Martine Durand was appointed Director of Statistics and Chief Statistician of the OECD in 2010. In that role, she is responsible for providing strategic orientation for the Organisation's statistical policy and oversees all of the OECD's statistical activities. She was formerly Deputy-Director of Employment, Labour and Social Affairs where she was responsible for OECD’s work on employment and training policies, income inequality and poverty, social policies, health policies, and international migration, published in OECD flagship reports such as the OECD International Migration Outlook, the OECD Employment Outlook, and Pensions, Society and Health at a Glance.

How did you decide which indicators to use?

Martine Durand: It’s not for experts or for the OECD to decide what matters to people. We built on existing evidence: OECD’s work, of course, but also on-going national initiatives and the famous Stiglitz-Sen-Fitoussi report. We decided to use this as a base to gather evidence. This is how we selected 25 headline indicators measuring outcomes for people across 11 dimensions which we think are important in people's lives.

The central idea was to provide data for variables than other GDP, to look at domains and areas which are intrinsically important for people's lives. We do not want to throw GDP away, but it is important for policy makers to follow the Stiglitz report’s recommendations to take the perspective of households and people rather than focusing only on the economic system. The idea is to look at outcomes rather than inputs and outputs, in other terms to look not just at how much is spent on health-care and education but whether people are in good health.
health and whether they have the competencies needed in today’s world, for example.

In addition, we wanted to emphasize the importance of looking at distributional issues. We always rely on population averages, but if you are unemployed, or a woman, or an elderly person, or poor, the average does not matter much to you. You may be unemployed, poor, etc. and see no increase in your own income even if overall, GDP is increasing. We aimed to provide policy makers and citizens with much more information and evidence on inequalities by age, gender and socio-economic status across the full range of well-being outcomes, such as income, wealth, health, status or educational outcomes.

Of course, policy makers have always been interested in more than simply GDP. But they are more likely to give other policy areas greater priority if they have hard evidence. With hard data, a policy maker may be able to argue that “work-life-balance is very important” and that is why we have to improve people’s time management. It is only when you see figures showing that women have a double day burden and this burden differs across countries, that you can increase the focus of policy makers on this issue and put it on their radar screens.

This benchmarking exercise is of course important for an organization such as the OECD which performs comparisons on many things. We benchmark countries’ performance on productivity, GDP growth – so why don’t we do this beyond these macroeconomic metrics? And we want to perform these comparisons not only in terms of country-averages but also in terms of distribution. In itself, providing evidence is not enough to change the way policy is done, but it is certainly a first step.

Through this more holistic approach which does not just focus on the economy, you are also able to understand how changes in one policy area may have consequences in other areas. More evidence allows identifying synergies between policy areas and domains and perhaps trade-offs as well. For example, everybody will agree that investing in education is a good thing as in the long run it improves the future labour force and generates more income. If people are better educated they will be more productive, which is positive for the economy. But better educated people will also have better health and participate more in political and community life. It is important to look at those domains together. That’s the agenda for future research.

And the Better Life Initiative is supporting such a holistic approach?

Martine Durand: We don’t claim the Better Life Initiative provides all the answers. Much still needs to be investigated. But we hope to set a research agenda which will allow policies to account for those interactions. Of course, it creates more complexity, but isn’t that what policy making is all about? We need to look at problems from different perspectives, identify inter-linkages and break down the silo approach that still prevails in policy making. The Health Minister is typically only interested in policies that affect the health-care system. But the Health Minister should also be interested in knowing that investing one additional euro in education or in a cleaner environment will improve people’s health. It is work in progress but if you don’t start taking such a holistic approach, supported by the holistic evidence, you will never get there.

Is this a radically new approach for an organisation such as the OECD?

Martine Durand: What remains the same is the emphasis on data, comparisons, benchmarking – making good use of existing information. What is perhaps new for the OECD is the emphasis on going beyond a purely economic perspective, to look at outcomes such as inequalities and people’s subjective perceptions. We are now working on building up momentum on this thinking to feed into the policy agenda, support the design of better integrated, joint-up policies, and shed light on potential trade-offs.

To what extent has this new approach been mainstreamed into the OECD’s wider activities?

Martine Durand: You might have seen that this new perspective is already being integrated into the OECD economic surveys. Each economic survey that is produced by the OECD now investigates the state of the country in a more nuanced way, with a view to giving a more complete picture. Previously the focus was narrowly on the state of the economy; now the tone is different. This is already a small step forward.

Further, in 2013 the Austrian government requested that a new approach be adopted and that the focus be expanded beyond macroeconomic aspects to also include well-being. So, the 2013 economic survey for Austria, for the first time, included a specific chapter looking “beyond GDP” and into the main dimensions of well-being. The chapter enabled us to establish some links between drivers and areas of good performance and areas where Austria is lagging behind, providing insights into where Austria’s well-being performance could be improved. Although not being grounded in econometric analysis, this was an empirical attempt to better understand

What is the rationale behind the integration of “softer domains” in the measurement of well-being?

Martine Durand: It’s important to get people’s perspectives directly and for this one needs to introduce the more subjective aspects of well-being. We don’t suggest that subjective indicators should replace everything, but using objective indicators alone we lack a sense of what people’s perceptions and thoughts are. Data on these kinds of aspects is already being collected in countries but we suggest it should be done in a more systematic way, with the involvement of national statistical offices.

1. NAEC seeks to incorporate multidimensionality into policy design, by helping countries identify trade-offs, complementarities and unintended consequences of policy choices, and as a result improve and better target the OECD’s policy advice. It also analyses the factors that prevented authorities from identifying and addressing the accumulated tensions, regulatory failures and global imbalances that facilitated the crisis.
what the drivers of overall well-being are in a specific country such as Austria.

This approach resulted in some recommendations unlike any others seen before in an economic survey of an OECD country. These included recognizing the importance of Austria’s ‘social compact’ and consensus building, which rely on a tradition of bringing together all stakeholders – a process that takes more time but also brings greater stability and enhances overall performance. In this respect, the role of social partners and civil society organisations had not been explicitly recognised in previous economic surveys of Austria.

Now, we are moving even further. Last year the OECD undertook a more introspective analysis to understand what we got wrong before the crisis and what led us to come up with recommendations that, with hindsight, were not always appropriate. So, there is a need for us to look into whether we need to change our analytical frame, our forecasting and analytical tools, and how we think about things. We are doing this through a project called ‘New Approaches to Economic Challenges’ (NAEC1) – an OECD-wide reflection to upgrade the analytical frameworks and strengthen OECD policy advice. As part of NAEC, we have been looking at the concept of ‘inclusive growth’, and we are developing a conceptual and measurement framework that brings together average household income, health status, unemployment as well as inequalities in these areas.

**Is the Better Life Initiative also one of the drivers behind the NAEC project?**

Martine Durand: Both are part of a broader undertaking to improve people’s lives, which I believe will lead to a very different, more horizontal, approach to policies. One implication will be that, whenever we start a new project at the OECD, we take a more holistic governance approach, rather than the usual silo department approach. If we can do this within the OECD, we will perhaps be able to provide countries with better advice and promote this more integrated approach to policy making. We expect that this will not only change OECD’s specific recommendations but also its recommendations as to how policies should be designed, developed and evaluated within countries. The NAEC project provides a framework for looking into what is happening and why it is happening – but it strengthens the “how” dimension, i.e. what does it take to produce good results? This is a very big undertaking for the organisation.

**Does acknowledging the interconnectedness of different policy areas make policy making and policy evaluation more cross-cutting and therefore more challenging?**

Martine Durand: Possibly, but it is nevertheless necessary. Take the example of labour market and health policies. While more labour market flexibility may create more jobs, the quality of the jobs created is also relevant. What matters to people who spend two-thirds of their time at work is not just that they have a job but also what kind of a job it is. When you talk about health you have also to address mental health, a topic that has been neglected for too long. This may well change recommendations. By taking a household or people’s perspective, you will be able to better analyse the possible trade-offs between the quantity and quality of jobs which would not have been possible before. Perhaps this will be more sensitive, but we can’t avoid it.

**What impact do your reviews have on national policy making?**

Martine Durand: What we say will change national policies at the margin. We are not expecting to cause a big revolution, but it may change the way in which governments approach issues. At the end of the day, we hope that policy recommendations will focus more on households and what is important to people, while still varying from one country to another. In a country such as Japan the focus will be on the challenges resulting from an ageing population, while in Mexico, with its younger population, the focus will be on education or the improvement of governance and trust in light of high levels of criminality. And, if you improve education, the spill over effect on growth could be greater than if the focus was on GDP alone.

**If countries can learn from one another, what should we learn from Japan?**

Martine Durand: A concrete example is how Japan takes care of its increasing elderly population. Before, most of the care was performed within the family, but now, children often move to large cities where they are no longer close to their parents and grand-parents. In response to this new situation, networks of neighbours and friends have been set up whereby you take care of an elderly person in your little village, and, in exchange, someone in Tokyo takes care of an elderly relative of yours who lives close by. This has helped to prevent elderly people from being left alone, lonely and unattended. It isn’t costly but it can be very useful. The government could encourage this sort of network by providing a platform to facilitate the exchange.

Another example is in France where there is a big shortage of affordable housing for students in large cities, while at the same time there are many elderly people living on their own with spare rooms. Why not try to bring these people together? The personal exchange could replace or reduce the rent. In order to solve students housing problems you shouldn’t look at the problem from a purely ‘housing policy’ perspective but join it up with other policies such as social care.
More quality of life but possibly a little less GDP growth?

Martine Durand: Yes, but not necessarily.

Is it difficult to combine these kinds of policy recommendations?

Martine Durand: Let’s face it: it isn’t easy. It needs a lot of willingness from the top because it requires a re-engineering of the way in which governments function (in silos) which is very challenging. At the OECD, we are working on how we can engineer this change. We need to demonstrate that it can be done and that some countries are actually already doing it.

Has the Better Life Initiative already had successes?

Martine Durand: We are getting there. The initiative starts from the notion that governments need to address people’s concerns and restore trust in public institutions and democracy. Through the NAEC initiative, in the words of our Secretary-General: “We need to be there. We need to put all this together. And we are the perfect institution to do that. Let’s try to move this agenda forward.”

We would like thank Martine Durand for this insightful interview.

In the spotlight

Measuring happiness, well-being and life satisfaction: progress to date

Recognition of the importance of widening the measurement of societal progress to go beyond GDP and economic statistics has grown over the last decade. Now an increasing number of national and international initiatives to measure people’s happiness, well-being and life satisfaction are emerging.

The OECD Better Life Index is an interactive tool designed to let users visualise and compare some of the key factors that contribute to well-being in OECD countries. It allows the user to see how countries perform according to the importance they give to each of 11 topics that make for a better life (such as education, housing, environment, etc). OECD has also mainstreamed these kinds of statistics in some of its landmark publications. The OECD Factbook 2014 provides more than 100 indicators for all OECD member countries, and now includes a wide range of environmental and social statistics alongside economic statistics, covering a wide range of areas that are at the heart of citizens’ and policy-makers’ concerns. This edition contains new indicators related to trade in value added and climate change, allowing a better understanding of globalisation and environmental trends. Indicators on greenhouse gas, sulphur and nitrogen emissions are among the additions which will prove useful in shedding light on the main drivers of climate change and on the effects these may have on human health and ecosystems.

Eurostat has given a more prominent role to the measurement of Quality of Life (QoL) in recent years, on the grounds that “it is important not to forget longer term issues such as improving people’s well-being and preserving our social and natural environment”.

They are developing the EU Statistics on Income and Living Conditions survey (EU-SILC) which provides data on income, poverty, social exclusion and living conditions and thus provides information relevant to the measurement of the well-being of the EU population. The results of a 2013 module on subjective well-being will be available this summer. A first set of Quality of Life (QoL) indicators, building mainly on existing data in the European Statistical System, was published on the dedicated Eurostat QoL website in May 2013. A handbook on the use of well-being indicators in policy showcasing plenty of examples will be released later this year.

Eurofound has started carrying out European Quality of Life Survey (EQLS) in 2003. The survey examines a range of issues, such as employment, income, education, housing, family, health, work-life balance, life satisfaction and perceived quality of society. A second iteration of the survey took place in 2007 and the last to date in 2012.

Across Europe, a growing number of countries and regions have also started their own initiatives. The UK Office of National Statistics (ONS) has been working on the development of measures of national well-being since 2011, when the first phase of a ‘Measuring National Well-being’ programme was kicked off with a National Debate to gather views on what matters to people. The aim of the programme is to provide a fuller picture of how society is doing by supplementing existing economic, social and environmental measures. The statistics are updated regularly, and the second ‘summary of life in the UK’ to be delivered by the programme was published in March 2014. The report is entitled Measuring National Well-being: Life in the UK and it provides a snapshot of well-being in the UK today across 10 domains (such as ‘Health’, ‘Where we live’, and ‘What we do’). It also gives a brief comparison with European countries. The report was accompanied by updated National Well-being Measures data, an interactive wheel of measures and interactive graphs which provide regional breakdowns for selected measures.

Similarly, in 2011 the Walloon region of Belgium started an initiative to identify indicators to complement GDP, involving citizens to define the challenges and priorities to be taken into account. The region adopted a set of indicators in November 2012 and the statistical institute (IWEP) was tasked with developing and calculating an ‘Index of the conditions for well-being’ (ICBE) for Wallonia. This index is designed to measure the conditions that are needed for well-being and as such it serves as a measure of the quality of the living environment. It assesses the extent to which favourable conditions for individual and collective well-being are achieved. The first results were published in April 2014 and they include a map based on the index of the conditions for well-being for the entire Walloon region.

With the increase in initiatives across all levels of governance it may be beneficial for individual initiatives to engage more with each other, in order to develop a shared framework for defining and measuring well-being, to harmonise data collection to make comparisons across countries, and to share best practice. At the same time, there are benefits from the bottom-up approaches which result in indicators that are highly relevant to the citizens and which reflect their specific concerns, hopes and values. While the initiatives reviewed in this article show that huge progress has been made in the measurement of happiness, well-being and quality of life over the last decade, it is also clear that we are still to witness a broader uptake of the relevant metrics in policy assessments and policy making.

1. IWEPs Press release
"We should be thinking not just what is good for putting money in people’s pockets but what is good for putting joy in people’s hearts."

David Cameron, Prime Minister of the United Kingdom, during a speech to the Google Zeitgeist Conference in 2006.

In brief

July 2014: New report shows the need to improve quality of and access to early childhood education and care in EU Member States

Childhood education and learning can effectively influence children’s social, emotional and behavioural well-being. The European Union therefore aims that all young children can access and benefit from high quality education and care. The Eurydice report, Key Data on Early Childhood Education and Care 2014, offers insights into what constitutes high quality early childhood education and care through internationally comparable indicators. It provides 61 indicators and a comparative analysis of early childhood education and care (ECEC) in 32 European countries. Drawing on data from the Eurydice National Units, Eurostat, as well as international student achievement surveys (PISA, PIRLS), the results show that a legal right to ECEC soon after a child’s birth is only guaranteed in eight European countries. Apart from those countries, parents have to bridge a time period of more than two years between the end of maternity/parental leave and legal entitlement to ECEC. However, it was shown that children who attended ECEC for longer periods are more successful in primary education and show better reading results.

June 2014: World Bank introduces new indicator to track sustainability

On World Environment Day 2014 the World Bank released its Little Green Data Book, presenting a new indicator called change in wealth per capita to assess the sustainability of resource use in more than 200 countries. In case a country does not save enough to offset depreciation of various forms of capital, including natural capital (such as energy, agricultural land and forests), change in wealth per capita is negative, indicating that a country becomes poorer by leaving behind fewer resources for future generations. The new accounting framework will be used as well for the World Bank Group’s annual Corporate Scorecard and the Systematic Country Diagnostic.

May 2014: UN considers unconventional measures for assessing progress

The United Nations aim at finding new, rather unconventional measures of progress and well-being, complementing GDP. The UN conference held on 19 May in Malaysia was targeted at discussing this issue. According to researchers, unorthodox indicators such as the availability of cheap eyeglasses, the amount of hours slept per night, or the number of girls attending school are able to provide a more insightful and comprehensive picture of human well-being. Scientific advisers are calling on the UN to foster the formalization of beyond GDP indicators, which could also involve babies’ birth weight, indicating the future quality of life, or the presence of birds, representing environmental health.

• Read the press release
• Read symposium news provided by IHDP

Quote

“We should be thinking not just what is good for putting money in people’s pockets but what is good for putting joy in people’s hearts.”

David Cameron, Prime Minister of the United Kingdom, during a speech to the Google Zeitgeist Conference in 2006.

Agenda

33rd General Conference of the International Association for Research in Income and Wealth (IARIW)
Rotterdam, 24-30 August 2014
www.cbs-events.nl/iariw/home/

ISQOLS 12th Conference: Sustaining Quality of Life across the Globe
Berlin, 15-18 September 2014
www.isqols.org/berlin2014/

Workshop on Intragenerational and Intergenerational Sustainability
Rome, Italy 22-23 September 2014
www.oecd.org/statistics/measuringwell-beingandprogress-events.htm

9th Joint Task Force on Environmental Indicators
Geneva, 3-5 November 2014
www.cooperationinternationalegeneve.ch/9th-joint-task-force-environmental-indicators

‘Valuing our Life Support Systems’ natural capital summit
London, 6-7 November 2014
www.naturalcapitalinitiative.org.uk/events/valuing-our-life-support-systems-2014/