determinants of life satisfaction and national income. On the basis of 89 elements from 12 global data sets eight bases for prosperity are identified, ranging from entrepreneurship to social capital (Legatum Institute 2010). Finally, »Action for Happiness«, established in 2011, aims to become a broad-based social movement. This forum, currently housed by the Young Foundation, has set itself the goal of contributing to a change in values in the country in the sense of a renunciation of materialism.

Developments in the UK to some extent bear out Nietzsche's aphorism: »Man does not strive after happiness, only the Englishman does that«. In fact, happiness or more precisely the measurement of national well-being is being pursued by a number of cooperating actors with unprecedented energy. Not least the support of the Prime Minister and senior government officials,

which the British Treasury summarises the guidelines for evaluating policy measures (Fujiwara and Campbell 2011).

7. <http://parliamentarywellbeinggroup.org.uk/edms/>

as well as the close cooperation with academia are important factors in the prominence of the issue so far. The publication of the first set of indicators in autumn 2011 and the data on subjective well-being in July 2012 will now reveal the extent to which the vigorous announcements of the Prime Minister are finding practical implementation in the rough and tumble of everyday politics. The riots in the summer 2011 have certainly increased the urgency of such initiatives for the purpose of tackling social problems and their causes more accurately and integrating them at the centre of the political process from the outset. Finally, the significant budget cuts adopted under economic pressure raise the question of how they will be reconciled with a humanistically motivated debate like the one on well-being in society.

## 2.2 Germany

In Germany, the Parliamentary Commission of Inquiry (Enquete-Kommission) on »Growth, Prosperity, Quality of Life – New Ways towards Sustainable Production and Social Progress in the Social Market Economy« performs the function of a national round table to explore new ways of measuring well-being. The 17 MPs and 17 experts commenced work in January 2011 and now have until the end of the current legislative period (2013) to present their concluding report. The appointment resolution essentially provides for: an investigation of the importance of growth in the economy and society; the development of an integrated indicator of well-being or progress; discussion of the possibilities of – and limitations governing – breaking the link between growth, resource consumption and technical progress; outlining a sustainable regulatory policy; and scrutinising the influence of the world of work, consumer behaviour and lifestyles on possibilities of sustainable production. In conclusion, besides the accumulated theoretical knowledge, concrete recommendations for policy action are to be formulated (Bundestag 2010). Bringing together academia and (cross-party) politics in the composition of the Commission provides a suitable forum for dealing with such important tasks. In this way, the Bundestag's Commissions of Inquiry successfully combine technical expertise and democratic legitimacy.

The work of the Commission can draw on relevant preparatory work by a number of national actors. The Federal Statistical Office, for example, publishes its indica-

tor report *Sustainable Development in Germany* every two years (Statistisches Bundesamt 2010). In this report, the four guidelines of Germany's sustainability strategy – intergenerational justice, quality of life, social cohesion and international responsibility – are examined in relation to 35 measures.

Furthermore, a number of academic and civil society actors have participated in the burgeoning debate, for example, through the Prosperity Quartet of the foundation Denkwerk Zukunft (Wahl et al. 2010), the Progress Index compiled by the Centre for Societal Progress (Bergheim 2010), the National Prosperity Index (Nationaler Wohlstandsindex – NWI) commissioned by the Ministry of the Environment and the Federal Environmental Agency (Zieschank and Diefenbacher 2009), the WiFOR Prosperity Indicator (Sesselmeier and Ostwald 2011), as well as the so-called »Happiness GDP« (*Glücks-BIP*) (van Suntum et al. 2010). In addition, aspects of quality of life have been asked about for decades in the Socio-economic Panel of the German Institute for Economic Research (Institut für Wirtschaftsforschung – DIW) (since 1984) and also in the Welfare Survey carried out by GESIS- Leibniz Institute of Social Sciences (1978–1998).<sup>8</sup>

The conditions are therefore good for the pursuit of a relevant and comprehensive set of indicators for national well-being. Success on the part of Europe's largest economy in establishing such a set of indicators would also send out an important signal to other OECD countries and beyond.

## 2.3 Italy

In Italy, a systematic approach has been developed to debate the measurement of *benessere equo e sostenibile* (BES) – equitable and sustainable well-being. In December 2010, cooperation commenced between the Italian Statistical Office ISTAT, under the presidency of Enrico Giovannini, former chief statistician of the OECD and main initiator of its considerable efforts in this area, and the National Council for the Economy and Labour (CNEL). The latter consists of over 100 representatives of the business world, the trade unions and civil society. CNEL, as a constitutional institution of the Italian Republic,

provides the initiative with democratic legitimacy, and the national parliament is to be regularly informed about every important step (CNEL and ISTAT 2010; Sabbadini and Rondinella 2011).

More specifically, within the framework of this cooperation a common definition of progress is to be worked out, along with an appropriate set of indicators, and publicised among politicians and the public. To achieve this the abovementioned institutions have set up a Steering Group on the Measurement of Progress in Italian Society with representatives from business associations, trade unions and NGOs which will govern the process overall and, first and foremost, come up with a definition of *benessere equo e sostenibile* that everyone can agree on. At the same time, a Scientific Committee at ISTAT, comprising internal and external experts, is looking into the concrete implementation of such a definition in the form of a set of indicators (ibid.).

In 2011 and 2012, three phases are to be accomplished. First, the Steering Group will reach agreement on the most important domains with regard to the measurement of well-being and progress, for example, material living conditions, health, education, governance, environment, social relations or work. The situations of various social groups such as children and pensioners also need to be considered. The search for the most important domains, as in the UK, will be backed up by a large-scale consultation process involving the Italian public. The annual multipurpose survey – »Aspects of Daily Life« – sent out by ISTAT to 24,000 households will this year specifically ask people about the importance they attach to the various dimensions of well-being. They will be able to choose from the eight domains of quality of life proposed by the Stiglitz Commission. This will be complemented by the opinions of experts, practitioners and interested parties gathered by means of an online survey on the relevant dimensions of progress. The first results will then be submitted for further discussion, among others by three territorial fora on the issue, followed by a vote on the draft at CNEL's general assembly (ibid.).

The second phase of the ISTAT-CNEL initiative, in consequence, will comprise the selection of specific indicators for the domains which emerge during the consultation process. The Scientific Committee then has the task of finding measures that are robust enough to stand up to critical examination and, at the same time, are easily in-

8. See also the experts' report of the German Council of Economic Experts for the Assessment of Macroeconomic Development and the French Conseil d'Analyse Economique in the section on France.

interpretable by a broad public. At this point it will also be discussed whether a dashboard or an index is more appropriate with regard to presentation. In the third phase, finally, the concluding report will be presented by December 2012, also including measures for effective communication and ensuring the policy relevance of the sets of indicators that have been worked out (ibid).

The Italian effort to measure *benessere equo e sostenibile* is a good example of the use of existing expertise, in this instance ISTAT, and the inclusion of constitutionally legitimate stakeholders within the framework of the CNEL. In addition, the broad-based consultation process not only extends the democratic basis of the new set of indicators but also awakens interest in the process among the public and encourages them to express their ideas about progress. As a result, it is much more likely that the relevance of the set of indicators eventually established will be high.

## 2.4 France

It was President of France Nicolas Sarkozy who brought the Stiglitz Commission into being and thereby thrust the issue of measuring well-being onto the international agenda. The composition of the Commission was international, but its ranks included many French experts. Furthermore, its work was supported by the French statistical office the Institut national de la statistique et des études économiques (INSEE) and the OECD, which is based in Paris (Stiglitz et al. 2009). At the presentation of the concluding report at the Sorbonne Sarkozy declared: »For years, statistics have registered increasingly strong economic growth as a victory over [scarcity] until it emerged that this growth was destroying more than it was creating. ... The [recent financial] crisis [not only makes] us free to imagine other models, another future, another world. It obliges us to do so« (see Davies 2009). The President's original motivation in convening the expert round table, according to Joseph Stiglitz as quoted in the *New York Times*, was an intention to overcome the conflict between GDP and quality of life: At election time, as a politician Sarkozy is judged both on the basis of GDP growth and general quality of life in the country. The two domains are sometimes diametrically opposed, however, for example with regard to pollution of the environment and working hours. A new set of indicators, developed by the Stiglitz Commission, was intended to resolve this

dichotomy and thus to free public policy from its predicament (Gertner 2010).

Following up on the Stiglitz report the Franco-German Council of Ministers asked the French Conseil d'Analyse Économique (CAE) and the German Expert Council for the Assessment of Macroeconomic Development (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung: generally referred to as the Council of Economic Experts) to produce a report on the measurement of sustainable growth and social progress (Conseil d'Analyse Economique and Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2010). The report was published in December 2010 under the title: *Economic Performance, Quality of Life and Sustainability: A Comprehensive Set of Indicators*. The Conseil and the Council of Economic Experts come out clearly against an index of quality of life and in favour of a dashboard, since the first »can scarcely do justice to the information needs of modern democratic societies« (ibid.: III). The dashboard, following the Stiglitz report, is to consist of the three components of economic performance, quality of life and sustainability (see figure 2).

In the meantime, INSEE has already begun to step up the inclusion of questions about well-being in its surveys. These include, first and foremost, additions in the French part of the European Union Statistics on Income and Living Conditions Survey (EU-SILC). Besides a question on general life satisfaction, this will include five domain-specific questions on satisfaction with health, housing situation, work, leisure time and personal relations. Furthermore, following the »Day Reconstruction Method« developed by Stiglitz Commission member Daniel Kahneman (Kahneman et al. 2004), in the French Time Use Survey from now on interviewees will not only be asked to report on how they spend their time, but also how pleasant (*agréable*) or unpleasant (*desagréable*) they found each activity. Finally, since June 2011 INSEE has also been conducting a specific online survey on quality of life in order to measure correlations between individual dimensions of well-being (Lollivier 2011).

The case of France shows how important political will is in the implementation of a well-being agenda, but in particular how much of an impact can be achieved, with considerable international resonance, if this will is located at the highest democratic level. It is crucial to actively pursue the process that is now under way and to take advan-



Figure 2: Dashboard for Monitoring Economic Performance, Quality of Life and Sustainability

Economic Performance (A)	Quality of Life (B)	Sustainability (C)
GDP per capita	Health: Years of potential life lost	Private sector net fixed capital formation (% of GDP)
GDP per hours worked	Education: Students (ISCED 1–6) aged between 15 and 24 years	R&D investment (% of GDP)
Employment rate (15–64 age group)	Personal activities: Employees on shift work	Cyclically adjusted fiscal balance (% of GDP)
Net national income per capita	Political voice and governance:	Fiscal sustainability gap S2
Final consumption expenditure per capita (including government consumption)	Voice and Accountability	Total private credit to GDP gap
Distribution measure of net income per consumption unit (income quintile share ratio (S80/S20); internationally harmonised)	Social connections and relationships: Frequency of time spent with people at sport, culture, communal organisations	Real equity price gap
	Environmental conditions: urban population exposure to air pollution by particulate matter	Real property price gap
	Personal and economic insecurity:	Level of greenhouse gas emissions
	Not-at-risk-of-poverty rate	Greenhouse gas emissions per capita
		Resource productivity (GDP relative to non-renewable Domestic Material Input, DMI)
		Resource consumption (non-renewable Domestic Material Consumption – DMC, per capita)
		Biodiversity (preliminary indicator: bird index)

Source: Conseil d'Analyse Economique and Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2010: 30.

tage of the momentum created to permanently establish a generally recognised and relevant set of indicators.

### 2.5 United States of America

The debate on the measurement of well-being has also got under way in the United States, whose Founding Fathers enshrined the »pursuit of happiness« in the Declaration of Independence. In March 2010, President Barack Obama signed the Key National Indicators Act (as part of the Affordable Care Act). As an important milestone the law provides for the creation of a Key National Indicator System (KNIS) with a view to providing US citizens with accurate information on well-being in their country and their region in a range of dimensions. This initiative is underlain by the hope of creating a »more informed and accountable democracy«. <sup>9</sup> The KNIS will be set up by the National Academy of Sciences (NAS), an organisation consisting of leading academics from various disciplines, in partnership with the newly founded non-profit institu-

tion the State of the USA. The plan goes back to a corresponding recommendation by the Government Accountability Office and the commitment of Chris Hoening, Chief Executive of State of the USA. The initiative enjoys the support of the two major parties, having been introduced as a bill by the late Senator Edward Kennedy (Democrat) and Senator Michael Enzi (Republican) in 2008. Proof of the seriousness with which the project is being driven forward is the 70 million US dollars authorised by Congress for the coming nine years, which will be supplemented by private donations (so far 15 million US dollars) (Gertner 2010). <sup>10</sup>

The intention is that the KNIS eventually includes around 300 individual indicators presented in a user-friendly way on a website, accessible to all. Topics include civic and cultural life, crime and justice, economy, education, energy, the environment, families and children, governance, health, housing, infrastructure, innovation, safety and security, and transportation (Kroh 2011). As central advisory committee in the development of KNIS Congress

9. <http://www.stateoftheusa.org>

10. <http://www.stateoftheusa.org>

has created the eight-member Key National Indicators Commission, composed of top-ranking academics. Together with the State of the USA Institute and the NAS it will select the indicators. In summer 2011, around 60 indicators had already been chosen, accessible solely to members of the NAS on a test version of the website. In a dialogue between the abovementioned actors KNIS is being evaluated and in this way will be constantly improved. The plan is to take KNIS fully online in mid-2013. The website will present the indicators in the form of so-called »scorecards« on which citizens will be able to find information about many different domains disaggregated by state, region and social subgroup. The idea is that Americans will be able to use the information to exert more influence on their politicians. Furthermore, it is not the primary aim of the initiative to gather new data; instead, it will make use of existing sources, including official statistics. Nevertheless, the first phase of the project will identify gaps in the data which can then be closed at a later date.<sup>11</sup>

The approach taken by the State of the USA is therefore emphatically decentralised and emancipatory. First and foremost, the idea is that citizens be provided with accurate information, facilitating political participation based on facts, but also providing them with a means of exerting pressure on decision-makers. It must be emphasised that the NAS is an independent institution. In this way, it will be ensured that the project is politically independent and non-partisan. The central role played by the planned use of new media with regard to State of the USA is another key feature of this initiative.

Another important actor based in the USA is Gallup, although its influence goes far beyond. Gallup covers 1,000 people a day in the USA with its surveys on quality of life, as well as 1,000 interviewees monthly in the UK and Germany, and offers an enormous data source. A number of questions on well-being are posed within the framework of the Gallup-Healthways Well-Being Index, comprising the domains: overall life evaluation, daily affect, basic access, safety, physical health, economics, and work.<sup>12</sup> On top of that, the Gallup World Poll includes a number of variables on quality of life (for example, the

so-called Cantril Ladder of Life question<sup>13</sup>). According to the company, the World Poll data are representative of 95 per cent of the world's population.<sup>14</sup> They thus represent an extensive resource for international comparisons in the area of subjective well-being and related aspects.

Furthermore, the American Human Development Project is an initiative of the Social Science Research Council which, following the United Nations Development Programme's Human Development Index, researches and ranks US states on the three dimensions of life expectancy, education and income in reports appearing every two years.

Finally, there are several regional initiatives across the US including: Jacksonville Community Council's Community Indicators Project, the Boston Indicators Project, King County AIMs High, the Baltimore Neighborhood Indicators Alliance, the Community Assessment Project of Santa Cruz County, the Central Texas Sustainability Indicators Project, Indicators Northwest, Virginia Performs, the Truckee Meadows Tomorrow Quality of Life Indicators, the Orange County Community Indicators, the Long Island Index, the Silicon Valley Index, the Arizona Indicators, the Maine Measures of Growth in Focus, Oregon Benchmarks, Sustainable Seattle and the Livable Tucson Vision Program.<sup>15</sup>

## 2.6 Canada

An important instrument for measuring well-being at the national level in Canada is the Canadian Index of Well-Being (CIW), of which Canada's Governor General, David Johnston, said in April 2011: »This Index helps us to determine trends in our overall quality of life, giving us a powerful tool for action.« The CIW is largely compiled by a group of researchers at the University of Waterloo (Faculty of Applied Health Sciences). The network and advisory forum surrounding the Index brings together a range of actors, however. Members include representa-

13. The question is worded as follows:

»Please imagine a ladder with steps numbered from zero at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?«

14. <http://www.gallup.com/poll/105226/world-poll-methodology.aspx#1>

15. <http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/LATEST%20Indicator%20Map.pdf?file/LATEST%20Indicator%20Map.pdf>

11. Ibid.

12. <http://www.well-beingindex.com/methodology.asp>

tives from academia, international organisations and the Third Sector. The project is supported financially by the Atkinson Charitable Foundation.<sup>16</sup>

The explicit goal of the CIW is to influence the debate on progress in Canada by providing the public and the media with information and thus, at the end of the day, to make politicians more aware of indicators beyond GDP. In their own words their aim was summed up as: »refocusing the political discourse in Canada, helping to reshape the direction of public policy that will genuinely improve the quality of life of Canadians, and holding decision makers to account for whether things are getting better or worse«. <sup>17</sup> This involves the measurement of eight domains of well-being: community vitality (consisting of indicators such as the strength of relations between citizens, the public and private sector and civil society); democratic engagement (citizens' participation in public life and political affairs); education (literacy rates and skills of children and adults); healthy population (state of the population's health and determinants of good health); leisure and culture (activities in the cultural domain, arts, leisure time); living standards (level and distribution of income and property, poverty and security of employment, nourishment, housing and social protection); and time use (how people spend their time and the relationship of these activities to well-being).<sup>18</sup>

Comprehensive reports on each of these domains were presented between June 2009 and April 2011.<sup>19</sup> In addition, analyses of special issues were carried out, for example, on the recession or on particular social groups (e.g. those on low incomes, aboriginal peoples, young people). The reports draw on a wide variety of national and international data sources and take into account both subjective and objective indicators of quality of life. For instance, the domain of »community vitality« includes both the rate of violent crimes per 100,000 inhabitants ascertained by the Canadian Centre for Justice Statistics and the question from the Canadian Statistical Office's General Social Survey (which also contains a number of other questions on subjective well-being): »How safe do you feel from crime walking alone in your area after

dark?« (Proportion reporting feeling very safe, reasonably safe and somewhat safe walking alone after dark).<sup>20</sup>

Perhaps the most significant part of the project still lies ahead, however. From the end of October 2011 the abovementioned eight dimensions and domains available so far only as standalone headline indicators are to be combined in an overall index on well-being. In this way a picture of quality of life in Canada can be conveyed at a glance.<sup>21</sup> This index will take 1994 as baseline year (that was the first year the National Population Health Survey was carried out) and will portray changes in quality of life in Canada over time. A preliminary CIW overall index, in which six of the eight domains mentioned above are taken into account, is presented in figure 3. The supplementary presentation of individual headline indicators and of GDP show, alongside the general trend of the CIW, also the better or more poorly performing aspects. In particular, there was a slight bend in the CIW in 2004, due primarily to a relatively poorer performance in the domains of leisure and culture and democratic engagement. Overall development of the CIW, however, is still positive in comparison to the starting year 1994.<sup>22</sup>

Moreover, the report *Canada's Performance*, produced each year by the Treasury Board and presented to parliament as a kind of statement of accounts, is suitable for imitation. On the basis of 32 indicators in the four domains economic affairs, social affairs, international affairs and government affairs this publication has provided information on progress in Canada for 10 years now. It lays out not only whether the indicators have improved or deteriorated, but also how much the government has spent in each domain and for what purpose. In this way a culture of transparency is nurtured in which a fact-based debate is possible. The various sections of the report are based on the Performance Reports of individual government agencies and ministries which appear every autumn.<sup>23</sup>

In addition, at the regional level in Canada the Genuine Progress Index (GPI) measures quality of life, supplement-

16. <http://www.ciw.ca/>

17. Ibid.

18. <http://www.ciw.ca/en/media/11-04-07/d44637d0-3cä-4bf9-b702-88842e2fc406.aspx>

19. <http://www.ciw.ca/en/TheCanadianIndexOfWellbeing.aspx>

20. [http://www.ciw.ca/Libraries/Documents/CommunityVitality\\_Domain-Report.sflb.ashx](http://www.ciw.ca/Libraries/Documents/CommunityVitality_Domain-Report.sflb.ashx)

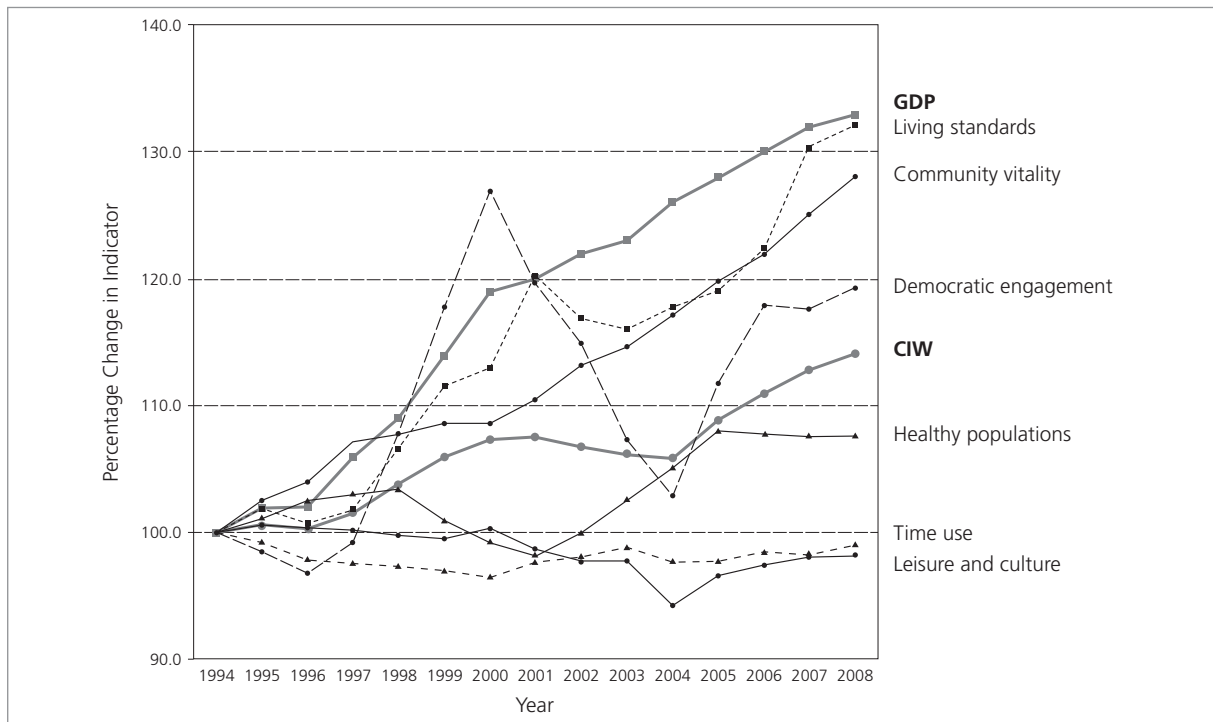
21. <http://www.ciw.ca/en/TheCanadianIndexOfWellbeing.aspx>

22. [http://www.ciw.ca/Libraries/Documents/An\\_Approach\\_to\\_the\\_CIW.sflb.ashx](http://www.ciw.ca/Libraries/Documents/An_Approach_to_the_CIW.sflb.ashx). See also Michalos et al. (2010).

23. <http://www.tbs-sct.gc.ca/reports-rapports/cp-rc/2009-2010/cp-rctb-eng.asp>



Figure 3: Canadian Index of Well-Being (preliminary version with six of the eight components), 1994–2008



Source: Canadian Index of Well-Being ([www.ciw.ca](http://www.ciw.ca))

ing GDP, in the form of the two initiatives GPI Atlantic<sup>24</sup> and GPI Pacific.<sup>25</sup> Finally, the important debate on subjective measures of well-being and how they can be applied in policy terms is gaining significant ground: besides influential scholarly publications (such as Helliwell and Barrington-Leigh 2010) in February 2011 the Centre for the Study of Living Standards held an important conference on the topic.<sup>26</sup>

## 2.7 Australia

In Australia, the measurement of progress and well-being is extensive and has been going on for a long time. At the heart of it are three nationwide initiatives which shall be presented in turn. The Australian Bureau of Statistics (ABS) was one of the first national statistical offices to get into the debate on the measurement of progress and it has pursued it enthusiastically since 2002, publishing the now regular bulletin *Measures of Australia's Progress*

(MAP). The core of the initiative is the dashboard developed by the ABS together with data users and academia and taking in the three domains society, economy and environment, each with five or six sub-dimensions (see figure 4). Each element is scrutinised in the overall presentation with regard to whether over the past 10 years there has been an improvement, a deterioration or no significant change. In this way, Australians can gauge their country's progress over time at a glance. As things stand at the moment, for example, there has been a deterioration in the domain of the environment, while the economic and social indicators overall are better than 10 years ago.<sup>27</sup>

A regular review is planned to adjust the indicators to changing social priorities. At present, this takes the form of a consultation process »MAP 2.0«. The ABS has invited all Australians to let it know by e-mail, letter or via a website what progress means to them and what dimensions should be taken into account in that respect. In addition, so-called Engagement Forums are being held and

24. <http://www.gpiatlantic.org/>

25. <http://www.gpipacific.org/>

26. <http://www.csls.ca/notes/Note2011-1.pdf>

27. <http://www.abs.gov.au/about/progress>

Figure 4: The Australian »Progress Dashboard«

Society	Economy	Environment	Legend
<input checked="" type="checkbox"/> Health <input checked="" type="checkbox"/> Education and training <input checked="" type="checkbox"/> Work <input type="checkbox"/> Crime <input type="checkbox"/> Family, community and social cohesion <input type="checkbox"/> Democracy, governance and citizenship	<input checked="" type="checkbox"/> National income <input checked="" type="checkbox"/> National wealth <input checked="" type="checkbox"/> Household economic wellbeing <input type="checkbox"/> Housing <input type="checkbox"/> Productivity	<input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Land <input type="checkbox"/> Inland waters <input type="checkbox"/> Oceans and estuaries <input checked="" type="checkbox"/> Atmosphere <input type="checkbox"/> Waste	<input checked="" type="checkbox"/> Progress has generally been made in this headline indicator compared with ten years ago <input checked="" type="checkbox"/> This headline indicator has generally regressed compared with ten years ago <input type="checkbox"/> There has been no significant movement in this headline indicator compared with ten years ago <input type="checkbox"/> There is either no headline indicator for this area of progress or no time series

Source: <http://www.abs.gov.au/about/progress>

experts from the government, the economy, academia and society contacted.

Supplementing the ABS's dashboard approach with an index that makes it easier to get the message across an initiative called ANDI – Australian National Development Index is currently under formation. Its Interim National Organising Committee brings together actors e.g. from academia and the Third Sector. Between 2011 and 2013, also in consultation with the general public, an index with up to 12 dimensions of progress will be produced. According to its own account, this consultation process will question half a million Australians on their views on social progress, the results of which will find expression in the index which from 2013 will be published on a quarterly basis, underpinned by research reports and an interactive website. The initiative thus sees itself as complementing the ABS dashboard and wishes to work in partnership with it (Allen Consulting Group 2011).

The ANDI data will probably benefit from the Australian Unity Well-being Index with regard to subjective well-being. This project, launched in 2001, measures well-being in Australia on a regular basis exclusively with regard to subjective perceptions of quality of life, in deliberate contrast to the numerous objective indicators. The initiative is the joint project of the financial services and health care company Australian Unity and the Australian Centre on Quality of Life at Deakin University, where the data are gathered and processed. Every six months 2,000 people are questioned about their level of satisfaction on a scale of 0 to 10, resulting in the calculation of two main

scales, the National Well-being Index and the Personal Well-being Index. The Personal Well-being Index measures Australians' satisfaction with seven aspects of their private lives: health, personal relationships, safety, standard of living, achieving, community connectedness and future security; the National Well-being Index concentrates on their satisfaction with regard to six social domains: the economy, the environment, social conditions, governance, business, and national security. The results are published regularly in comprehensive reports and in the form of time series, as well as in accordance with socio-demographic categories (Cummins et al. 2011).

The Australian example shows that there does not always have to be a single approach to the measurement of progress but rather that through the coordinated cooperation of heterogeneous actors different approaches such as indices and dashboards can complement one another.

## 2.8 Organisation for Economic Cooperation and Development (OECD)

The OECD, as an important international forum, has given decisive impetus to the measurement of progress and well-being. The Organisation brings together national and international stakeholders in the measurement of progress, initiates joint activities and has made a significant contribution to the debate through a number of publications.<sup>28</sup> In 2004, the OECD organised the first

28. [http://www.OECD.org/document/0/0,3343,en\\_2649\\_201185\\_47837376\\_1\\_1\\_1\\_1,00.html](http://www.OECD.org/document/0/0,3343,en_2649_201185_47837376_1_1_1_1,00.html)



World Forum on Statistics, Knowledge and Policy in Palermo (Italy), followed by conferences in Istanbul (Turkey) in 2007 and Busan (South Korea) in 2009, with 1,200 and 1,500 participants, respectively. This gave rise to the highly influential »Istanbul Declaration«, signed among others by representatives of the European Commission, the Organisation of the Islamic Conference, the UN, UNDP, the World Bank and the OECD itself. The Declaration formulates five visionary goals for the broader measurement of progress and has provided a substantive basis for the debate in many countries (see Box 2).

Box 2: Five Goals from the »Istanbul Declaration«

- encourage communities to consider for themselves what »progress« means in the 21st century;
- share best practices on the measurement of societal progress and increase the awareness of the need to do so using sound and reliable methodologies;
- stimulate international debate, based on solid statistical data and indicators, on both global issues of societal progress and comparisons of such progress;
- produce a broader, shared, public understanding of changing conditions, while highlighting areas of significant change or inadequate knowledge;
- advocate appropriate investment in building statistical capacity, especially in developing countries, to improve the availability of data and indicators needed to guide development programs and report on progress toward international goals, such as the Millennium Development Goals.<sup>29</sup>

A milestone of OECD efforts to date was the launch of the Better Life Initiative in May 2011 with the publication of the Better Life Index and the Compendium of OECD Well-being Indicators (OECD 2011a).<sup>30</sup> In line with the OECD's goal of making available the best possible information to the politicians and citizens of its member states to encourage the development of the best possible policy measures, the Better Life Index facilitates country comparisons across a range of dimensions: housing (rooms per person, dwelling without basic facilities), income (household disposable income, household financial wealth), jobs (employment rate, long-term unemployment rate), community (percentage of people re-

ported »rarely« or »never« spending time with friends, colleagues or others), education (educational attainment, students' reading skills), environment (air pollution), governance (consultation on rule-making, voter turnout), health (life expectancy, self-reported health), life satisfaction, safety (homicide rate, assault rate), work-life balance (employees working very long hours, employment rate of women with children, time devoted to leisure and personal care). Out of 34 OECD countries Australia, Canada and Sweden lead the way, at least based on the OECD's preset weightings. What is special about the Better Life Index, however, is that online users can change the weightings in accordance with their own preferences and thus come up with a tailor-made ranking. Thus, the Index is conceived as an interactive, user-friendly tool for the purpose of bringing the issue into the debate on as broad a basis as possible.<sup>31</sup>

Furthermore, with a series of influential publications the OECD was able to shape the progress debate early on, for example, via the internet platform [wikiprogress.org](http://wikiprogress.org), a number of working papers on the measurement of well-being (see, for example, Boarini et al. 2006), a handbook on the construction of composite indices (Nardo et al. 2005) and the regular publication *Society at a Glance* which includes social headline indicators from eight domains (OECD 2011b). A handbook on the measurement of subjective well-being and a publication entitled *How's Life?* are also in preparation and due to be published in autumn 2011. While the former will provide state of the art guidelines for the measurement of subjective well-being, the latter will give an accessible overview of well-being in OECD and non-OECD countries on the basis of the eight dimensions of quality of life identified by the Stiglitz Commission (OECD 2011a).

The OECD's efforts have had a decisive influence on the debate in various member states and beyond. This established the basis for better measures to create better policies which will enable people to lead better lives, in accordance with the OECD's motto (Durand 2011).

29. [http://www.wikiprogress.org/images/Istanbul\\_Declaration.pdf](http://www.wikiprogress.org/images/Istanbul_Declaration.pdf)

30. <http://www.OECDbetterlifeindex.org/>

31. [http://www.OECDbetterlifeindex.org/wpsystem/wp-content/uploads/2011/07/YourBetterLifeIndex\\_ExecutiveSummary2.pdf](http://www.OECDbetterlifeindex.org/wpsystem/wp-content/uploads/2011/07/YourBetterLifeIndex_ExecutiveSummary2.pdf)

## 2.9 European Union

Since the conference »Beyond GDP« in 2007<sup>32</sup> the Commission, the European Parliament and EUROSTAT have all been engaged in activities on this topic. Commission President Barroso declared: »It's time to go beyond GDP«. Instead, the EU, in measuring well-being, must aim at »the sort of breakthrough that we saw in the 1930s, a breakthrough that adapts GDP, or complements it with indicators that are better suited to our needs today, and the challenges we face today.«<sup>33</sup>

An important milestone, therefore, was the European Commission report published in August 2009 entitled *GDP and Beyond: Measuring Progress in a Changing World*. The report contains a so-called »roadmap« with five key steps that are supposed to lead to a set of indicators at the EU level that depict progress for Europe's citizens in a comprehensive and comprehensible manner (see Box 3).<sup>34</sup>

Box 3: Five steps by the European Commission towards the development of a set of indicators

- »1. Complementing GDP with environmental and social indicators
2. Near real-time information for decision-making
3. More accurate reporting on distribution and inequalities
4. Developing a European Sustainable Development Scoreboard
5. Extending National Accounts to environmental and social issues.«<sup>35</sup>

The European Parliament passed a corresponding Resolution in June 2011 which means that all EU institutions have now formally expressed support for the *GDP and Beyond* initiative. In the Resolution the Parliament emphasises that »additional indicators must be worked out with which medium- to long-term economic and social progress can be measured«. On top of that, it calls for »the development of clear and measurable indica-

tors that take account of climate change, biodiversity, resource efficiency and social inclusion«, as well as »indicators that focus more closely on the household-level perspective, reflecting income, consumption and wealth«. The Resolution was discussed and commented on in detail by six Parliamentary committees. The European Commission's next step is to put forward concrete proposals for indicators and to develop a multistage strategy concerning »how the new approach can be used pragmatically in day-to-day policy work«. <sup>36</sup> As the first result of implementation of the EU roadmap in June 2011 the Parliament adopted a Regulation on improved environmental economic accounts. The aim here is better monitoring of environmental data in future and harmonised reporting within the EU.<sup>37</sup>

In autumn 2010, the Directors General of the National Statistical Institutes of the EU signed the so-called »Sofia Memorandum on Measuring Progress, Well-Being and Sustainable Development« in which they expressed their support for the process of improving statistics beyond GDP.<sup>38</sup> A working group on this topic, the so-called EUROSTAT and INSEE Sponsorship Group, commenced incorporating the Stiglitz recommendations in May 2011 and will present their results in November 2011 within the framework of the European Statistical System Committee, as well as outlining plans for the closure of existing data gaps in the domain of quality of life. In addition, EUROSTAT already publishes a series of indicators related to sustainable development every two years. These 11 headline indicators – consisting of over 100 individual variables – are intended to facilitate the monitoring of progress with regard to the EU strategy on sustainable development.<sup>39</sup>

Similar efforts are included in the Europe 2020 Strategy, in which the European Commission lays down the goal of monitoring progress towards a »smart, green and inclusive economy delivering high levels of employment, productivity and social cohesion« on an annual basis by means of appropriate indicators. In line with this, five

32. The conference was organised by the European Parliament and the Commission in cooperation with the Club of Rome, the OECD and the WWF.

33. [http://www.beyond-gdp.eu/proceedings/bgdp\\_proceedings\\_summary\\_notes.pdf](http://www.beyond-gdp.eu/proceedings/bgdp_proceedings_summary_notes.pdf)

34. <http://www.beyond-gdp.eu>

35. <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2011-0175&language=EN&mode=XML>

36. <http://www.europarl.europa.eu/de/pressroom/content/20110606IPR20814/html/Nachhaltige-Entwicklung-messen-und-BIP-erg%C3%A4nzen>

37. [http://epp.eurostat.ec.europa.eu/portal/page/portal/gdp\\_and\\_beyond/documents/Sofia\\_memorandum\\_Final.pdf](http://epp.eurostat.ec.europa.eu/portal/page/portal/gdp_and_beyond/documents/Sofia_memorandum_Final.pdf)

38. <http://epp.eurostat.ec.europa.eu/portal/page/portal/sdi/indicators>

39. [http://europa.eu/press\\_room/pdf/complet\\_en\\_barroso\\_\\_\\_007\\_-\\_europe\\_2020\\_-\\_en\\_version.pdf](http://europa.eu/press_room/pdf/complet_en_barroso___007_-_europe_2020_-_en_version.pdf)

Figure 5: Headline indicators and core objectives of the Europe 2020 Strategy

Core objectives	Indicators
75% of the population aged 20–64 should be employed	Employment rate by gender, age group 20–64
3% of the EU's GDP should be invested in R&D	Gross domestic expenditure on R&D (GERD)
Reduction of greenhouse gas emissions by 20% compared to 1990	Greenhouse gas emissions, base year 1990
Increase in the share of renewable energy sources in final energy consumption to 20%	Share of renewables in gross final energy consumption <sup>h</sup>
20% increase in energy efficiency	Energy intensity of the economy (proxy indicator for <i>Energy savings</i> , which is under development)
The share of early school leavers should be under 10% and at least 40% of 30–34 years old should have completed a tertiary or equivalent education	Early leavers from education and training by gender Tertiary educational attainment by gender, age group 30–34
Reduction of poverty by aiming to lift at least 20 million people out of the risk of poverty or exclusion	People at-risk-of-poverty or social exclusion People living in households with very low work intensity People at-risk-of-poverty after social transfers Severely materially deprived people

Source: [http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators)

core objectives were formulated which are being monitored by means of eight key indicators (see figure 5).

In addition, the European Foundation for the Improvement of Living and Working Conditions deals with the issue at the EU level.<sup>41</sup> Financially supported by DG Employment, Social Affairs and Equal Opportunities, the European Foundation conducts regular surveys on quality of life (to date, 2003, 2007 and 2011). Furthermore, the think tank the European Policy Centre (EPC) has launched a research project »Well-being 2030« to find out about how a focus on well-being could influence policy in Europe over the long term.

## 2.10 Other countries and stakeholders

Although the case studies presented so far provide a good overview of particularly influential initiatives, they constitute only part of the global debate. There are other important actors which should be mentioned at least briefly, despite limitations of space.

40. Source: [http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators)

41. See: <http://www.eurofound.europa.eu/>

### 2.10.1 Spain

In Spain, as in the case of Italy and Germany, a national round table has been convened on the measurement of progress and well-being. Since December 2010, the following topics have been discussed in three working groups: (i) measurement of economic well-being and new macroeconomic indicators, under the overall control of the national statistical office the INE; (ii) the social dimension and various options for measuring it, under the overall control of the Spanish chapter of the Club of Rome; and (iii) environmental sustainability and global cooperation under the overall control of the Spanish Observatory on Sustainability (OSE). The aim of the Spanish initiative, like similar European initiatives, is better definition and measurement in consultation with the business sector, trade unions, civil society and academia (Herrero and Morán 2011).

### 2.10.2 The Netherlands

In the Netherlands, since the 1990s the World Database of Happiness<sup>42</sup> run by Ruut Veenhoven at the University of Rotterdam has collected all research results on sub-

42. <http://worlddatabaseofhappiness.eur.nl>

jective well-being. The Netherlands Institute for Social Research (SCP), a government research institute, meanwhile developed a quality of life index in July 2010. The SCP Life Situation Index covers a range of relevant dimensions: health, participation (volunteering, social isolation, socio-cultural leisure activities, sports), housing situation, ownership of consumer goods, mobility and holiday patterns (Boelhouwer 2010).

### 2.10.3 Latin America

The question of what progress consists of in the twenty-first century and how it can be measured is also being explored in Latin America. At the centre of these efforts stands Mexico's *Foro Consultivo Científico y Tecnológico*, a policy advisory body representing academia, technology and business. It launched the initiative »Measuring the Progress of Societies: A Mexican Perspective« (Rojas 2009). In 2009, the Forum produced a publication with contributions on the measurement of progress by renowned Mexican scholars. The initiative advocates the following indicators: subjective well-being, fulfilment (for example, use of human potential), physical and mental health, effectiveness of democracy and rights, income and wealth, human relations, spare time, work and its conditions, identity and culture, habitability conditions, sustainability and education.<sup>43</sup> Within the framework of a conference in Mexico City in May 2011 in cooperation with the OECD, in whose global efforts the *Foro Consultivo* plays an important role as Latin American partner, the next steps were discussed.<sup>44</sup>

### 2.10.4 Developing and emerging countries: UNDP, OPHI

Although it is in the industrialised countries in particular that the realisation is growing that economic growth alone is not sufficient to solve all social problems, the debate on alternative ways of measuring well-being is not confined to them. Such questions are also being discussed increasingly in emerging and developing countries with a view to finding successful development strategies beyond simple GDP growth. Since 1990, the United Nations Development Programme's (UNDP) Human Development

Index has led the way internationally in the effort to replace GDP with a broader measure of well-being. The Human Development Index is published every year and measures living standards (gross national income per capita), health (life expectancy at birth) and education (median years of schooling and expected years of schooling)<sup>45</sup> and has had an important influence on the progress debate in the developing countries in particular. Although the basic components are always the same, in the annual report the Index is supplemented by various elements. Most recently among these supplements was the Multidimensional Poverty approach developed by the Oxford Poverty and Human Development Initiative (OPHI). This yardstick directed primarily towards developing countries concentrates on acute forms of deprivation experienced by people in the three areas of education, income and health by means of 10 indicators ranging from child mortality to access to electricity. A person is categorised as poor if the weighted indicators in which he or she is deprived add up to at least 30 percent. The measurement of poverty therefore starts out from the human being and is defined in a more complex way than through the lack of money alone.<sup>46</sup>

### 2.10.5 Bhutan

Often cited as a case study in the debate on well-being and policy is the tiny Himalayan kingdom of Bhutan. Article 9 of its Constitution, in fact, declares that: »The State shall strive to promote those conditions that will enable the pursuit of Gross National Happiness«. Since the 1980s Gross National Happiness (GNH) has been discussed as a philosophy in Bhutan and was supposed to provide the basis for political decision-making and integrated development in deliberate contrast to simple GDP growth in the country. The newly developed GNH Index was officially introduced by Prime Minister Thinley for the systematic gathering of data and as the empirically verifiable basis of policy in 2008 at the coronation of Bhutan's fifth king, His Majesty Jigme Khesar Namgyel Wangchuck. The Index was developed by the local and independent Centre of Bhutan Studies and consists of the following nine dimensions: Psychological Well-being, Time Use, Community Vitality, Culture, Health, Education, Environmental Diversity, Living Standards, Govern-

43. <http://www.midiendoelprogreso.org>

44. <http://www.midiendoelprogreso.org/conferencia>

45. <http://hdr.undp.org/en/statistics/hdi/>

46. <http://www.ophi.org.uk/policy/multidimensional-poverty-index>

ance. These dimensions, in turn, consist of individual variables, all information being obtained through direct surveys, starting in 2007 and henceforth every three years. In 2010, over 1 per cent of the population were interviewed (Ura 2011a). In order to establish a nexus between the GNH approach and practical policy the Centre for Bhutan Studies has also developed a so-called screening tool. By this means in future all policy measures are to be scrutinised with regard to whether they raise the population's GNH.<sup>47</sup> Furthermore, the Centre for Bhutan Studies recently presented a strategy to embed the GNH in the policymaking process by means of various activities over the next five years, in the medium term (five to ten years) and in the long term (ten to fifteen years) (Ura 2011b). Finally, in May 2011 the government introduced a draft resolution at the UN General Assembly proposing »happiness« as a voluntary ninth Millennium Development Goal (MDG). It was accepted by the Committee in July 2011. As a result, in future the importance of happiness will be more strongly emphasised as a development goal.<sup>48</sup> The MDGs reflect eight goals – ranging from the reduction of child mortality to the promotion of gender equality – which since 2000 have put the development debate on a broader basis, beyond GDP, measured in terms of 60 indicators.<sup>49</sup>

#### 2.10.6 China and India

China and India are likely to become key actors in the debate. Although for several years China has been reporting double-digit growth rates and has subsequently benefited from significant improvements in material living standards and poverty reduction, in future questions will increasingly be raised about who benefits from growth and what rising environmental costs mean for quality of life. The first initiatives are forming now, but it will be worth monitoring how big their influence will be and with how much commitment they will be pursued. For example, the South Chinese province of Guangdong formulated a »Happy Guangdong« as one of the goals in its recently adopted five-year plan.<sup>50</sup> Likewise, the Chi-

nese University of Hong Kong's Hong Kong Quality of Life Index<sup>51</sup> and Beijing Normal University's Well-being Index<sup>52</sup> are endeavouring to take the debate on quality of life to China.

India's Statistical Office, meanwhile, has announced that it will host the OECD Global Forum on »Statistics, Knowledge and Policy« in 2012 in New Delhi where the state of the implementation of the abovementioned Istanbul Declaration will be assessed. In the coming years, India and China, with their 2.5 billion inhabitants, will exercise – together with the other two BRIC states Brazil and Russia – a decisive influence on the extent to which debates on quality of life and sustainability prevail worldwide, in particular with regard to cross-border challenges such as climate change.

### 3. Conclusion: Differences and similarities in past achievements, challenges for the future

#### 3.1 Stakeholders

This study has shown that the debate on new ways of measuring progress and well-being is high on the political agenda in many countries. A number of differences and similarities are becoming evident.<sup>53</sup> Common to the debates in the countries presented here is the insight that existing measures of progress in societies, above all GDP, are no longer adequate. Instead, a number of social indicators must be selected to provide vital guidance for policy action, paying particular attention to aspects of distribution and sustainability. Countries have taken different approaches to the selection of these indicators. One successful formula is the national round table which involves a multitude of social actors in the process, representing academia, cross-party politics, civil society, trade unions and the business community. The division of labour with statistical offices and the activities of civil society initiatives vary between countries, as the preceding chapter has shown.

47. <http://www.grossnationalhappiness.com/screeningTools/screening-Tools.aspx>

48. <http://www.spainun.org/pages/goto.cfm?urlid=3767>; and <http://www.un.org/apps/news/story.asp?NewsID=39084&Cr=general+assembly&Cr1=>

49. <http://www.un.org/millenniumgoals>

50. <http://www.guardian.co.uk/environment/2011/feb/22/happiness-green-china>; <http://online.wsj.com/article/SB1000142405270230349>

9204576389453425121490.html; <http://blogs.ft.com/beyond-brics/2011/01/21/happy-guangdong-try-again/#axzz1SjT6dsrj>; [http://www.economist.com/node/18388884?story\\_id=18388884](http://www.economist.com/node/18388884?story_id=18388884)

51. <http://www2.cuhk.edu.hk/ssc/qol/eng/hkqol.html>

52. [http://german.china.org.cn/culture/txt/2011-06/20/content\\_22819610.htm](http://german.china.org.cn/culture/txt/2011-06/20/content_22819610.htm)

53. See also Radermacher (2010).

### 3.2 Indicators

The selected indicators themselves also differ to some extent between case studies. Many initiatives are oriented towards the Stiglitz report and the three core domains: (i) revised economic indicators, (ii) quality of life and (iii) sustainability. Selection of indicators involves a balancing act between the greatest possible international comparability, on the one hand, and taking into account specific country preferences – for example, how they materialise in a public consultation process – on the other. As a solution, a number of internationally harmonised measures is desirable which could be selectively supplemented by country specific indicators to reflect national priorities.

Ideally, the selection of indicators should involve a range of criteria. According to an OECD working paper by Trewin and Hall (2010) this should include availability over long periods, sensitivity to changes and the possibility of breakdown by region. Above all, however, indicators should do two things: first, they should concentrate on outcomes: in other words, they should not measure how much money has been pumped into a country's health care system but how successfully sickness has been combated or how satisfied patients are; and second, there must not be ambiguity about measures: divorce rates, for example, are not suitable as a measure of progress because it is unclear whether they are attributable to a higher number of unhappy marriages or to a lower threshold within a society with regard to the dissolution of such partnerships (ibid.).

It is also necessary to ascertain what causal links and unintended consequences arise with regard to certain indicators. Goodhart's law pessimistically proclaims that as soon as an indicator becomes a policy aim it loses its original information content (Goodhart 1975). Accordingly, possibilities of manipulation must be ruled out as far as possible in the preliminary stages.

### 3.3 Dashboard or index?

There are significant differences between the case studies presented here not only with regard to the number and selection of indicators but in particular as regards the use of a dashboard or an index. For example, the Measures of Australia's Progress and the planned 300 individual indicators in the State of the USA project as »scorecards«

contrast with the CIW composite index in Canada, which combines several domains in a single figure. Some countries, such as Australia, have solved the issue of »dashboard versus index« on the basis of a division of labour, with the former being produced by the Statistical Office and the latter being worked on by a civil society initiative in partnership with the ABS.

This question is indeed the subject of lively discussion among experts. The advantage of an index is undoubtedly that it can provide information about progress in a particular country at a glance, in one single value. For this reason it is popular among practitioners. Simplification in the form of a single figure increases its communicability enormously and can also be regarded as one of the main reasons why to date no convincing replacement has been found for GDP, which also functions in that way. The simplicity of the index is also its disadvantage, however, and much criticised by scholars as a single index is not suitable for depicting the complex interaction of various domains of quality of life.<sup>54</sup> Furthermore, the weighting of the elements of an index whose components are measured in different units requires a number of value judgements<sup>55</sup> of the »apples and oranges« variety: for example, how can a two-month increase in life expectancy be compared with a 4 per cent increase in the unemployment rate? How many years of education are 500 euros more per capita income worth? Even if agreement on this is reached once at a national round table is it to be set in stone? A dashboard is more detailed and value-neutral. It leaves the evaluation of individual components to the observer. However, this has the disadvantage that under some circumstances an ambiguous picture is presented when in some domains things are looking up and in others they are looking down. Consequently, cherry picking sets in: critics of the government emphasise negative indicators, while the other side underlines the positive. As the number of indicators increases, so people's attention tends to drift away from what are supposed to be the key variables and the main focus becomes obscure.

54. Another problem concerning dashboard and index indicators, but to a greater extent in relation to the latter, is the fact that individual variables often refer to different time periods (*time lag*).

55. These value judgements vary between countries and even individuals since each person has different preferences. One solution is to make weightings individually adjustable with an online tool, as in the case of the OECD Better Life Index. Of course, in that case the question arises of what weightings (recognised by the majority) political decision-making is to be based on.

A healthy middle course could thus be a solution. A constructive way out of the dilemma described would best be provided by a small dashboard with the key dimensions of well-being that a society considers important, as determined in a consultation process. However, so as not to lose out on the positive virtues of an index for drawing people's attention, an index consisting of elements of the dashboard should be built, the weighting of the various elements being negotiated by the relevant stakeholders at a round table. This weighting could be adjusted every five years in light of changed societal priorities.

The communication strategy must make skilful use of the respective advantages of the two approaches. For example, it might be an idea to regularly publish the index, and simultaneously to present and analyse one of the elements of the underlying dashboard.<sup>56</sup> The index would thus function as an important »gateway« for the dashboard by means of the attention it would generate. In this way potentially the number of citizens and decision-makers who investigate the reasons behind a rise or fall in the index by examining the more detailed dashboard would increase, in contrast to what is likely to be the response to a set of indicators without such an index.

### 3.4 Subjective well-being

There is consensus in most countries that subjective measures must now be juxtaposed to the objective quality of life indicators preferred in the past on at least equal terms. There is a strong movement that no longer wishes to be confined to external descriptions of how people's life circumstances are developing, but also wants to know about the extent to which people are satisfied and happy with them. This brings home one of the key demands of the Stiglitz report and has even led to the demand to monitor well-being primarily using subjective indicators (Layard 2009).

For many years one much vaunted advantage of objective indicators was their value as »hard facts« and the supposedly better comparability between persons and countries that this made possible. This picture, however, has changed considerably with the advances made in the measurement of subjective well-being (Kahneman and Krueger 2006; Layard 2005). In addition, objective

indicators provide no information on what people think about the objective measures considered important by politicians or researchers. A list of such objective factors inevitably suffers from a missing variable problem since one can never be sure that one has really covered all the relevant dimensions. Subjective indicators, by contrast, leave the selection and weighting of factors significant to the person concerned in evaluating his or her life satisfaction to the interviewee and thus are more »democratic« (in the sense of bottom up rather than top down). Furthermore, the survey method can produce fast results at comparatively low costs, providing information that is more up to date than many objective indicators. There are also very few missing values with regard to questions on subjective well-being, in contrast to questions about income, for example. One challenge facing the use of subjective well-being in the future remains the relative stability of the national mean over time and the possible lack of a sustainability perspective if only satisfaction in the present is regarded as guiding principle for political decision-making. The value of subjective indicators at present, therefore, lies primarily in the analysis of socio-demographic and regional subgroups, and also in ascertaining empirical determinants of higher life satisfaction as an information resource for the formulation of policy measures. Last but not least, it also makes sense to consult indicators of subjective well-being in the evaluation of policy measures (Diener et al. 2009; Dolan et al. 2011; Kroll 2010b, 2011b).

### 3.5 Involving the public

The case studies presented in this study differ sharply as regards the extent to which the public were involved in the selection of indicators of national well-being. While some countries chose to have this decided exclusively by expert round tables, the United Kingdom, Italy and Australia, for example, also conducted systematic consultation processes or are still doing so.

The Australian statistical office ABS explains: »it is not the role of the ABS to set out national progress goals for Australia, that is the role of the public«.<sup>57</sup> An emphatically participatory approach of this kind is not only suitable for capturing people's ideas and opinions on the set of indicators; more significantly, such a process increases

56. The author would like to thank Enrico Giovannini for this idea concerning the communication strategy.

57. <http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/about-map-2.0.htm>

the sense of procedural justice among the citizens and thus ultimately the potential relevance of the chosen set of indicators. Moreover, there is a positive side-effect that large parts of the population become more aware of societal issues and take part in a broad discussion. In sum, such consultation processes – at least by supplementing expert round tables – are to be strongly recommended. In this way, citizens are actively involved in the debate, confinement to an ivory tower is prevented and democratic legitimacy is significantly increased, thereby amplifying the potential political attention paid to progress indicators.

### 3.6 The next steps

This brings us, finally, to the key question which comes to the fore when one looks ahead: if in the end sets of indicators are established and all the relevant challenges are tackled through the selection of one or other of the options presented here, what will change for public policy in concrete terms? How can we bring it about that the sets of indicators established with such effort assume a key role in the decision-making process? These questions are justified by the fact that today there is already a flood of social indicators which, although relevant for specific interest groups, have not attained the overall clout of GDP.

The various options for making sets of indicators binding range from »regular issue of indicators in the form of a publication« to »laying down fixed targets for public policy with sanctions (for example, new elections) in case of non-compliance«. Realistically, most solutions will turn out to be close to the former, of course. In fact, sets of indicators could and should not replace democratic exchanges of views and argument, but strengthen them. Many of the initiatives portrayed here therefore have the explicit aim of providing people with accurate information on well-being in their country and their region, thereby enabling them to debate with decision-makers about the causes and solutions of social problems.

For example, the State of the USA initiative has made it its purpose »to help the American people better assess for themselves the progress of the United States«. The idea behind this is that informed citizens can better and more effectively engage with the challenges arising in their environment. For example, voters in the poll-

ing booth would have more accurate information about how their home region is doing on a range of dimensions, enabling them to point out the main problems to politicians and to vote for the party which they hope will tackle what they consider to be the most pressing issues. Similarly, politicians from national to local level can obtain reliable information about the situation of their citizens and so focus on more important topics. In this way politics will become more substantive since arguments and goals will return to the fore in addition to personalities.


It is also important that sets of indicators have a prominent place in social reporting, be accessible to a broad public and are publicised within the framework of a properly thought out communication strategy. A regular statement on the indicators by key political figures would be helpful. For example, an annual »indicator-based State of the Union address« could in future comment specifically on developments with regard to sets of indicators and outline in practical terms how the government will respond to the problem areas identified in this way.<sup>58</sup>

Furthermore, the potential impact of future policies on the national well-being indicators needs to be systematically assessed and incorporated into the policymaking process. In the first instance this could be achieved through Regulatory Impact Assessments with a focus on quality of life (QOL-RIA). Such a procedure could routinely evaluate the impact that new policies are likely to have (and have had) with regard to the key quality of life dimensions that a society has deemed important following a national consultation or roundtable decision. First steps towards this direction are already being taken in the UK Green Book in terms of subjective well-being (Fujiwara & Campbell 2011), as well as in Bhutan on the basis of the GNH policy screening tool which is currently being pilot tested (see chapter 2.10.5), or in the form of an impact statement as it is currently being discussed in Oregon (USA) (Kroh 2011). Similarly, the German Parliamentary Advisory Board on Sustainable Development has assessed 306 policy proposals between March 2010 and June 2011 in terms of sustainability<sup>59</sup>. The next step

58. The author would like to thank Oliver Schmolke for his constructive ideas on an »indicator-based State of the Union address«. See also proposals to this effect in Kroh (2011), among other things on a »State of the State address«, as well as proposals on regular statements by governments in Conseil d'Analyse Economique and Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2010. An »Expert Council for Questions of Sustainable Quality of Life« in the German Federal Chancellery is proposed in Wagner (2011).

59. <http://dip21.bundestag.de/dip21/btd/17/066/1706680.pdf>





would be to draw up the lessons learnt from these diverse but similar approaches in order to establish ways in which a greater awareness for quality of life issues can be institutionalised as part of the policymaking process right from the start.

In the end, the possible consequence of the new sets of indicators if they are set up in a prominent position would be nothing less than a reorientation of politics in accordance with the information brought to light. British Prime Minister David Cameron aptly stated that the surveys which have been launched on life satisfaction »will help government work out, with evidence, the best ways of trying to help to improve people's well-being« (Cameron 2010). It is also conceivable that the results will lead to a revision of well-worn ideological thought patterns both on the left and on the right. Asked whether his political views on, for example, more equality of income and higher taxes might change if the results of the surveys seemed to suggest this the Conservative Prime Minister replied: »[This research] could throw up things that might challenge politicians' views about equality or taxation but that is all for the good. We should never be frightened of having a debate« (ibid.). For this reason long-term analysis of the figures and their policy repercussions is eagerly awaited.<sup>60</sup> Consequently, if the measures presented in this study are pursued energetically the ultimate reward could be a victory for evidence-based policy measures and democratic culture in the sense of more transparency and accountability.

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60. Further consequences of the international debate on the measurement of progress described in this study arising for political stakeholders are analysed in more detail in the Policy Paper »Measuring Progress and Well-Being: An opportunity for political parties?« (Kroll 2011a).



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