Beyond PIB : Building together well being and societal progress indicators

Au-delà du PIB : Construire ensemble des indicateurs de bien être et de progrès sociétal

Conférence NTTS-Eurostat, Commission Européenne
Bruxelles, 18-20 Février

Michel Renault
University of Rennes 1
PEKEA (Political and Ethical Knowledge on Economic Activities)
FAIR (Forum pour d’Autres Indicateurs de Richesse)
The most powerful instrument of political authority is the power to give names and to enforce definitions.

Thomas Hobbes
GDP as a « mismeasure »: a short reminder
GDP as a « mismeasure » of well being and progress?

Human advance is conditioned by our conception of progress... It is time to end the mismeasure of human progress by economic growth alone.

The paradigm shift in favour of sustainable human development is still in the making.

But more and more policy makers in many countries are reaching the unavoidable conclusion that, to be valuable and legitimate, development progress—both nationally and internationally—must be people centred, equitably distributed, and environmentally and socially sustainable.

GDP was never intended to be anything but an indicator of economic performance. It cannot distinguish between activities that have a negative or a positive impact on wellbeing. In fact, war and even natural disasters may register as an increase in GDP.

Also, GDP does not take into account the non-economic factors that add to well being. And many policies that contribute to wellbeing may not be adequately reflected in GDP growth. For example, GDP does not take into account the sustainability of production and consumption patterns. While investing in low carbon energy solutions may be essential for the environment and long term sustainability, it may not be the policy option preferred for short term economic growth, as measured by GDP.

Joaquín Almunia
European Commissioner for Economic and Monetary Policy
Conference beyond GDP 2007 (Brussels, 19 November 2007)
How to increase GDP?

- Dig holes and fill them in again (J.M.Keynes)
- Build a market for babies, childrens...
- If GDP per capita is taken as a benchmarking criterion: then sacrificing older people, homeless, handicapped people...would increase a nation’s rank!

And so on...
How to count what counts for us?

Not everything that counts can be counted, and not everything that can be counted counts.

Albert Einstein
Alternative indicators exist

- For example HDI from the UNDP takes into account three dimensions:
  - Wealth (GDP per Capita)
  - Health (life expectancy)
  - Education
Another way to look at the world

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Local HDIs: take another look at your community
But such indexes also suffer limitations

- Dimensions are “arbitrarily” chosen
- They are the product of top/down processes
- They are sensitive to calculation methods
II
Building together
(...) developing measures of progress is not a purely statistical/technical expertise: it touches on two very sensitive areas for all societies: governmental accountability and social participation. Measuring progress with reliable information is a key ingredient of the democratic process. On the one hand, it makes governments more accountable and trustworthy, and on the other, it encourages people to participate more actively in the definition of policy goals.

Pier Carlo Padoan (Beyond GDP conference 2007)
All over the world many participatory indicator building processes are supported by citizens, stakeholders, local governments ...
Such processes have five features:

1) they attempt to integrate economic, social and environmental goals around some overall vision of progress or well being, some ‘path to the future’ for that particular community

2) they set concrete goals or ‘benchmarks’ and develop appropriate ‘indicators’ to monitor progress in achieving them

3) the indicators and benchmarks are initiated, developed and monitored through some community participation process, sometimes across the whole community and sometimes through specialist panels with citizen participation

4) they are commonly long term and iterative processes

5) they have, or acquire over time, some relationship to the formal processes of governance in their Community

Source: Salvaris (2000)
1) A vision of well being and progress

- For UNDP, a new and ‘more legitimate’ paradigm must be ‘people centred, equitably distributed and environmentally and socially sustainable’.

- Legitimacy is a crucial issue
Defining progress and well being is the task of citizens

- Well being is a subjective concept: Only the subjects (citizens) can define it.
- Thinking about well being is individual and interactive: We have to give opportunity to think about it individually and collectively.
- Well being as a whole objective for society is a democratic concern.

The European Council Methodology

- Etape 4: Proposer un plan d’action
- Etape 3: Evaluer la situation dans l’entreprise
- Etape 2: Construire les indicateurs
- Etape 1: Définir une vision partagée du Bien-être dans l’Entreprise

| Etape 4: Proposer un plan d’action | May 2007 | Planning Action |
| Etape 3: Evaluer la situation dans l’entreprise | April 2007 | 75% of employees |
| Etape 2: Construire les indicateurs | November 2007 | 7% of employees |
| Etape 1: Définir une vision partagée du Bien-être dans l’Entreprise | February 2007 | 12% of employees |

- 24 criteria
- 200 notions
- 1000 expressions of well-being

7% of employees:
- 2 leaders
- 2 balance of work

75% of employees:
- 8% of employees
- 24 people
- Porte-parole de niveau 2
- Animateurs
- Members of the pilot group
- Among 15 and 20 teams of work constituting in function of availability

12% of employees
- 37 people
- Porte-parole of level 1
- Part teams into 5 groups

80% of employees
- 37 groups
2) concrete goals or ‘benchmarks’ and appropriate ‘indicators’ to monitor progress in achieving them

The process of community indicator building

- The process begin with people joining together to articulate their ideas about what kind of society or community they would like to live in, in the future.

- This broad vision is then worked through into a series of concrete goals in key fields, which then need to be ordered in importance.

- The next stage is to define the standards that must be met for the achievement of the goals (the ‘benchmarks’) and the specific measures or statistics (the ‘indicators’) that will demonstrate progress in achieving them.

Adapted from Salvaris (2000)
GOAL: Good and Affordable Housing for All

STATUS: Owning a Home is Affordable, and Getting More So ... But Low-Income Renters Face Persistently High Rents

INDICATOR
Home ownership and rental affordability for low-income people

TREND
House price affordability improving since 2000, rents stable at an unaffordable level.

WHAT WE MEASURE
For this indicator, we consider a typical lower-income family of four, and calculate the percentage difference between what a normal house costs and what the family can afford to pay. The costs take into account the prevailing interest rates for each year. We do the same type of calculation to compare average rents and what lower income renters can afford. FMR refers to Fair Market Rents. Data and affordability standards come from the U.S. Department of Housing and Urban Development.

WHAT IT MEANS
On these graphs, rising lines are not a good sign. A decade of mostly improving conditions in the 1990s ended with an upturn that left the gap between rents and incomes stable at an unaffordable level.

Meanwhile, home ownership, relatively quite affordable for most of the decade, has been getting more so the last two years, meaning that median (typical) house prices are below the level considered affordable and moving lower.

This situation is rare in U.S. cities, where in most cases housing prices have risen sharply and are usually relatively less affordable than rental units. For reference, the median house price in 2002 was $156,000, whereas the affordable house price was $170,000 for a low-income median family income of $36,800/year. For the same year, affordable rent for the median personal income of $26,046 was $521/mo, but the Housing and Urban Development (HUD) estimate of fair market rents (FMR) that year is $557 (average of rents for 1 or 2 bedroom apartments).

Buying a house is becoming more affordable, but renting is less affordable.
3) community participation processes

• the process *is the product*

The outcomes of democratic processes are not just indicators:

- increased community activity (local projects and strategies, committees and meetings etc.) Participation also Broadens Citizen’s Perspectives

- improved standards in government processes;

- increased awareness and understanding of government, and of community priorities;

- over time, an enlarged capacity for participation and thus more empowered communities.

This is not only a technical task: we should pay attention to processes
A PEKEA project in Brittany (France)

Building local indicators of well being with citizens

Well being, progress, indicators are complex issues

A project associating local governments, citizens, stakeholders...to build together a project for a Community
4) long term and iterative processes

- To involve citizens, drive communicative processes takes time...

...but some communities engaged in such processes a long time ago:

For example Jacksonville (JCCI-USA), ASR (USA), Victoria (AUS)...

In the United States...

Community Indicators in the United States
5) relationship to the formal processes of governance

• Aggregative and deliberative forms of democracy should work together

• Defining progress, well being and indicators should be connected to concrete policies

• The end of the process is to build shared responsibilities
The PEKEA project in France is connected with local agenda for the 21th century

A steering committee associates politicians, representatives of firms, citizens, stakeholders...

Melesse

Bien vivre ensemble sur le territoire du Val d’Ille : le projet avance

Participer à la mesure de la qualité de vie sur le Val d’Ille pour orienter les projets de demain : tel est l’enjeu que la communauté de communes propose à sa population, inscrite dans un programme de recherche et d’actions soutenues par la Région Bretagne. Le projet lobet (indicateurs sociaux de bien-être territorialisés) associe le Val d’Ille en tant que partenaire et territoire d’études.

De quoi s’agit-il ?

Ce projet a pour objectif de faire le lien entre les collectivités locales, les citoyens et des chercheurs autour de l’élaboration d’indicateurs de bien-être et de progrès social. Une démarche participative doit permettre aux citoyens, aux associations et aux élus de construire ensemble une définition partagée du bien-être de tous, pour tous, et de proposer des indicateurs pour rendre ces choses visibles.

Des groupes de travail seront constitués de personnes volontaires prêtes à participer à la démarche. Ces groupes seront réunis pour débattre et construire une vision partagée du bien-être social et du projet sur le territoire, proposer des indicateurs de mesure et des actions.

Pour en faire quoi ?

Les groupes de travail seront amenés à faire des propositions pour contribuer à la construction d’un territoire où il fait bon vivre ensemble. Ces propositions seront présentées aux élus chargés de définir et de mettre en œuvre les politiques publiques locales, notamment dans le cadre du projet contrat de territoire (2010-2013).

En outre, un bilan de la méthode de travail participatif sera également établi. Il permettra de définir les prolongements possibles, notamment au sein du comité de suivi des actions de l’Agenda 21 de la communauté de communes.

Inscriptions, pour participer aux groupes de travail jusqu’à fin janvier, début et mise en place des groupes fin février, hypothèses d’indicateurs fin mars, validation fin mai, restitution du travail des propositions en octobre.

Contact : emmanuel.lobet@val-d-ille.fr, Jundi 20 janvier à 20 h 30 salle polyvalente de Melesse, spectacle de théâtre suivi d’un débat public pour lancer la réflexion : « Les contes de la richesse, Le Paradoxe de l’Erikka », par la compagnie La Tribouille. Entrée gratuite.
To conclude

The move beyond GDP cannot be a technocratic process, it has to be kept on the democratic side, since it is a normative issue. A question such as “Where do we want To be in ten year time” has to do with values and ends. If we seriously want to address the question of “what is well-being and how to enhance it”, people should be allowed to express themselves as much as possible and at every stage of the process. It is a great thing that major institutions favour this questioning, but it is crucial to widespread the inquiring as far as possible and in a democratic way. This is the only chance for a broad and sustainable consensus.

Isabelle Cassiers (UCL-Beyond GDP Conference, 2007)
Thanks for your attention
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