

## Chapter 5. Twelve recommendations on the way ahead in measuring well-being

*This chapter argues that the success of the 2009 Stiglitz-Sen-Fitoussi Commission report reflected its capacity to give expression to concerns that were widely shared on the inadequacies of the metrics that are currently used to guide policies, and to provide a vocabulary for linking streams of research that had, until then, been perceived as disconnected. While much remains to be done to translate the recommendations made by the Stiglitz-Sen-Fitoussi report in statistical practice, this short chapter provides a set of 12 new recommendations building on the work done by the HLEG over the past 5 years.*

We want to conclude this short book with three general considerations.

First, as we noted already, the range of initiatives that have been put in place since the release of the Commission report in 2009 has gone far beyond the expectations of all of us. We have moved from a “niche”, where the assumptions and value judgements hidden in our measurement system were noted in footnotes and quickly forgotten, to a “movement” that is today engaging researchers, policy analysts, Statistical Offices, international organisations and Treasuries (the traditional gatekeeper of financial orthodoxy). We believe that, beyond any specific argument or recommendation that was included in the Commission’s report, this success reflected the capacity of our report to “catch a mood” that was latent in society, giving expression to concerns that were widely shared. The 2009 Commission report also provided a *vocabulary* through which various people could approach this agenda, connecting streams of research that had up to then been perceived as disconnected and sometimes in conflict with each other. It also reconnected academic research and statistical practice, a relation that needs to be maintained in the future.

Second, while the “Beyond GDP” agenda is sometimes characterised as “anti-growth”, this is not the philosophy underlying this book. As argued above, the use of a more comprehensive but parsimonious dashboard of indicators reflecting what we value as a society, would have led, most likely, to stronger GDP growth than that actually achieved by most countries in the aftermath of the crisis. What we are arguing is that growth that increases a GDP number but does not reflect an increase in the well-being of most citizens does not reflect the degradation of the environment and the depletion of natural resources, makes the economy and its citizens more insecure, erodes trust in our institutions and society, opens up conflicts because of disparate treatment of those of different ethnic or racial groups, is not “real” growth. We should not be mesmerized by a number that cannot reflect all of these dimensions. The real growth that should be our focus is growth that is equitable and sustainable.

This means too that we are arguing against the narrow view of the economic system as separate from the social and natural environment where it operates, a system where factors of production are always fully used, and where the only policy concern is that of maximising economic efficiency, i.e. “doing more with less”. Standard economic theory almost took it as an axiom that we should be maximising GDP, conflating that number with societal well-being, ignoring the massive market failures that advances in economic theory over the past century have taught us about. It ignored our planetary boundaries, and the many dimensions of well-being that are not well captured by GDP, that might actually go down as GDP goes up. The “Beyond GDP” agenda has had such global resonance because citizens, and now, at last, economists, have widely understood that GDP in itself is not a good measure of well-being, and that our economy is a means to an end, an end of enhancing well-being for all of our citizens today and tomorrow. Perhaps the 2008 financial crisis and the 2016 political crisis have taught a lesson about what happens with too narrow a vision: even GDP may be harmed, but without question, so too will economic performance and social progress rightly understood. Our statistical indicators – the dashboard that we have advocated, based on a national dialogue reflecting the values and circumstances of the country – can play an important role in helping ensure a broader vision. Table A.2 in the Annex provides an example of the type of indicators that could be included in this dashboard, based on the OECD’s *How’s Life?* report (OECD, 2017a).

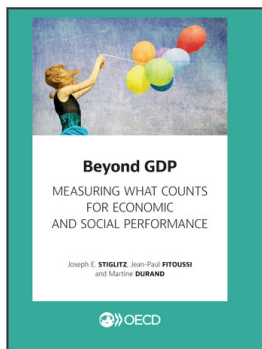
Third, despite the progress achieved, we are still far from being able to conclude with a “mission accomplished”. Researchers, practitioners, statisticians, opinion shapers and policy-makers will have to keep up the argument and advance this agenda in concrete and practical ways. Despite progress, most of the recommendations included in the 2009 report of the Stiglitz-Sen-Fitoussi Commission remain relevant today, and we hope that further progress in their implementation could be achieved in the future. In the light of the work pursued by the HLEG, we present in Box 5.1 a set of 12 recommendations that, we believe, could provide additional directions for future work.

#### **Box 5.1. Recommendations by the Chairs of the HLEG**

1. No single metric will ever provide a good measure of the health of a country, even when the focus is limited to the functioning of the economic system. Policies need to be guided by a dashboard of indicators informing about people’s material conditions and the quality of their lives, inequalities thereof, and sustainability. This dashboard should include indicators that allow us to assess people’s conditions over the economic cycle. Arguably, policy responses to the Great Recession might have been different had such a dashboard been used.
2. Developing better metrics of people’s well-being is important for all countries, whatever their level of development. National Statistical Offices should be given the resources and independence needed to pursue this task in effective ways, including through harnessing the potential of big data. The international community should invest more in upgrading the statistical capacities of poorer countries.
3. The quality and comparability of existing metrics of economic inequality related to income and, particularly, wealth should be further improved, including by allowing Statistical Offices to use tax records to capture developments at the top end of the distribution, and by developing measures of the joint distribution of household income, consumption and wealth.
4. Data should be disaggregated by age, gender, disability status, sexual orientation, education and other markers of social status in order to describe group differences in well-being outcomes; and metrics to describe within-household inequalities, such as those related to asset ownership and the sharing of resources and financial decisions within the household, should be developed.
5. Efforts to integrate information on economic inequalities within the System of National Accounts should be pursued, in the perspective of achieving convergence between micro- and macro-approaches, and of understanding how the benefits of GDP growth are shared in society.
6. Assessing equality of opportunity is important. Measures of a broad range of people’s circumstances should be developed, including by linking administrative records across generations and by including retrospective questions on parental conditions in household surveys, so as to allow comparison of measures of inequality of opportunity across countries and over time.
7. Regular, frequent and standardised collection of both evaluative and experiential measures of subjective well-being should be pursued, based on large representative samples with a view to shedding light on their drivers and on the

directions of causality.

8. Policies should be routinely assessed for their effects on people's economic insecurity, measured through a dashboard of indicators that inform about people's experiences in the face of economic shocks, the buffers that are available to them, the adequacy of social insurance against key risks, and subjective evaluations of insecurity.
9. Better measures of sustainability are needed. This requires developing full balance sheets for various institutional sectors, covering all their assets and liabilities, measuring the rents implicit in asset valuations, as well as improved metrics of human and environmental capital and of the vulnerability and resilience of systems.
10. The measurement of trust and other social norms should be improved, through both general and specialised household surveys as well as more experimental tools administered to representative samples of respondents that rely on insights from psychology and behavioural economics.
11. Access to statistical data and administrative records by academics and policy analysts should be facilitated, in ways that preserve the confidentiality of the information disseminated and that ensure a level playing field across different research teams and theoretical perspectives.
12. To deliver "better policies for better lives", well-being metrics should be used to inform decisions at all stages of the policy process, from identifying priorities for action and aligning programme objectives to investigating the benefits and costs of different policy options; from making budgeting and financing decisions to monitoring policies, programme implementation and evaluation.



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