



# PREACHING THE CHOIR: ARE THE COMMISSION'S RECOMMENDATIONS ALREADY APPLIED?

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## INTRODUCTION

1. → Goal
2. → CMEPSP
3. → Comparison: methodology

## COMPARISONS WITH

4. → EUSI
5. → OECD Factbook
6. → *OECD Global Project (taxonomy)*



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## Goal

# COMMISSION ON THE MEASUREMENT OF ECONOMIC PERFORMANCE AND SOCIAL PROGRESS (CMEPSP)

Report  
(September, 2009)

Joseph E. STIGLITZ, Chair, Columbia University  
Amartya SEN, Chair Adviser, Harvard University  
Jean-Paul FITOUSSI, Coordinator of the Commission, IEP



## Goal

Many relevant initiatives aimed at measuring the progress of countries and well-being of citizens through different conceptual frameworks and by using several indicators.

### In this paper, we intend to



- analyse some of them by comparing and confronting them to the CMEPSP's recommendations
- check what already fits the commission recommendations and what still needs to be defined in that perspective



## Goal

### Different experiences identified



- the European System of Social Indicators (EUSI), based upon a strong conceptual framework
- the Factbook, representing a well-known informative instruments (by OECD)
- the Global Project (OECD) – Taxonomy

By following the **CMEPSP's** recommendations, the comparison was not accomplished with experiences involving just single composite indicators.



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## CMEPSP

### Final reports: guidelines



- identifying the limits of GDP as an indicator of economic performance and social progress, including the problems with its measurement
- considering what additional information might be required for the production of more relevant indicators of social progress
- assessing the feasibility of alternative measurement tools, and to discuss how to present the statistical information in an appropriate way



## CMEPSP

### Conceptual framework identifies three broad areas



- i. Classical economic issues
- ii. Quality of life
- iii. Sustainable development and environment



## CMEPSP

### Conceptual framework identifies three broad areas



- i. Classical economic issues**
- ii. Quality of life
- iii. Sustainable development and environment



## CMEPSP

Classical GDP Issues		
Existing measurement framework	Improving measurement of	National accounts aggregates
		Services
		government-provided services
Bringing out the household perspective	Revisit the concept of "defensive" expenditures	
	Income, wealth and consumption have to be considered together	
	Adjusting household income measures for government services in kind	
	Medians and means vs. distribution of income, consumption and wealth	
	Broader measures of household economic activity	
Distribution of full income		
<i>Recommendations</i>		



## CMEPSP

### Conceptual framework identifies Three broad areas



- i. Classical economic issues
- ii. Quality of life**
- iii. Sustainable development and environment



## CMEPSP

Quality of Life		
Subjective measures of quality of life		
Objective features shaping quality of life	Health	Social connections
	Education	Environmental conditions
	Personal activities	Personal insecurity
	Political voice and governance	Economic insecurity
<i>Recommendations</i>		



## CMEPSP

### Conceptual framework identifies Three broad areas



- i. Classical economic issues
- ii. Quality of life
- iii. Sustainable development and environment



## CMEPSP

Sustainable Development and Environment	
Dashboards or sets of indicators	
Composite indices	
Adjusted GDPs	
Sustainable standard of living,	Adjusted net savings (ANS)
	Footprints
<i>Recommendation</i>	



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## Comparison: method

Consistently with the characteristics of the selected experiences, the comparison was accomplished at different levels:

		Comparable elements			
		Conceptual model	Policy goals	Indicators suggestion	Indicators
Experiences to be compared	CMEPSP (2009)	X	Xp	Xp	
	EUSI (2000)	X	X	X	X
	OECD Factbook (2005)			Xp	X
	OECD – Global Project – taxonomy (2009)	X			
	UN MDG (2001)		X		X
	ISTAT – Italian National Institute of Statistics				X



## Comparison: method

By taking into account the characteristics of the CMEPSP's suggestions, our work aimed first to schematically rebuild the underlying CMEPSP's conceptual framework.

The following outline describes the identified structure:



## Comparison: method

Classical GDP Issues		
A. Existing measurement framework	1. Improving measurement of	National accounts aggregates Services (general) Government-provided services
	2. Revisit the concept of "defensive" expenditures (investments - capital goods - maintenance)	Security (prisons, police, ...) Health (hospitals, ...) Environment (pollution, ...)
	3. Income, wealth and consumption have to be considered together (→ sustainability)	[Gross investments (physical & human capital)] – [depreciation & depletion (physical, human, natural capital)]
B. Bringing out the household perspective	1. Adjusting household income measures for government services in kind	Household disposable income Actual final consumptions (services access and quality)
	2. Medians and means vs. distribution of income, consumption and wealth	Wealth measured in terms of income redistribution and consumptions (Gini coefficient and other statistical indexes describing the distribution)
	3. Prices indices	Spatial and temporal comparisons
	4. Risk and vulnerability	Presence of less guarantees (e.g., risk caused by pensions system and individual investments)
	5. Broader measures of household economic activity	Cleaning, cooking, child and old people care, driving to work, ... (in monetary terms)
	6. Time use	Any individual activities measured in terms of time (also paid work and study)
	7. Valuing the production of household services	
	8. Valuing leisure	
	9. Distribution of full income	



## Comparison: method

Quality of Life	
A. Subjective measures of quality of life	Mortality (life expectancy at birth, standardized mortality rate, median life expectancy) Morbidity Combined health measures (disability-adjusted life year, disability-free life expectancy, health adjusted life expectancy) Health inequalities (groups, life-styles, genetics)
A. Objective features shaping quality of life	1. Health
	2. Education
	3. Personal activities
	4. Political voice and governance
	5. Social connections
	6. Environmental conditions
	7. Personal insecurity
	8. Economic insecurity



## Comparison: method

Sustainable Development and Environment	
Dashboards or sets of indicators	
Composite indices	
Adjusted GDPs	
Sustainable standard of living,	Adjusted net savings (ANS)
	Footprints



## Comparison: method

The comparisons → identifying the correspondence between the **CMEPSP's** and each applied approach.

**CMEPSP's** proposal does not always suggest indicators



results of the comparing process show the correspondence of topics, sub-topics or indicators.



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## EUSI

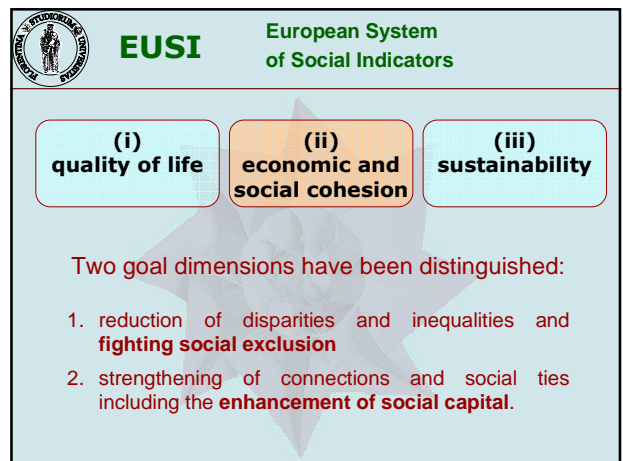
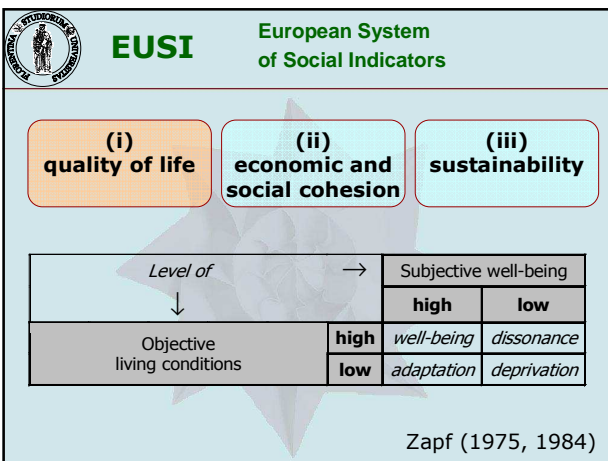
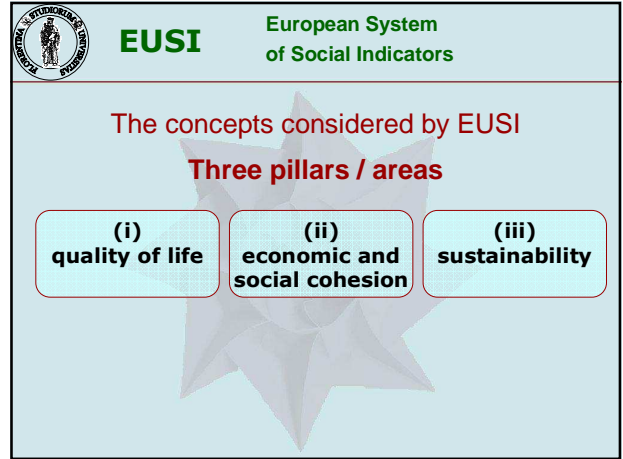
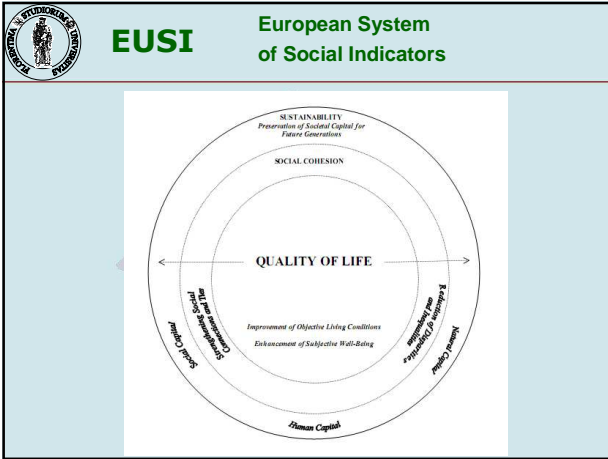
European System of Social Indicators

The conceptual framework is based on

- the **scientific reflection** on notions of welfare and related goals of societal development
- the **goals** and objectives pursued by the policies of the **European Union**.

**Six major perspectives and dimensions** of societal development in Europe have been identified.

Consistent measurement dimensions and indicators have been derived.







## EUSI

### European System of Social Indicators

(i) quality of life

(ii) economic and social cohesion

(iii) sustainability

#### Four goal dimensions

- ↪ enhancement and preservation of **social, human, produced and natural capital** in the perspective of
- ↪ present generations and **future** generations

**Reference:** World Bank's four capital approach



## EUSI vs. CMEPSP

What Eusi has with reference to CMEPSP		EUSI
CMEPSP		
Classical GDP Issues		
A. Existing measurement framework	1. Improving measurement of National accounts aggregates	X
	2. Revisit the concept of "defensive" expenditures (investments - capital goods - maintenance)	X
	3. Income, wealth and consumption have to be considered together (= sustainability)	X
B. Bringing out the household perspective	1. Adjusting household income measures for government services in kind	X
	2. Medians and means vs. distribution of income, consumption and wealth	X
	3. Prices indices	X
	4. Risk and vulnerability	X
	5. Broader measures of household economic activity	X
	6. Time use	X
	7. Valuing the production of household services	X
	8. Valuing leisure	X
	9. Distribution of full income	X



## EUSI vs. CMEPSP

### What Eusi has with reference to CMEPSP

CMEPSP		EUSI
Quality of Life		
A. Subjective measures of quality of life	Mortality (life expectancy at birth, standardized mortality rate, median life expectancy)	X
1. Health	Morbidity	X
	Composite health measures (disability-adjusted life year, disability-free life expectancy, health adjusted life expectancy)	X
	Health inequalities (groups, life-styles, genetics)	X
2. Education	Inputs (school enrollment, education expenditures, school resources)	X
	Outputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	X
B. Objective features shaping quality of life	3. Personal activities	
	4. Political voice and governance	
	5. Social connections	
6. Environmental conditions		
7. Personal equity		
8. Economic insecurity		



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## OECD Factbook

- the best-selling annual title from the OECD
- provides a global overview of today's major economic, social and environmental indicators
- user-friendly formats



## OECD Factbook

### GOALS

- improve understanding of the situation and evolution over time
- meet the needs of a wide range of users through an easy form
- build a product that enhances the visibility of the OECD to non-experts
- help users to assess the position of a single country



## OECD Factbook

Each edition of **Factbook** contains a special chapter, focusing on a particular topic.

The selected year was focused on **Inequality**



## OECD Factbook

Population and migration	Total population
	Elderly population
	International migration
Macroeconomic trends	Gross Domestic Product (GDP)
	Economic growth
	Productivity
	Economic structure
Economic globalisation	Trade
	Foreign direct investment (FDI)
Prices	Prices and interest rates
Energy	Energy supply
	Energy production and prices
Labour	Employment
	Unemployment
	Labour compensation and hours worked
Science and technology	Research and development (R&D)
	ICT
Environment	Communications
	Water and natural resources
	Air and land
Education	Outcomes
	Expenditure on education
Public finance	Government deficits and debt
	Public expenditure
	Support and aid
	Taxes
Quality of life	Health
	Society
	Insurance
	Security
Inequality	Income Inequalities
	Income poverty
	Government Redistribution
	Inequalities in Education
	Inequalities in Health
	Inequalities Among Regions
	Trade



## OECD Factbook vs. CMEPSP

What FACTBOOK has with reference to CMEPSP

	CMEPSP	FACTBOOK
<b>Classical GDP Issues</b>		
A. Existing measurement framework	1. Improving measurement of National accounts aggregates Services (general)	X
	2. Revisit the concept of "defensive" expenditures (investments - capital goods - maintenance) Government-provided services Security (prisons, police, ...) Health (hospitals, ...) Environment (pollution, ...)	
	3. Income, wealth and consumption have to be considered together (-> sustainability) [Gross investments (physical & human capital)] - [Depreciation & depletion (physical, human, natural capital)]	X
B. Bringing out the household perspective	4. Adjusting household income measures for government services in kind Household disposable income Actual final consumptions (services access and quality)	X
	5. Medians and means vs. distribution of income, consumption and wealth Wealth measured in terms of income redistribution and consumptions (Gini coefficient and other statistical indexes describing the distribution)	X
	6. Prices indices Spatial and temporal comparisons	X
	7. Risk and vulnerability Presence of less guarantees (e.g. risk caused by pensions system and individual investments)	
	8. Broader measures of household economic activity Cleaning, cooking, child and old people care, driving to work, ... (in monetary terms)	
	9. Time use Any individual activities measured in terms of time (also paid work and study)	X
	10. Valuing the production of household services	
	11. Valuing leisure	
	12. Distribution of full income	



## OECD Factbook vs. CMEPSP

What FACTBOOK has with reference to CMEPSP

	CMEPSP	FACTBOOK
<b>Quality of Life</b>		
<b>A. Subjective measures of quality of life</b>		
8. Objective Resources shaping quality of life	1. Health	X
	2. Education	X
8. Objective Resources shaping quality of life	3. Personal activities	X
	4. Political voice and governance	
	5. Social connections	X
	6. Environmental conditions	
	7. Personal insecurity	X
	8. Economic inequality	X



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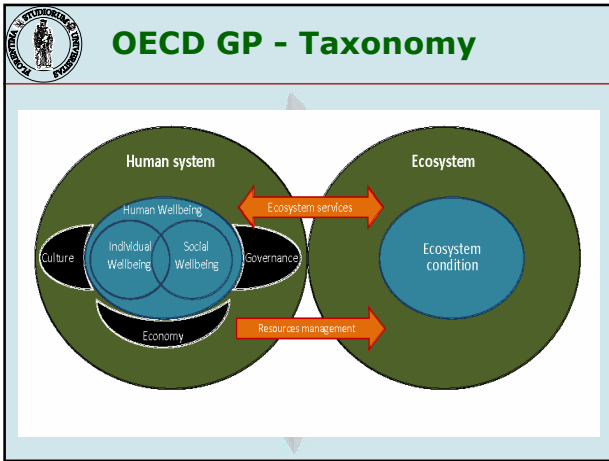
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## OECD GP - Taxonomy

More recently,  
in the ambit of the Global Project,  
hosted by OECD  
([www.oecd.org/progress](http://www.oecd.org/progress))  
a new taxonomy has been developed



### OECD GP - Taxonomy

Ecosystems Condition	Land Freshwater Oceans and Seas Biodiversity Atmosphere
Human Well-Being	Physical and mental health Knowledge and understanding Work and Leisure Material Well-Being Freedom and Self-Determination Interpersonal relationships
Economy	National Income National wealth
Governance	Human Rights Civic Engagement Security and Crime
Culture	Access to Services Cultural heritage Arts and Leisure
Resource use	Resource extraction and consumption Pollution

### OECD GP vs. CMEPSP

What OECD – Global Project has with reference to CMEPSP		OECD – Global Project – Taxonomy
Classical GDP Issues		
A. Existing measurement framework	1. Improving measurement of "defensive" expenditures (investments - capital goods - maintenance)	National accounts aggregates Services (general) Government-provided services Security (prisons, police, ...) Health (hospitals, ...) Environment (pollution, ...)
	2. Income, wealth and consumption have to be considered together (→ sustainability)	(Gross investments (physical & human capital)) - (depreciation & depletion (physical, human, natural capital))
	3. Adjusting household income measures for government services in kind	Household disposable income Actual final consumptions (services access and quality)
B. Bringing out the household perspective	4. Medians and means vs. distribution of income, consumption and wealth	Wealth measured in terms of income redistribution and consumption. (Gini coefficient and other statistical indexes describing the distribution)
	5. Prices indices	Spatial and temporal comparisons
	6. Risk and vulnerability	Presence of less guarantees (e.g., risk caused by pensions system and individual investments)
	7. Broader measures of household economic activity	Cleaning, cooking, child and old people care, driving to work, ... (in monetary terms)
	8. Time use	Any individual activities measured in terms of time (also paid work and study)
	9. Valuing the production of household services	
	10. Valuing leisure	
	11. Distribution of full income	

### OECD GP vs. CMEPSP

What OECD – Global Project has with reference to CMEPSP		OECD – Global Project – Taxonomy
Quality of Life		
A. Subjective measures of quality of life		
1. Health	Mortality (life expectancy at birth, standardized mortality rate, or adult life expectancy)	X Physical and mental health
	morbidity (combined health measures (disability-adjusted life years, healthy-life life expectancy, health adjusted life expectancy))	
2. Education	Outputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	X knowledge and understanding
	Throughputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	
3. Personal activities	Time spent on leisure and domestic work	X work and leisure
	Community participation	
4. Political voice and governance	Citizen's voice	X freedom and self-determination
	Legislative participation (*)	
5. Social connections	Trust	X interpersonal relationships
	Access to environmental services (water, environment)	
6. Environmental conditions	Climate (voice)	X security and crime
	Legislative participation (*)	
7. Personal insecurity	Crime and incidents	X security and crime
	Urban/rural, dense, old age	
8. Economic insecurity		



## FINAL REMARKS



## Final remarks

### Our aim:

understanding and highlighting – through an evidence based method – the originality of CMEPSP's report

### Our expectations:

new perspectives and suggestions in measuring societal progress and well-being.



## Final remarks

### Our results:

(i) nothing new is actually shown by the report, which did not consider previous experiences (self-centered?)

On the contrary, at least one of, the identified experiences revealed to be more

- comprehensive
- innovative
- based on conceptual framework and policy goals



## Final remarks

### Our results:

(ii) This has two effects:

**Positive:** more interest in measuring well-being and sustainability from new perspectives and alternative approaches.

**Negative:** too much interest by “new-experts” (greenhorns): new attractive creations with no clear conceptual framework and methodological soundness are spreading out (trivialization)



*Thank you for your attention*