

Chapter 13

Measuring progress and well-being: New concepts, new policies

Main recommendations

It is recommended that the government of Chile:

- *Contribute to expand the scope of the “measuring progress” agenda to the needs of emerging countries, by participating in OECD fora and helping to identify issues deemed to be of special salience for these countries, and measurement approaches appropriate for their needs.*
- *Consider the establishment of a national roundtable on measuring progress – involving academic circles, civil societies and regional organisations – to identify the most pressing issues faced by the country, assess the adequacy of available measures and develop a policy-oriented program on measuring progress that could be included in the work plans of the National Statistical Institute and relevant government bodies.*

The quest for reliable statistics that reflect people's living conditions better than gross domestic product (GDP) is not new. Clearly, policy makers have never focused single-mindedly on maximising GDP growth; they rather seek to enhance the overall well-being of citizens, today and in the future, taking into account a broad range of factors. However, the extent to which governments and public policies are successful in balancing different dimensions of well-being depends on the availability of reliable measures for tracking their developments, as well as statistical evidence of what really matters to citizens.

Well-being is a complex concept. Dictionary definitions differ, but they generally contain notions of prosperity, health and happiness. Well-being is not something that one can give a precise number to. Numerical indicators relevant to measuring the different components of well-being exist, and it is plausible to argue that the well-being of society as a whole has risen or fallen if a set of outcome indicators moves in a given direction. However, when these indicators move in opposite directions, it is not possible to say if well-being is being enhanced or reduced, unless all indicators are expressed in a common metric.

This chapter looks at the implications of focusing on well-being as a paradigm of progress. It reviews different approaches to its measurement and highlights their relevance for assessing progress in Chile. It looks at *monetary* and *non-monetary* measures of well-being that are either already available in the statistical system or that could be developed on the basis of well-established methods.

Enhancing the metrics of progress

The OECD, as many other organisations, has typically measured material living standards in terms of the level and growth rate of GDP. However, for a number of years there has been evidence of a growing gap between the image conveyed by GDP data and the perceptions of ordinary people about their living conditions. While this gap was already evident during the years of strong growth and good economic performance that characterised the early part of the past decade, the financial and economic crisis of the past few years has further amplified it in several countries.

The gap between macroeconomic evidence and people's perception of their own living conditions does not normally result from low quality of official statistics, but rather from inappropriate use of certain statistics. In particular, a statistic that is designed for a specific purpose (*e.g.* measuring the volume of economic production) is not well suited for other purposes (*e.g.* assessing living conditions or social well-being). When GDP data are used as a sufficient metric for performance, this can lead to biased analysis, wrong policy targets, gaps with citizen's perceptions and, finally, mistrust by ordinary citizens of official statistics and policy makers. Remedying the misleading use of existing statistics is

of crucial importance for the credibility and accountability of public policies and for the very functioning of democracy.

Ten years ago, the OECD began to address the inadequacies of official statistics to assess the progress of societies. OECD reports have discussed the limits of GDP as a welfare measure, and several “At a Glance” publications have brought together a wealth of information (on education, health, the environment, governance and society) to complement simple comparisons of GDP per capita. More recently, *National Accounts at a Glance* highlighted the role of complementary indicators of living standards, such as household disposable income and consumption expenditures, which are available within the System of National Accounts (OECD, 2009). Better methodologies have been developed to measure the volume of government services provided to individuals (such as education and health care services) based on outputs rather than inputs (Schreyer, 2010), while inequalities in income and wealth have been at the centre of the report *Growing Unequal?* (OECD, 2008).

Three OECD world fora were convened to discuss the statistical and policy implications of a new approach to societal progress (Palermo, Italy, in 2004; Istanbul, Turkey, in 2007; and Busan, Korea, in 2009). These fora gathered political leaders, scientists, national chief statisticians, policy makers and social actors. It is against this background that a Global Project on Measuring the Progress of Societies was launched in 2008, based on a partnership of national and international organisations and hosted by the OECD.

In 2007, at the initiative of the OECD, several leading international organisations jointly adopted the Istanbul Declaration on Measuring and Fostering the Progress of Societies. This declaration stresses the need to:

- undertake the measurement of societal progress in every country, going beyond conventional economic measures such as GDP per capita;
- enhance ‘a culture of evidence-based decision making to increase the welfare of society’;
- strengthen citizens’ capacity to influence the goals of the societies they live in; and
- increase the accountability of public policies.

Further impetus to the Measuring Progress agenda was given by the Commission on the Measurement of Economic Performance and Social Progress – the so-called Stiglitz-Sen-Fitoussi Commission – convened by French President Nicolas Sarkozy in 2008 (Stiglitz *et al.*, 2009). The Commission – in which the OECD participated and provided a significant contribution – concluded that a broad range of measures are needed to determine people’s well-being and societal progress, and that these measures should be used alongside standard economic statistics such as GDP.

A paradigm shift

Measuring progress requires looking at not only the functioning of the economic system but also the diverse experiences and living conditions of people. This is important, as there may be large differences in how economy-wide measures of economic production and of household income evolve over time. It also requires measuring people's full economic resources: not only their income but also their assets and consumption expenditures, as well as the in-kind services provided by governments, such as health and educational services. These resources should also include the services that households produce for their own use, such as the care they provide to children and the frail elderly.

Further, economic resources, while important, are surely not all that matters for the quality of a person's life. Also important are people's feelings, their health conditions and competences, the quality of their daily activities of work and commuting, the conditions of their housing and of their local environment, their participation in political life and the responsiveness of public institutions to their demands, their social connections and the various risks (both personal and economic) that shape their feelings of security, such as unemployment. To duly capture well-being, statistical systems should also measure various forms of inequality (in income, wealth, health, education and political voice), and pay special attention to the conditions of those people who accumulate several disadvantages or handicaps.

Finally, what also matters is whether well-being and progress can last over time, *i.e.* sustainability. This requires preserving a broad range of capital stocks and enhancing their returns. This implies limiting our debt to nature and the biosphere as well as investing in human capital and in those intangible assets that drive technological improvements. To that end, better metrics are needed on how our production and consumption patterns affect environmental stocks, domestically and globally, as well as appropriate measures of skills, knowledge and innovation.

The shift of the paradigm of progress, from economic production to well-being, is of universal scope. The agenda of measuring progress is not driven only by the concerns of rich countries. Rather, it can and should contribute to the attainment of the Millennium Development Goals, and to enhance policies that address the major challenges faced by developing and emerging countries, such as inequities and social cohesion. Recent analysis of well-being in Latin America (IADB, 2008; Graham and Lora, 2009; Rojas, 2010; ECLAC and Latinobarómetro, 2010) proves that this work is both feasible and relevant. Building on this pioneering work, the international measuring progress agenda should aim to create a continuum of indicators of well-being and progress, which could be adapted to different development patterns.

Monetary measures of well-being

Monetary measures of well-being include both those directly available in the National Accounts for the economy as a whole and for households, and those that could be developed to capture the influence of other components (such as household production, leisure time and income distribution) in money terms.

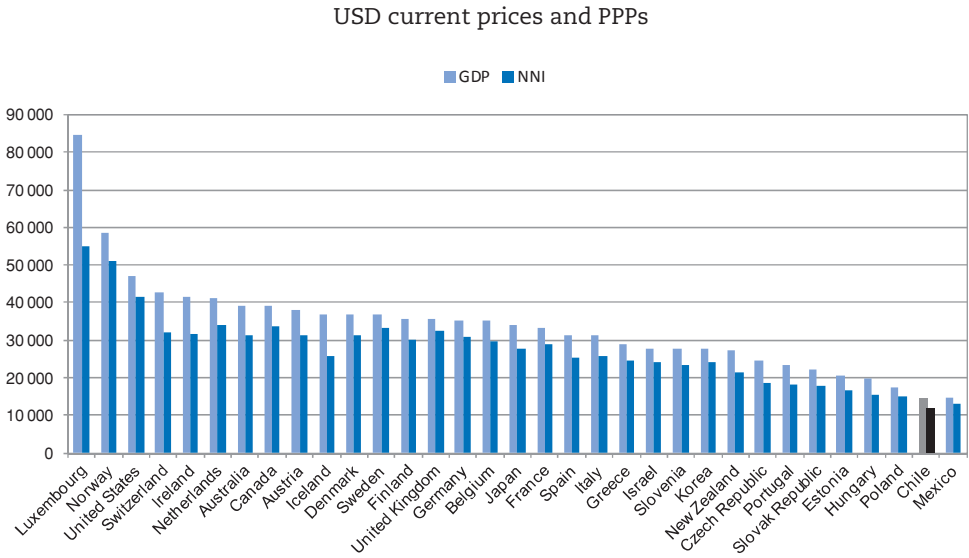
GDP and other National Accounts indicators

Economists often assess well-being through measures of GDP per capita. GDP is a measure of the value of goods and services produced within a country in a given time-period. Hence, it is mainly a measure of economic production (that takes places within the “production boundary” of the System of National Accounts), rather than of the economic well-being that people derive from it. There are two main reasons for distinguishing between production and well-being. The first is that some of the activities included in GDP may reduce people’s well-being (as in the case of higher transport costs due to higher congestion and longer commuting), or remedy some of the social and the environmental costs associated with economic production (as in the case of environmental protection expenditures). The second reason is that people’s well-being depends on factors that go far beyond their income and that are omitted by economic accounts.

Within the National Accounts framework, however, better measures of people’s material living standards than GDP exist, even if data availability and reliability restrict the scope for cross-country and inter-temporal comparisons. One such measure is national income. While GDP is a production concept, the way that it is constructed makes it equal to the total income earned in the production process. Some of this income is paid to non-residents, while residents receive some income from production in other countries. GDP can be adjusted for net income from abroad to arrive at the concept of gross national income (GNI), which is more relevant for the well-being of residents of a country.

GDP also makes no allowance for the using up of capital goods during the production process. An allowance for depreciation of capital can be subtracted from GDP and GNI to arrive at the corresponding net concepts of net domestic product (NDP) and net national income (NNI). For the majority of OECD countries there is little difference between NNI and GDP per capita relativities expressed at purchasing power parity (PPP) rates (Figure 13.1). The difference is close to 20% in the case of Chile but higher in other OECD countries. These differences are also significant for many developing and emerging countries characterised by a significant presence of multinational enterprises in their territory (whose profits are then transferred abroad) and of immigrants working abroad (who transfer part of their income to their country of origin in the form of remittances).

Figure 13.1. **Gross domestic product and net national income per capita in Chile, 2008**



Source: OECD, National Accounts of OECD Countries.

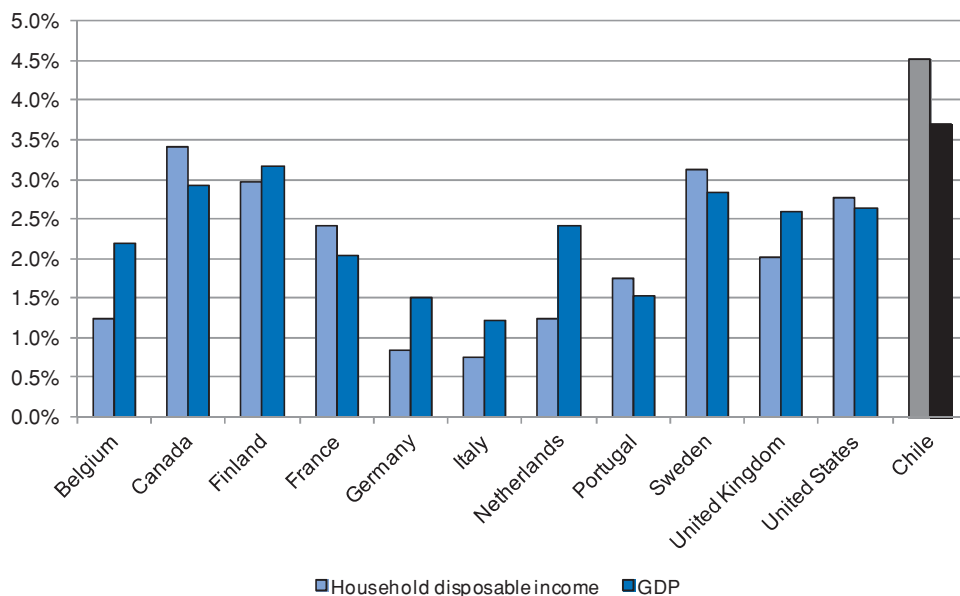
Even per capita NNI, however, is a poor proxy of the economic resources available to individuals. A better measure is the income from all sources available to households after they have paid taxes and, ideally, after including the goods and services that they receive at subsidised rates from the government and non-profit institutions (consideration of the value of these in-kind services leads to the concepts of adjusted disposable income and actual consumption expenditures). For all OECD countries, household disposable income per person is lower than per capita GDP, and per capita household consumption levels are generally lower still.

Across countries, there is a reasonably close correspondence between household disposable income (in particular when including publicly provided in-kind services), consumption and GDP per capita. There are, however, more significant differences when looking at changes in household and economy-wide measures of economic resources. For half of the countries (including Chile) shown in Figure 13.2, household disposable income increased more quickly than GDP over the past decade, while the opposite patterns (lower growth in household income than in GDP) is evident for other countries. This latter pattern typically reflects a shift towards higher company profits. As households are the ultimate owners of companies, a faster growth of business income should increase household well-being (through higher asset values), an effect that is not taken into account in National

Accounts measures of income. However, increases in asset values and company profits benefit a relatively small share of households. This highlights the importance of moving from measures of average income to measures that account for inequalities in households' conditions.

Figure 13.2. **Household disposable income and GDP in Chile in real terms, 1998-2008**

Average annual growth



Source: OECD National Accounts.

Accounting for other components of well-being within a monetary framework

The determinants of individual and societal well-being go beyond production and consumption of economic resources. As a result, several approaches have tried to extend monetary aggregates to other dimensions that have value for individuals and communities. While, at this stage, few estimates are available for Chile, illustrative calculations for other countries (although based on controversial assumptions) highlight the importance of some of these factors.

Government services to households

The services that governments provide to households for their own use, such as education and health, are included in measures of GDP but not in those of household disposable income. These services are large in scale but are also poorly measured, and their valuation is typically based on the costs of the inputs used to produce them rather than on the value of the output produced. Productivity change in the government sector is ignored, implying that measures of GDP growth are underestimated when productivity in the public sector rises. Cross-country comparisons of GDP growth are also affected when statistical offices follow different methodologies to measure changes in the volume of these services. For example, the difference in GDP growth rates between the United Kingdom and the United States from 1995 to 2003 would be reduced by half had the United Kingdom continued to rely on the input-based valuation for public services that is still used in the United States (Atkinson, 2005).

Better measurement of public services provided to households is critical for measuring well-being. This requires information that is detailed enough to avoid mixing up genuine changes in volume of these services with compositions effects; for example, the observation of higher average spending per student may reflect either higher unit costs (*i.e.* lower volumes) or a larger share of students taking more expensive courses (*i.e.* higher quality). Comparing the production of government services across countries also requires developing suitable PPP for these services. Improving the measures of these government services is especially important when moving from economy-wide measures to measures that are specific to the household sector, *inter alia* because these services are an important channel through which governments affect how economic resources are distributed among the population (OECD, 2008).

Household production

The production boundary of the National Accounts includes the goods that households produce for their own use, but excludes most of the services that households produce for their own use (with the exception of imputed rents, *i.e.* the services that households who own their primary residence are assumed to pay to themselves). This exclusion is important, as changes in women's labour force participation imply that many of the services that people received from their family in the past (such as care) are now purchased in the marketplace. In theory, a shift in the locus of production should not affect measured economic output unless these services are now produced more effectively than before. In practice, current measurement conventions lead to changes in measured GDP, whether or not the efficiency of production has changed.

As people, especially women, devote a significant share of their time to household chores, accounting for the services that households

produce for their own use can have a significant impact on aggregate measures of household material living standards. Illustrative OECD calculations for the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz *et al.*, 2009) show that household production may amount to about 35% of conventionally measured GDP in France (average 1995-2006), about 40% in Finland and 30% in the United States, *i.e.* they are large enough to significantly affect cross-country comparisons of the level of economic well-being. Even more important, shifts in the locus of production will affect measured growth rates of GDP.

Leisure time

For most people longer holidays and shorter working hours contribute to well-being – as long as they are not accompanied by lower incomes. However, as leisure is not purchased on markets, it does not enter into the calculation of National Accounts aggregates. Societies, as they become richer, have traditionally enjoyed some of the fruits of higher material prosperity in the form of increased consumption of leisure, either at the end of their working life or while working. While different societies may have different preferences between material consumption and leisure, our measurement system implicitly biases our assessment of performance *against* those who opt for enjoying more free time.

Again, illustrative calculations provide some illustration of the magnitudes involved. The estimates included in Stiglitz *et al.* (2009) show that accounting for leisure has a large impact in boosting a broader measure of material living standards at a point in time, affecting cross-country comparisons and lowering growth rates compared to those for GDP.

Household size

National Accounts estimates of per capita income are obtained by summing income across all units and dividing the total among the resident population. This ignores the pooling of resources that occurs within each household and the fact that households have different sizes, often containing people with no independent income (*e.g.* children and spouses). Most analyses of well-being based on household-level data rest on the assumption that the economic needs of households rise less than their size (*e.g.* a household comprising two adults and two children does not need twice the income of a childless couple to maintain the same level of well-being). While the adjustment is bound to be somewhat arbitrary, assuming some sharing of resources within households is clearly preferable to the alternative.

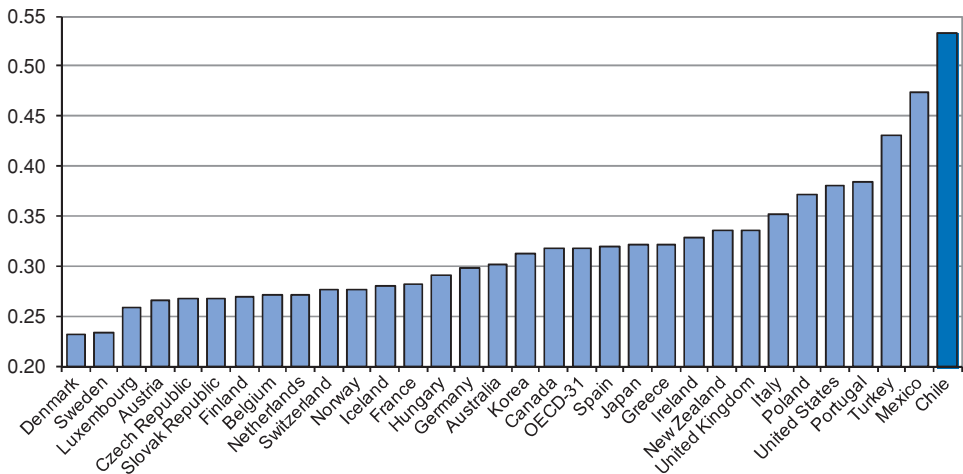
It is possible to adjust per capita income for household size using data from household surveys. Correcting per capita income data for the

decline in household size that occurred in all OECD countries over the past decades implies a lower growth in “equivalised” income (i.e. income adjusted for household size) than in income per capita. Since 1995, the Czech Republic, Mexico and Portugal are among those countries where the reduction in household size was greatest (Boarini *et al.*, 2006). For some countries (e.g. Italy), a small rise in per capita income turns into a small decline when accounting for the greater needs that are associated with lower household sizes.

Inequalities

Incomes vary between individuals, and OECD countries differ in the degree of inequality and in how this has changed over time. In this respect, Chile stands out for a high degree of income inequality compared to other OECD countries (Figure 13.3). It is not possible to say, *a priori*, what impact income inequality has on the average well-being of a country. If it is assumed that extra income brings smaller and smaller increments of well-being to people, and that all individuals with the same income experience the same well-being, then general well-being will be highest if all individuals have the same income; the corollary is that any increase in income inequality with no changes in average income reduces well-being for society as a whole. But it can also be argued that the possibility of increasing one’s income is needed to spur effort and innovation, which benefits society as a whole, and that individuals differ in their preferences for leisure as opposed to material goods.

Figure 13.3. **Gini coefficients of income inequality in OECD countries, mid-2000s**

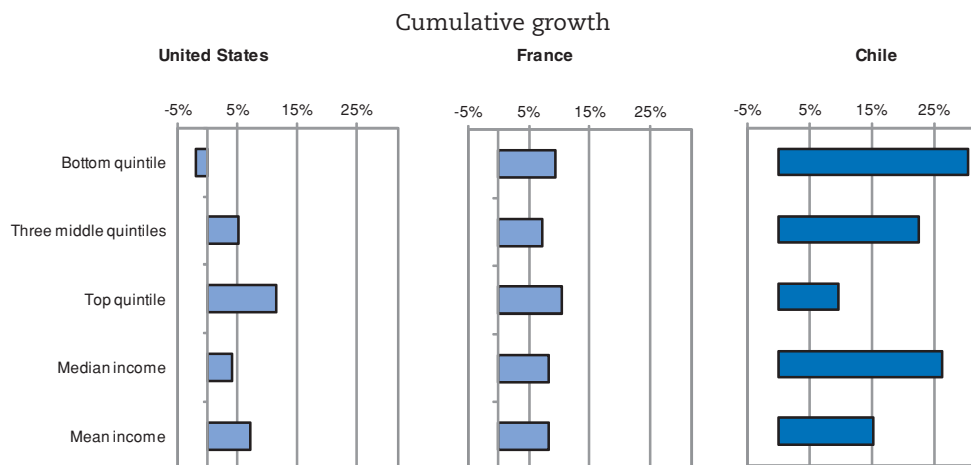


Source: OECD Income Distribution Questionnaire.

It is possible to adjust National Accounts measures of household income per capita to incorporate distributional concerns. One adjustment involves weighting average incomes in each decile of the distribution with a coefficient representing the degree of aversion to inequality. A higher coefficient implies that lower weight is given to higher incomes. This adjustment changes country rankings and affects their growth rates (Boarini *et al.*, 2006).

Beyond the issue of combining total income and its distribution into a single metric, data on the pace of income growth for people at different points of the distribution conveys important information on the conditions of various groups of people. A simple way of capturing distribution aspects is to look at the growth of median (alongside mean) income (Figure 13.4). The median person is, in some sense, the “typical” individual, the one who stays exactly in the middle of the distribution. If inequality increases, the difference between medians and means widens, and the mean gives a biased assessment of the evolution of living conditions of the typical person. Alternatively, changes in disposable income of different income groups (such as the 20% at the top and bottom of the distribution) can be tracked. In all cases, information on distributions enriches our assessment of how various individuals are faring, highlighting significant differences across countries. As shown in Figure 13.4, declining income inequality in Chile (limited to the period from 2000 to 2006) and France has translated into higher income growth for the median person than for the mean of all residents, while the opposite pattern has prevailed in the United States (where income inequality has been rising throughout the period).

Figure 13.4. **Growth in equivalised household disposable income in the United States, France and Chile, mid-1990s to the mid-2000s**



Notes: Household disposable income is equivalised by the square root of household size. Data for Chile refer to the period 1996 to 2006 and are provisional.

Source: OECD Income Distribution Questionnaire.

Non-monetary measures of well-being

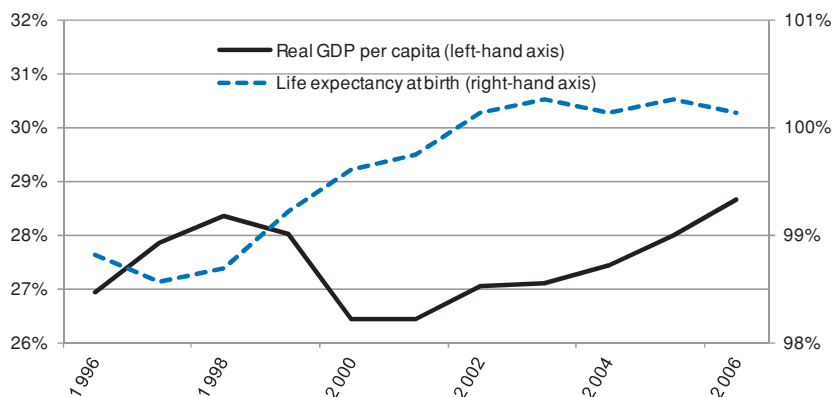
A complementary approach to measuring well-being is to look at indicators providing information on some of its specific components. One avenue is to look at whether OECD countries with higher GDP per capita (and faster growth of GDP per capita) experienced a better (or more rapid) improvement in social conditions. Another strand is to look at the relation between GDP and indicators of environmental conditions. Finally, we can consider how people answer questions about their subjective well-being and how these are related to money income.

Social conditions

Social factors – such as self-sufficiency, equity, health and social cohesion – are determinant for the well-being of individuals and of the society as a whole. Building on the OECD experience in collecting various types of social indicators, an analysis of cross-country correlations between a selection of these social indicators and GDP per capita, for both levels and changes over time, shows that the association between social conditions and the level of GDP per capita is positive but weak (below 0.60, on average). The correlation declines further when limiting the analysis to OECD countries with higher per capita income. As a result, measures that aggregate these social indicators into a synthetic index lead to significant differences in the ranking of OECD countries relative to a ranking based on GDP per capita alone. This conclusion does not change very much when the weights are varied (Boarini *et. al.*, 2006).

A second pattern highlighted by these data is that the correlation between changes in GDP per capita and changes in various social outcomes are generally insignificant (Boarini *et al.*, 2006). This implies that a country may record a worsening in its relative performance when looking at GDP per capita alongside improvements in another. As an example, the gap in GDP per capita between Chile and the United States widened significantly in the late 1990s, while the gap in life expectancy continued narrowing throughout this period (Figure 13.5). Even larger differences are observed for other OECD countries (*e.g.* the gap in GDP per capita between Italy and the United States worsened by around 12 percentage points since 1991, while Italy improved its advantage in life expectancy by around 18 months). Answers to the question of which of these two developments matters most for an overall assessment of progress between two countries will depend on the preferences and circumstances of each person. It is clear that a measurement system limited to the material aspects will implicitly favour one answer relative to the other.

Figure 13.5. **GDP per capita and life expectancy at birth in Chile as a percentage of US values**



Source: OECD (2009), *OECD Factbook 2009: Economic, Environmental and Social Statistics*, OECD Publishing, DOI: 10.1787/factbook-2009-en.

Environmental factors

The state of the environment also affects people's well-being. Air and water pollution can result in health problems and reduce the amenity value of the natural habitat. Even if current environmental conditions do not have noticeable effects at present, they may have serious consequences for future generations, and hence for the well-being of those living today who are concerned about living standards of people yet to be born. The concern over climate change is an example of such inter-temporal concerns.

The relationship between the state of the environment and per capita GDP is complex. Higher levels of GDP stress the environment more, but they also raise the capacity of societies to mitigate and deal with these stresses. In the past 10 to 15 years, emissions of most pollutants have grown more slowly than GDP in most OECD countries. The tonnages of traditional pollutants loosed into the air and into water systems have actually fallen in most member countries. In addition, greenhouse gas emissions have fallen in absolute terms in about half of all OECD countries – although they are continuing to accumulate in the atmosphere. But, as consumption patterns of the rich countries are emulated elsewhere (e.g. in terms of transport, energy and food), this raises environmental pressures on a global scale.

There has been less success in managing, in a sustainable manner, renewable natural resources (e.g. several important fish stocks). Although there are no standard accounts available that adjust GDP for changes in the state of the environment, some of the improvements

discussed above may suggest that environmental degradation may have become less of a drag on well-being since the early 1990s. However, this would not necessarily be the case if the cost of emissions and discharges had increased over time as concentrations of pollutants and emitted substances continue to rise (as is the case for greenhouse gases).

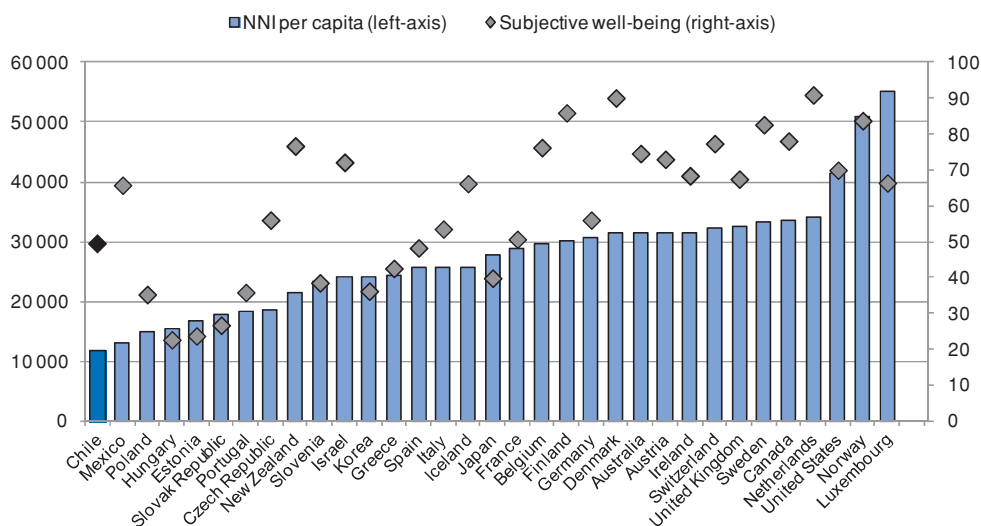
Subjective well-being

Instead of evaluating well-being on the basis of objective indicators, it is possible to use subjective measures for the same purpose. Subjective measures have always been part of the toolkit of statisticians, as many features of our economy and society are measured through people's responses to a standard set of survey questions (e.g. unemployment). The specific feature of the measures of subjective well-being discussed here is that what people report about their own conditions has no obvious objective counterpart; only people can provide information about their evaluations of their life, and of their positive (e.g. pride, meaning) and negative (e.g. fears, anxiety) feelings.

One way of determining whether persons are satisfied with their life (or not) is simply to ask them. Surveys exist for most countries and for many years (e.g. the Gallup World Poll or the Latinobarómetro). A representative sample of people in each country is asked to check the response that best describes their life, from the worst possible outcome to the best one. The results seem to be reliable, in that individuals self-reporting high levels of satisfaction are also seen in that light by their friends and relatives, are more resilient to stress, are more likely to recall positive events in their lives, to smile more and live longer, and are less likely to suffer from depression or to lose their jobs.

In 2008, on average, around 63% of people in OECD countries reported high satisfaction with their life. Among OECD countries, the share of people reporting high life satisfaction ranged from 85% or more in the Netherlands, Denmark and Finland, to 66% in Mexico, 50% in Chile and 28% or less in Turkey, Poland, Portugal and Korea (Figure 13.6). While richer OECD countries report higher levels of life satisfaction, the relation is weak. For example, the share of people reporting high satisfaction in Chile is close to that in Spain, Italy and France, despite an NNI per capita of less than half.

Figure 13.6. Net national income per capita and subjective well-being, 2008



Note: Data on subjective well-being shown here are based on ladder-of-life questions, which ask respondents to rate their life from the worst (0) to the best (10) level, and refer to the share of people who rate their life today at step 7 or higher.

Sources: OECD Annual National Accounts and Gallup World Poll.

Beyond country ranking, the most relevant information conveyed by these subjective measures is at the level of individuals. A first finding from these surveys is that as people become better off during their lifetimes (as most people do), their self-reported satisfaction does not rise proportionately (in fact, it changes very little for most of the samples), while those who become worse off report decreased happiness levels. It may be that people adapt to higher income and consumption, or that individual well-being depends strongly on how they compare to friends, relatives and colleagues. This could explain why, across countries, the link between life-evaluation scores and NNI per capita is tenuous. A second finding is that, apart from income, subjective well-being is higher for people who have a job, have stronger social ties, enjoy better health and education, live in countries where the quality of institutions is perceived to be higher and (for some countries) income inequality is lower. Research by Graham and Lora (2009) on Latin American countries has evidenced that “friendships matter to the well-being of the average Latin-American more than health, employment or personal assets, and only slightly less than food security”. This same research shows that people living in countries with higher GDP growth rates report lower happiness, a pattern that the authors attribute to job relocations and insecurity, and the higher inequality that often accompanies higher GDP growth. As argued by Graham and Lora: “Latin

America in recent decades certainly fits this pattern, which may help explain unexpected pockets of frustration in relatively prosperous countries like Chile.”

Measuring well-being to improve policies

While the OECD has developed, over the years, a rich set of recommendations on how various policies can best support GDP growth, the extent of knowledge on the policies that work best in enhancing other dimensions of people’s lives is more scant. Investing in better measures of well-being is critical to develop such understanding, although this goal can be achieved only incrementally.

Some measures of societal progress may appear as too general to be amenable to policy interventions. Further, broad measures of outcomes in different fields (*e.g.* health status) will reflect several factors, some pertaining to the characteristics of the individuals (*i.e.* patients), others to those of the government programmes directly tasked with service delivery and implementation (*e.g.* the health care system), and yet others relating to the environment where people live. While some of these factors may not be influenced by policies, it is critical to identify relevant connections between various well-being outcomes and government policies.

Better measures of well-being can lead to better policies through a variety of channels:

- First, by spotlighting issues that political leaders may have been less attentive to in the past. A good example is provided by the indicators gathered by the International Panel on Climate Change, which have been instrumental in leading to an international process to reduce emissions of greenhouse gases;
- Second, better measures of progress outcomes, supported by adequate data collection methodologies (*e.g.* longitudinal data) and analytic tools (*e.g.* micro-simulation models), can lead to a better understanding of the full range of factors driving these outcomes;
- Third, better measures of outcomes can lead to a better assessment of countries’ comparative performance in various fields, and to the establishment of detailed strategies when these outcomes are found to fall short of the performance of other countries.

As already noted, the scope of the measuring well-being and progress agenda is not limited to industrialised countries. Improved measures of income, consumption and wealth, and of their inequalities, will allow developing countries to improve the assessment of their

efforts to achieve the Millennium Development Goals, informing institution building, policy design and re-distribution mechanisms. Further, measuring well-being can:

- highlight specific features that have to be taken into account when assessing progress;
- identify people's important concerns that are not on the radar screen of current policies;
- identify gaps between people's perceptions and the factual situation in critical areas; and
- improve the assessment of public participation, political voice and quality of governance, which are at the core of the democracy and human rights approach to development.

Chile's accession to the OECD provides a golden opportunity to enhance the measuring progress agenda and to expand its scope to the needs of emerging countries. Achieving this goal will require its contribution in OECD fora to identify issues deemed to be of special salience for the country and measurement approaches appropriate for its needs. It may also require taking steps similar to those undertaken by other OECD countries through the establishment of national roundtables on measuring progress. These roundtables could involve representatives of civil society, academic and governmental experts, as well as regional actors such as CEPAL, the IADB and Latinobarómetro, with the objective to:

- identify the most salient issues faced by the country in terms of the various dimensions of people's well-being, social conditions and equity challenges;
- assess the relevance and robustness of the available data and indicators for informing policy making in these areas;
- mobilise Chile's capacity to design and implement a policy-oriented programme on measuring well-being and fostering social progress. Such a programme could then be included in the working plan and budget of the National Statistical Institute and other relevant government bodies.

Further reading

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