

**Welcome Speech of the Secretary General of the Committee of the Regions, Gerhard Stahl, at the ESAC Workshop on "Measuring and Comparing the Quality of Life within Europe" on January 24th at the premises of the Committee of the Regions in Brussels**

Dear

- President of the ESAC Committee, Professor Denise Lievesley,
- Director General of EUROSTAT, Walter Radermacher
- Ms Tarja Halonen, former President of Finland
- ESAC Members and guests,

It is my pleasure to welcome you here to the Committee of the Regions – and I am delighted that you accepted the offer to hold this seminar at our premises at this very important time for Europe and its regions.

Europe is still struggling to overcome the aftermath of the international and economic crisis which started in the United States in 2007 and which led to the worst recession since World War II. Economic thinking which provided, before the crisis, the widely shared blueprint for a development model based on the virtue of free international markets, is put into doubts. The negative sides of the past policies are coming more and more into the focus: high dependence on poorly regulated and risky financial markets and undermining of social and territorial cohesion.

New concepts and new visions are needed for the strengthening of the Economic and Monetary Union and for a more sustainable economic development internationally.

But new policies need new statistics: We are at the right moment to contribute to a real breakthrough of discussions and ideas which started a long time ago and which have been trying to overcome a narrow concept of economic development.

Nowadays, in more than 40 countries experts are working on the development of new indicators trying to measure "well-being".

To quote only some examples of this long debate:

- Lyndon B. Johnson with his programme "Great Society" launched in 1972
- The report of the Stiglitz Commission presented in September 2009
- The OECD, regarded for a long time as a seal keeper of an economic orthodoxy, stated on the occasion of its 50<sup>th</sup> anniversary:

*"Over the past 50 years, the OECD has developed a rich set of recommendations on policies that can best support economic growth. The task that we face today is to develop an equally rich menu of recommendations on policies to support societal progress: better policies for better lives".*

To achieve this goal, we need reliable and accepted statistics. Statistics are essential to glean knowledge and create a sound basis for decision making.

Benchmarking and indicator-based programming have found their way into almost every policy level in the European Union, as well as at the Member State, regional and local levels.

A sound statistical basis is not only important for informed policy decisions, it is also essential for communicating the benefits of policy decisions to citizens.

At the same time, however, there is widespread concern about statistics. One is about the costs of researching, reporting or collecting and processing data which is a cumbersome and complex undertaking, as well as the legitimate aim to reduce the burden of these exercises, particularly both for SMEs and smaller countries.

Another one is related to the confidence we should have in statistics. We all know Mark Twain's remark: "facts are stubborn things. It is easier to arrange with statistics".

It is therefore important to clearly define what statistics can do and where their limits lie in terms of policy formulation and implementation.

This is of particular importance if rather new concepts concerning "quality of life" statistics are to be introduced. Even if we need this new concept, the credibility and recognition still have to be won.

I would like to take this opportunity to raise three questions which, in my view, are essential for this seminar and for the work of EUROSTAT as a whole:

1. **How can we ensure that the EU overall strategy for growth and jobs (Europe 2020) and the new European policy cycle are fed by the timely provision of accurate and user-friendly statistical data at all relevant levels, allowing right conclusions to be drawn. What role could "quality of life" indicators play in complementing the current set of Europe 2020 indicators?**

The Europe 2020 strategy and its policy cycle have gone far beyond the previous Lisbon strategy. As one consequence of the political follow-up of the international crisis, the EU has new economic governance structures. The Europe 2020-Strategy provides the commonly agreed orientation for a sustainable growth strategy. Based on substantial analytical work the Commission is presenting Country Specific Recommendations, which will then be implemented into the National Reform Programmes.

This process does not include the issue of the quality of life at the local and regional level, however. Yet recommendations are given to the Member States, which are then often directly addressed to local and regional authorities and which have a direct impact on the quality of life of citizens.

These recommendations are often made on the basis of available data at NUTS II level, which have a time lag of two to three years. In its Opinion on the Commission Communication "Beyond GDP" in 2010, the Committee of the regions suggested that: *"EUROSTAT should take into account regional statistics for broader aspects relating to quality of life"*.

In the coming months the Committee of the Regions will explore the local and regional impact of the Europe 2020 strategy by developing/testing a regional performance index. We would naturally be very keen to co-operate closely with EUROSTAT on how to make full use of the available data.

It might therefore be useful to consider complementing the current Europe 2020 objectives with a number of quality of life objectives to make the whole strategy more credible and, crucially, more achievable. This might also allow us to set more achievable targets, which rightly goes beyond the debate about measuring convergence in GDP terms.

2. ***How can we ensure that within the newly established system of financial surveillance in Europe, including the fiscal compact Treaty, the well-being of citizens at local and regional level is taken adequately into account?***

We discover at this stage that the new fiscal surveillance at European level is affecting sub-national finance, but there is little information about what effect this will have, not only on growth and investment, but on well-being as a whole.

We know that almost 70% of public investment in Europe is carried out at sub-national level, but we don't know how far public expenditure will be reduced at local and regional level, and how far this will affect spending on innovation, the capacity to provide public services, and how far this will affect the quality of life.

The Committee of the Regions will address these aspects in a bigger conference in late spring this year, but it will need much more statistical back-up at all levels to take full account of the situation, particularly at the local and regional levels, in order to make the right policy choices.

I hope that this seminar can provide us with some useful pointers in this direction.

3. **How can we develop new ideas about well-being in Europe when Europe is currently moving apart? What implications does this have for our concept of "Convergence" and "Quality of Life" in the European Union?**

We have witnessed that the current crisis has not only widened the gap between richer and poorer Member States, it has also increased the differences within Member States themselves. The Bertelsmann Foundation and others are working on ways to measure the apparent growing inequalities within the European Union.

These developments certainly put into question the European Treaty objective of promoting economic, social and territorial cohesion. It is highly likely that some Member States and regions will need decades and far longer than we have expected before the crisis, to catch up with others or to reach the European Union average.

The Committee of the Regions will take an active part in this discussion in the months to come. We plan to adopt a CoR-Opinion on the matter later this year and I am confident that we can play a constructive role in this debate.

It is therefore timely to raise the fundamental question of what indicators should be used to measure convergence in the future.

Finally, allow me to also address the work of ESAC. In the decision to establish ESAC it is stated that: *"The Committee shall assist the European Parliament, the Council and the Commission in ensuring that user requirements and the costs borne by information providers and producers are taken into account in coordinating the strategic objectives and priorities of the Community's statistical information policy."*

The Committee of the Regions pledges to play an active role in providing feedback from local and regional authorities about their experiences and expectations regarding the statistical information policy of the Union.

Let me end with a tough provoking quote from Adam Smith, one of the fathers of modern economic thinking, who is too often associated with a narrow idea of economic development:

*"The happiness of mankind (...) seems to have been the original purpose intended by the Author of nature, when he brought them into existence".*

I wish you all a fruitful discussion over the next two days and I look forward to welcoming you again to the Committee of the Regions in the not too distant future.

Thank you for your attention!