

## Foreword

The OECD-hosted High-Level Group on the Measurement of Economic Performance and Social Progress (HLEG) was created in 2013 to pursue the work of the Commission on the Measurement of Economic Performance and Social Progress convened by former French President Nicolas Sarkozy in 2008, the so-called Stiglitz-Sen-Fitoussi Commission, whose final report was published in September 2009. This book contains a collection of chapters written by members of the HLEG on topics that were the focus of the Group's work. A companion report, *Beyond GDP: Measuring What Counts for Economic and Social Performance*, presents the Chairs' overview of the issues discussed by the HLEG over the past five years and sets out a number of recommendations on what needs to be done next.

Significant progress has been achieved in the agenda of “going beyond GDP” since the 2009 Stiglitz-Sen-Fitoussi Commission's report. This is the case, in particular, of subjective well-being and of different kinds of inequality measures. In a broader context, the Paris COP21 climate agreement and the UN 2030 Agenda (with its 16 Sustainable Development Goals, SDGs) demonstrate the extent to which the 2009 report's call to go “beyond GDP” when assessing progress has influenced the international policy agenda. At the same time, the SDG's 169 targets and over 200 indicators illustrate the difficulties in balancing completeness and clarity. The HLEG recommends using a more limited dashboard of indicators that countries can design to suit their own priorities.

The authors of the ten chapters collected here provide an in-depth overview of the thinking that should underpin new approaches to measurement in a crucial set of fields, as well as the technical and organisational questions that have to be answered. These contributions underline the importance of integrating different scales of analysis (that of the individual, the household, the country, and the world) to produce a realistic picture of how societies are doing, and highlight the centrality of aspects that traditional approaches have neglected because of conceptual limitations, technical difficulties or lack of data. Sustainability, for example, is a systemic global issue, but many of the actions that influence it happen at the level of each community. The health of a community is itself determined by the objective conditions and subjective experiences of all its individual members. The life chances of these individuals, in turn, are shaped not just by their personal attributes, but also by the different socio-economic groups they belong to, their ethnicity, gender, and so on.

We need to develop datasets and tools to examine the factors that determine outcomes for people and for the places where they live. The economy is, of course, a major influence, but the most used economic indicators concentrate on averages, and give little or no information on well-being at a more detailed level, for instance how income is distributed within households and not just among them. One overall conclusion from this report is that we need more granular data. We also need to complete and make more timely the datasets we do have, both by integrating administrative and other types of data that already exist and by redesigning national accounts to incorporate distributional aspects.

It is often easier to measure outcomes than the factors that contributed to producing those outcomes. The Group devoted considerable efforts to circumstances outside the control of individuals such as ethnicity or gender that can have a significant impact on inequality and access to opportunities. The HLEG also looked at factors that can be both a cause and consequence of particular outcomes such as trust: subjective well-being is influenced by trust while countries with higher levels of trust tend to have higher income. Interactions between the objective conditions and subjective assessments are also important in domains such as economic insecurity, and this book discusses the need to consider both observed and perceived security. The book also suggests that one way to integrate these multiple strands into a holistic approach to the measurement of economic performance and social progress is to adopt a systems viewpoint to complement the capital approach and deal with the many interactions at play.

We hope that the present publication and its companion volume (*Beyond GDP: Measuring What Counts for Economic and Social Performance*) will provide useful elements to further the beyond GDP agenda. In our companion volume, we highlight why we believe the Beyond GDP agenda is even more important today than it was when the Stiglitz-Sen-Fitoussi Commission began its work a decade ago.

We recognise that we could not have got this far without the hard work and devotion of HLEG members and our partners. Over the course of this work, HLEG members periodically convened to discuss many of the issues that are reflected in this book. The HLEG also organised a number of thematic workshops, which were hosted and supported by various foundations and attended by dozens of researchers. We are grateful to them all for their help and support.

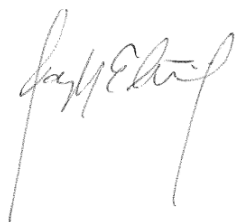
These workshops focused on:

- **“Intra-generational and Inter-generational Sustainability”** (22-23 September 2014), Rome (hosted by Einaudi Institute for Economics and Finance and the Bank of Italy and sponsored by SAS);
- **“Multi-dimensional Subjective Well-being”** (30-31 October 2014), Turin (in collaboration with the International Herbert A. Simon Society and the Collegio Carlo Alberto, and with the support of Compagnia di San Paolo);
- **“Inequality of Opportunity”** (14 January 2015), Paris (hosted by the Gulbenkian Foundation in collaboration with Sciences-Po Paris and the CEPREMAP);
- **“Measuring Inequalities of Income and Wealth”** (15-16 September 2015), Berlin (in collaboration with Bertelsmann Stiftung);
- **“Measurement of Well-being and Development in Africa”** (12-14 November 2015), Durban, South Africa (in collaboration with the Government of South Africa, the Japanese International Cooperation Agency, Columbia University and Cornell University);
- **“Measuring Economic, Social and Environmental Resilience”** (25-26 November 2015), Rome (hosted by the Einaudi Institute for Economics and Finance, supported by the Bank of Italy and the Italian statistical office, Istat, and sponsored by SAS);
- **“Economic Insecurity: Forging an Agenda for Measurement and Analysis”** (4 March 2016), New York (in collaboration with the Washington Center for

Equitable Growth, the Yale Institution for Social and Policy Studies, and the Ford Foundation); and

- “**Measuring Trust and Social Capital**” (10 June 2016), Paris (in collaboration with Science-Po Paris and the European Research Council).

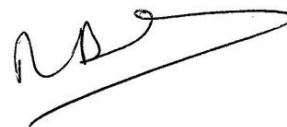
Finally, we would like to thank a number of colleagues who have supported our work throughout this period: Marco Mira d’Ercole, for his many valuable inputs to the substance and organisation of this report; Elizabeth Beasley, for acting as rapporteur of the present volume; Martine Zaïda, for coordinating the HLEG and organising all the thematic workshops and plenary meetings; Patrick Love, for editing support; Christine Le Thi for statistical assistance; Robert Akam for communications support; and Anne-Lise Faron for preparing this report for publication.



Joseph E. Stiglitz



Jean-Paul Fitoussi



Martine Durand

Chairs of the High-Level Expert Group on the Measurement of Economic Performance and Social Progress

### **Box 1. High-Level Group on the Measurement of Economic Performance and Social Progress**

#### Chairs

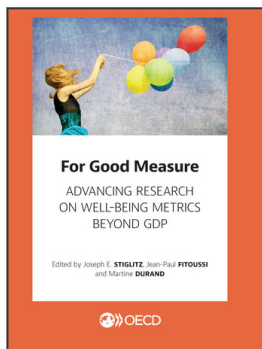
- Joseph E. Stiglitz, Professor of Economics, Business and International Affairs, Columbia University
- Jean-Paul Fitoussi, Professor of Economics at Sciences-Po, Paris and Luiss University, Rome
- Martine Durand, Chief Statistician, OECD

#### Members

- Yann Algan, Professor of Economics, Sciences-Po, Paris
- François Bourguignon, Paris School of Economics
- Angus Deaton, Senior Scholar and Dwight D. Eisenhower Professor of Economics and International Affairs Emeritus, Woodrow Wilson School of Public and International Affairs and Economics Department, Princeton University
- Enrico Giovannini, Professor of Economic Statistics, University of Rome Tor Vergata
- Jacob Hacker, Director of the Institution for Social and Policy Studies, and Stanley B. Resor Professor of Political Science, Yale University
- Geoffrey Heal, Garrett Professor of Public Policy and Corporate Responsibility, Professor of Economics and Finance, Columbia University Graduate School of Business; Director of the Earth Institute Center for Economy, Environment, and Society, Columbia University
- Ravi Kanbur, T.H. Lee Professor of World Affairs, International Professor of Applied Economics and Management and Professor of Economics, Cornell University
- Alan Krueger, Bendheim Professor of Economics and Public Affairs, Princeton University
- Nora Lustig, Samuel Z. Stone Professor of Latin American Economics, Tulane University
- Jil Matheson, Former United Kingdom National Statistician
- Thomas Piketty, Professor, Paris School of Economics
- Walter Radermacher, Former Director-General, Eurostat
- Chiara Saraceno, Honorary fellow at the Collegio Carlo Alberto, Turin
- Arthur Stone, Senior Behavioral Scientist, Professor of Psychology, University of Southern California
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#### Rapporteurs

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