



WELLBEING AROUND THE WORLD

Perspectives on measuring social progress ten years
after the Stiglitz-Sen-Fitoussi Commission

Enabling Wellbeing

Thought leadership

Blog Series
Commemorating **2020**
10 Years Since
The Stiglitz-Sen-Fitoussi
Commission

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The blog series can be found online at <https://www.carnegieuktrust.org.uk/project/10-year-anniversary-of-the-publication-of-the-report-by-the-commission-on-the-measurement-of-economic-performance-and-social-progress/>

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Foreword

The COVID-19 pandemic has put the question of what we need in order to live well at the front and centre of public policy around the world. As governments seek to build back better in the post COVID-19 recovery, the equal importance of the health of our economy, society, environment, and democracy is now self-evident. However, it has not always been the case that governments have understood, and actively pursued, a more holistic understanding of social progress beyond the narrow parameters of GDP.

The Carnegie UK Trust has identified three tiers to our wellbeing – personal, community, and societal. Personal wellbeing relates to the conditions we require to live a good life as individuals, while community and societal wellbeing relate to living well together. The Trust, with a remit to improve the wellbeing of people across the UK and Ireland, is interested in societal wellbeing. While variably called sustainable development, quality of life, or simply going beyond GDP, we understand societal wellbeing as comprising economic, social, environmental, and democratic outcomes in how we

measure our social progress. To us, societal wellbeing means everyone having what they need to live well now and in the future. More than health and wealth, it includes having friends and loved ones, the ability to contribute meaningfully to society, and the ability to set our own direction and make choices about our own lives.

In a ground-breaking exploration of how national success can be measured beyond the limitations of GDP, the Commission on the Measurement of Economic Performance and Social Progress was formed at the request of French President Nicolas Sarkozy in 2007. The Commission, commonly referred to as the Stiglitz-Sen-Fitoussi Commission after the surnames of its leaders, recommended a shift from governments measuring economic production to measuring citizens' wellbeing. The Report by the Commission on the Measurement of Economic Performance and Social Progress has been hugely influential since its 2009 release, as governments far beyond France sought to respond to its recommendations.

In 2019, to commemorate ten years since the publication of the Stiglitz-Sen-Fitoussi Commission report, the Trust invited a series of blogs from international experts, policymakers, practitioners, and politicians which outline the approach taken to measuring and improving wellbeing by different governments, organisations and initiatives around the world. While these blogs were written prior to the COVID-19 pandemic, the aim of collating these reflections is to inform, engage and inspire the international community as it seeks to plan for the recovery. To reflect the various stages of governments in their journey of developing, implementing and evaluating more robust and effective measures of social progress, we have grouped these blogs into three broad categories.

WELLBEING AS THE GOAL OF GOVERNMENT

The world can learn much from the global innovators in re-defining and re-organising government to put the wellbeing of citizens at its centre. In Scotland, Kate Forbes believes that a National Performance Framework and an Economic Strategy focused on delivering wellbeing

through sustainable and inclusive economic growth allows the Scottish Government to assess the economy in a more holistic way, and to consider how to distribute economic opportunities across the country.

Petur Berg Matthiason writes of the influence of international policy vehicles and support mechanisms, such as the Sustainable Development Goals (SDGs); the OECD; and the Wellbeing Economy Governments partnership on the government's efforts to improve quality of life in Iceland.

While the SDGs also proved a catalyst for the development of a national wellbeing framework in Wales, Peter Davies reflects on the importance of legislation; a mechanism for accountability; and a sense of common purpose for the development, safeguarding, and maintenance of a wellbeing approach on the political agenda in Wales.

Finally, the Hon Grant Robertson outlines the development of a world-leading wellbeing budget in New Zealand, which ensures that policy is analysed through a wellbeing lens and that government is joined up, co-operative, and works across silos.

WELLBEING MEASUREMENT

But how do we measure what matters? Martine Durand argues that we need a range of robust wellbeing data sets, updated regularly and available at lower levels, which better capture citizens' quality of life; inequalities across a range of outcomes; and the needs of future generations in order to inform policy decisions which surpass electoral cycles.

Paul Allin outlines the Office for National Statistics' programme to measure UK national wellbeing, and the need to change the culture among politicians, policymakers, businesses and civil society in order to use better data for better lives.

Paolo Veneri argues that measuring quality of life is most effective when undertaken at a geographical scale which highlights, rather than hides, spatial inequalities, in order to inform effective policymaking.

One such approach is the American Human Development Index. Kristen Lewis advocates for the Index as a direct and accessible way of measuring wellbeing, comparable over time, place, and demographic groups living in different parts of the country.

REFLECTIONS

However, political support and the development of frameworks which measure citizens' wellbeing are just the beginning. Wellbeing frameworks must be understood, endorsed, and, above all, used by key stakeholders outwith government to ensure that all sectors are working towards a common purpose. Anna Fowlie calls for a change to the public debate in Scotland, to one on value and values, which will support politicians of all parties to embrace the National Performance Framework, as encapsulating key policy areas that citizens care about.

Alan Thornburrow connects the success of Scotland's National Performance Framework to that of the business community. Businesses have a key role in meeting the national outcomes set for Scotland on the economy, environment, and communities, as employers, innovators, and anchor institutions in our local areas.

Dr Katherine Trebeck sets out the scale of the challenge, and why a commitment to societal wellbeing is more important than ever. But we do not need to start from scratch. International examples of success provide us with learning on how to

coalesce politicians, policies, and key partners committed to making progress on intractable issues, such as inequality, loneliness, and environmental degradation, around a new economic model.

Collectively, our blog series shows what can be done, what has been achieved, and the ways we need to go, to improve societal wellbeing. The COVID-19 pandemic has touched every part of our society – our economy; the social connections in our communities; our environment; and the relationship we hold with our

governments. We must therefore seek to improve all of these parts of our society, reflecting on the structures and policies which are no longer fit for purpose, and the ways of working and experiences we wish to hold on to, post-pandemic. There is no better starting point for building back better.



Sarah Davidson

Chief Executive, Carnegie UK Trust



WELLBEING AS THE GOAL OF GOVERNMENTS

A small number of governments around the world are global innovators in developing more holistic measures of social progress, and setting improving citizens' wellbeing as their goal.

These governments use different outcomes and indicators as appropriate to improve the wellbeing of their citizens, but all direct public services to achieve the goal of improving economic, social, environmental and democratic outcomes, beyond GDP.

Wellbeing at the centre of Scotland's progress



KATE FORBES
Cabinet Secretary
for Finance, Scottish
Government

Delivering wellbeing to the people of Scotland is embedded at the centre of Scotland's National Performance Framework (NPF) and is key to the Scottish Government's approach to the economy, which seeks to deliver wellbeing through sustainable and inclusive economic growth.

The goal and objective of all economic policy should be collective wellbeing. This broader approach is at the very heart of our Economic Strategy, published in 2015, which gives equal importance to tackling inequality as economic competitiveness.

A key limitation of traditional measures of the economy, most notably GDP, is that they are limited in what they can tell us about the distribution of income and wealth

across society, the components of economic growth and whether that growth is sustainable for future generations. Traditional measures of economic performance do not capture many of the drivers of wellbeing and the things that matter to people – for example, health, living standards, quality of environment, security of employment, civic engagement and so on.

Sustainable and inclusive economic growth enables us to look beyond simple headline measures to consider outcomes across a broader range of performance criteria, to allow for a more rounded assessment of the quality of our economic system and the distribution of economic opportunities across Scotland's people and places.

Scotland, by putting wellbeing at the heart of everything we do, is on a journey and we have significant roads still to travel. There are other countries taking a similar approach to tackling some of the big defining challenges that the world currently

faces. We know we can learn from international organisations and countries across the world, and share with them our experiences, which is why in 2018 Scotland and partners established the Wellbeing Economy Governments group, or WEGo as it is known.

In WEGo, the Scottish Government is working alongside Iceland and New Zealand – and in the coming year we expect to be joined by one or two new members¹ – to promote sharing of expertise and transferable policy practices among governments who have a shared ambition of deepening their understanding of delivering wellbeing through their economic approach. Our countries have a lot of similarities but also face lots of different challenges. WEGo provides a forum to exchange ideas on our shared priorities and aims to move the idea of wellbeing economy from theory into practice.

A key activity of the group is the Economic Policy Labs, and the first of these were held in Edinburgh in May 2019. One of the areas discussed there was wellbeing budgeting. New Zealand published their first wellbeing budget in that month and their experience, and

what we have learnt through our group, has informed activities both here in Scotland and in Iceland. Prime Minister Katrín Jakobsdóttir has set out that a wellbeing budget is being developed in Iceland. Here in Scotland, the budget that I presented to Parliament in February 2020 put wellbeing and fairness at its heart, prioritising actions that have the greatest impact on improving lives across Scotland now, and creating the conditions that are required to ensure wellbeing for future generations.

As Cabinet Secretary for Finance, I am keen to continue, both to collaborate with like-minded countries and to develop our own wellbeing budgeting approach for Scotland. Delivering the outcomes set out in the NPF should be at the centre of how we allocate and spend resources.

But building a wellbeing economy is not the role of government alone. Whilst governments should show leadership – and I believe the Scottish Government is already doing that, see the TED talk given by First Minister Nicola Sturgeon in July 2019 – individuals, businesses and organisations across our society have a big role to play. We are committed to working with all those seeking to advance the concept and

¹ Update: In May 2020 Wales and Finland joined WEGo

the reality of a wellbeing economy, both now and in the years ahead.

Finally, as we see the impact of the COVID-19 pandemic globally and how it is changing people's lives, what they value, how they work and interact with each other, a wellbeing economy framing with strong public services seems so obvious. Out of this crisis we will hopefully see a greater emergence of this approach in economies across the world.

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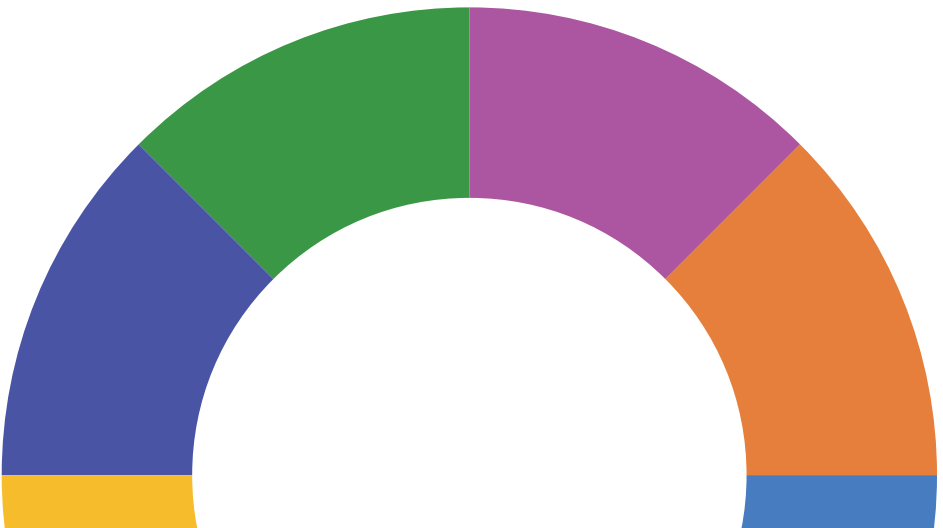
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The importance of wellbeing is changing governments' priorities



**PETUR BERG
MATTHIASSON**
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There is a global wellbeing movement sweeping across large and small countries in every continent. Many initiatives have made a significant difference like the Commission on the Measurement of Economic Performance and Social Progress (a.k.a. Stiglitz-Sen-Fitoussi – or SSF – Commission), established by President Nicolas Sarkozy in 2007. However, the United Nations (UN) Sustainable Development Goals (SDGs) tipped the scale in terms prioritising wellbeing issues such as poverty, inequality, climate, environmental degradation, prosperity, peace and justice in one of the most important policies set by the UN this century.

The road to wellbeing is not a competition between countries or international organisations. It is not about creating the best indicators possible to measure wellbeing. It is first and foremost about getting the public as well as the private sector to approach quality of life in society not from a monetary measure (GDP), but from a wellbeing perspective. The wellbeing concept is a complicated one as it encompasses so many different facets of a person's life. Hence, making it even harder to measure.

Iceland has been an avid supporter of the SDGs from the very beginning and they are now being implemented across the government, with special emphasis on the 65 targets that the government has prioritised. The SDGs are high on the political agenda and the government is actively engaging with municipalities which are a key actor in terms of ensuring the success of the SDGs as stated many times

by the OECD. In addition to that, the Icelandic government has committed itself to the Wellbeing Economy Governments (WEGo) project initiated by the Scottish Government last year. The partnership includes New Zealand which has been a shining example for many countries in terms of promoting the wellbeing agenda. This alliance can grow in the future but what brings these countries together is that they are small, like minded, facing similar challenges and determined to take wellbeing to the next level.

Iceland's current strategy on wellbeing focuses on three pillars. In terms of indicators, the government appointed a working group last year consisting of experts and members of Parliament to come up with proposals for indicators descriptive for prosperity and quality of life in Iceland. The indicators need to be multi-faceted and include economic, environmental and social factors. The Icelandic government realised that the WEGo partnership, along with what the OECD has been doing in this field for numerous years, is paramount to the work being carried out in Iceland. In terms of actions, the government is looking at welfare, climate change, sustainable tourism, education and many more. However, Iceland will need further

guidance on many issues and will be looking towards the work with the WEGo partners. But as an equal partner, Iceland will hopefully share ideas and approaches to issues and challenges and also learn from others. Finally, raising awareness, this issue has gradually been gaining momentum and is now high on the political agenda in many countries with the work of the OECD in recent years undoubtedly playing a significant part in ensuring that.

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The Wales We Want



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We can only measure progress if we know where we want to go. The introduction of the UN Sustainable Development Goals gives us a global framework to translate into national measures. The UK submitted its first voluntary report at the UN High Level Forum in July, against criticism that the Government was not taking the process seriously in producing a report that was *'selective and partial, relying on cherry-picked data, context-free snapshots and positive vignettes, to present a good story'*. But as International Development Secretary, Rory Stewart, stated when presenting the UK report at the UN, *'Wales has a different reporting framework from which we are learning a huge amount'*.

The Wellbeing of Future Generations (Wales) Act 2015 provides a comprehensive sustainable development framework setting out our national goals, our ways of working and the measures by which we will assess progress. It provides a common framework and language for the 44 public bodies covered by the legislation, but more than that, it is intended to provide a sense of common purpose for the nation as a whole.

Our progress towards the seven wellbeing goals is monitored through 46 national wellbeing indicators and the Annual Wellbeing of Wales report. Work is also underway to set milestones for Wales against these national indicators to ensure that we are both moving in the right direction and at the right pace.

The framework of the Act was developed in the context of the UN Sustainable Development Goals. The supplementary report to the UK's report to the UN sets out our distinctive approach, which has been the subject of significant international interest since the launch of the Act in 2015, when Nikhel Seth, the then UN Director for Sustainable

Development, made the now oft used quote *'What Wales is doing today the world will be doing tomorrow'*.

The legislation provides an architecture for sustainable development including the critical function of the statutory role of the independent Future Generations Commissioner for Wales, Sophie Howe. Sophie's foreword to the supplementary report sets out some of the issues and challenges in implementing the Act, while her forthcoming 2020 Future Generations report, deliberately timed by the legislation to be produced a year before the National Assembly for Wales elections, will provide an assessment of progress made over the last five years. The nature of the national outcome focused high-level wellbeing indicators means that it is unlikely that the Annual Wellbeing Reports will see significant shifts, but the Commissioner's five-year perspective on progress will play a key role in stimulating national debate and connect to the democratic process of the 2021 elections.

There is still work to be done before the goals, milestones and indicators become established in the national consciousness as our measures of progress towards

the Wales we want. No national indicator set will provide a perfect model and we need to avoid the danger of the process operating as an isolated data collection and reporting exercise. The media (and consequently politics) remain obsessed with GDP as the one simplistic, false proxy for genuine progress. There also needs to be a clearer line of sight between the wellbeing objectives of the 44 public bodies and their contribution to the national goals. Critically, we still need to build ownership beyond the Welsh public sector across business and wider civil society to demonstrate their wider contribution to achieving our national goals. We need more companies like Dwr Cymru who have aligned their business planning and reporting process to the framework of the Act. We need the new school curriculum for Wales to contribute to this common purpose.

This sense of common purpose across society is critical if we are to achieve our goals. As we celebrate 50 years since achieving the goal of landing a man on the moon it is worth remembering the example of the janitor at NASA Space centre when asked by President Kennedy what his job was answered *'to put a man on the moon'*.

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Putting Wellbeing at the heart of government



HON GRANT ROBERTSON

New Zealand Minister of Finance, Minister for Sport and Recreation,

and Associate Minister for Arts, Culture and Heritage

Ten years since the publication of the Report by the Commission on the Measurement of Economic Performance and Social Progress, the lessons from it are more relevant now than ever before.

The Report's authors – Stiglitz, Sen and Fitoussi – said: *'emphasising wellbeing is important because there appears to be an increasing gap between the information contained in aggregate GDP data and what counts for common people's wellbeing'*.

In New Zealand, our most recent general election in 2017 indicated this was certainly the case. In recent years, GDP growth had outstripped

many of our international peers. One economist found local fame by dubbing New Zealand a 'rockstar' economy for its GDP growth rates.

For many New Zealanders, the use of this phrase jarred. Sure, we had relatively high GDP growth. But for many New Zealanders, this had not translated into higher living standards, wages or better opportunities. How could we be a rockstar, they asked, with homelessness, child poverty and inequality on the rise?

GDP remains an important measure of activity in an economy. But it doesn't tell us about the quality of that activity. For me, a simple growth rate is just not sufficient to tell us what success looks like.

That's why the Government we formed in late-2017 has begun measuring success through a broader range of indicators, not just financial but environmental, social and community outcomes. Together, this gives a better picture of how we are improving the living standards and

wellbeing of all New Zealanders.

To succeed on these measures we are putting wellbeing at the heart of everything we do. This year, as Minister of Finance, I presented New Zealand's first Wellbeing Budget.

Our new approach embedded wellbeing at every stage of the 2019 Budget process – from setting priorities, to analysing proposals, to making the high-level trade-offs that were required.

Budget priorities were developed on the basis of a wellbeing analysis. We looked at evidence to assess the greatest opportunities to make a difference to New Zealanders' wellbeing.

To do this, we drew on demographic and other data from a suite of wellbeing indicators being developed by the New Zealand Treasury, as well as other evidence and advice from our Government science advisors and sector experts.

This kind of information did not necessarily tell us exactly which interventions should be made, but highlighted where interventions were most needed.

The Budget priorities we developed from this analysis were:

- Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy
- Supporting a thriving nation in the digital age through innovation, social and economic opportunities
- Lifting Māori and Pacific incomes, skills and opportunities
- Reducing child poverty and improving child wellbeing, including addressing family violence
- Supporting mental wellbeing for all New Zealanders, with a special focus on under 24-year-olds.

These represent some of the biggest long-term challenges and opportunities that New Zealand faces as a country. These are obviously complex, multi-faceted issues, requiring sustained attention and a collaborative, joined-up Government. They will not be solved in one go.

Having determined the priorities, we directed every Government Minister and department to focus their Budget bids on policies that would contribute to addressing these priorities. We also told them to work together and coordinate work across Government to tackle these challenges. Cross-

agency bids that focussed on intergenerational outcomes across these priorities would be put at the front of the queue.

This meant that areas like mental health weren't just limited to our Minister and Ministry of Health to address. Our Health, Housing, Corrections, Police and Maori and Pacific Ministers all contributed to a package aimed at improving mental health outcomes in New Zealand because we had chosen to take a joined-up government approach.

It is important to note that the budget process is just one tool (albeit a powerful one) available to governments to improve peoples' wellbeing, and we are going to build on this process in future Budgets. We are also working to ensure our legislative framework, and agency planning, reporting and accountability arrangements shift to support a focus on wellbeing outcomes.

We know that we also have more to do to ensure that our wellbeing framework represents the values of New Zealand, and that we have the data and indicators to back that up.

I acknowledge that government is not the sole determinant of a person's or a community's individual wellbeing. What we are doing as a Government with our wellbeing focus is putting in place the structures to enable people to lead fulfilling lives with purpose, balance, meaning to them.

We feel we have made a good start, but still have a way to go. It's through the work of governments and organisations like the Carnegie UK Trust, that we can continue pushing for a broader idea of success – for a world where we measure ourselves by the extent to which we improve the overall living standards and wellbeing of all people.

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WELLBEING MEASUREMENT

The challenge of measuring a more holistic approach to social progress is complex.

The data and indicators used to measure wellbeing must be robust, complete, and resonate with the public as contributing towards the outcomes governments seek to measure, while also being engaging and accessible to citizens.

If we measure the wrong thing, we will do the wrong thing



**MARTINE
DURAND**

**Chief Statistician and
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On 27 November 2018, at the 6th OECD World Forum on Statistics, Knowledge and Policy, Joseph E. Stiglitz, Jean-Paul Fitoussi and myself launched the reports of the High Level Expert Group on the Measurement of Economic Performance and Social Progress (HLEG), the independent body hosted by the OECD that was created in 2013 to follow-up on the Commission on the Measurement of Economic Performance and Social Progress (a.k.a. Stiglitz-Sen-Fitoussi – or SSF – Commission), established by President Nicolas Sarkozy in 2007.

As Chairs of the Group, we provided a high-level perspective on the issues that fall under the 'Beyond

GDP' agenda, and put forward 12 recommendations to move the measurement agenda forward. Our central message is simple: *'what we measure affects what we do. If we measure the wrong thing, we will do the wrong thing. If we don't measure something, it becomes neglected, as if the problem didn't exist'*. But we also stressed that measurement issues are not only technical: they go to the root of how our democratic system functions. The gap between the 'experts' and the citizens they are supposed to be serving has played an important role in the bitter divisions within society that have been so vividly demonstrated in a number of recent elections.

This is not to dismiss the importance of GDP, which remains a critical measure for assessing economic conditions at large. But GDP also continues to be used for purposes that it was not designed for, i.e. it often remains the single yardstick

to gauge the overall ‘success’ of a country and the wellbeing of its people. What is needed is a broader range of established wellbeing statistics, including more granular and timely data that better capture the true state of the economy, the varied situations of different population groups, and the threats to the long-term sustainability of wellbeing.

What should be done to improve the measurement of social progress?

First, we emphasised the importance of not only better measuring people’s material conditions but also the quality of their lives, looking beyond averages to account for inequalities across a wide range of outcomes, and the resources needed to ensure sustainability in the future and the extent to which we are approaching (if not trespassing) critical ‘tipping points’ and planetary boundaries. 50 years ago, Simon Kuznets, one of the fathers of the system of economic accounts, already stressed the importance of considering ‘qualitative’ aspects that are both important for the functioning of our economy and central to improve people’s lives.

But we also stressed that having the right measures is just the beginning. What we need is to anchor these measures in policy decisions, in ways that survive the vagaries of electoral

cycles. A number of countries are now using wellbeing indicators in the different phases of the policy-making process, from identifying priorities for action, to assessing the advantages and disadvantages of different strategies, to allocate the resources needed to implement selected strategies, to monitor interventions in real time, and to evaluate the results achieved. New Zealand’s ‘wellbeing budget’ is the most recent example of this approach in action, but there are others. While recent, these experiences hold the promise of delivering policies that, by going beyond GDP and traditional silos, are more effective in improving people’s wellbeing. It is in this way that we can close the gap between elites and ordinary people that is at the root of today’s political crisis.

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The challenge is now to use better measures of progress to build better lives



PAUL ALLIN

Visiting Professor of Statistics, Imperial College London, Chair of the Advisory Panel

of the What Works Centre for Wellbeing, and former Director of the UK Measuring National Wellbeing Programme

The Commission's report, published in paperback in 2010 as *Mismeasuring Our Lives: Why GDP doesn't add up*, was clearly a clarion call for better measures of economic performance. The recommendations were to include indicators of quality of life, the state of the environment and the sustainability of development. That was a significant staging post in the increasing realisation that there is more to our wellbeing than economic growth. We should look not only at statistics of economic performance as defined by the national accounts, but also at many

other statistics including, crucially, how people assess their own wellbeing. Only then can we properly understand wellbeing and progress.

In November 2010 the Office for National Statistics (ONS) launched its programme to measure UK national wellbeing. This was in response to the Commission's report and policy interest in wider measures. The ONS measurement programme continues to generate masses of data, which the ONS summarises in various ways, including as a dashboard and a statistical release on personal and economic wellbeing.

It is fair to recognise that the Commission's report was not the first to note that wellbeing rather than economic activity should be our goal. John Ruskin said as much in 1860 when we wrote that '*There is no wealth but life*'.

But, for me, three things stand out as the report's legacy. First, the recommendation to include subjective as well as objective measures has been widely accepted. The ONS four personal wellbeing questions are also now found in a range of UK social surveys. The questions are at the heart of the OECD guidelines on measuring subjective wellbeing which are being taken up globally. For example, five countries in Asia-Pacific reported their developments at a 2015 workshop.

Personal wellbeing data is also starting to be analysed by others, for example in a recent report from the Resolution Foundation. The What Works Centre for Wellbeing is involved in a current call for proposals to understand wellbeing through secondary analysis of a range of new data. The ESRC will fund successful proposals.

The second important message in the Commission's report is that personal wellbeing is meant to be part of a fuller assessment of how a country is doing, along with other data. The OECD phrases the question as 'how's life?' and answers this with evidence from 50 indicators. One notable example of an academic source of multi-dimensional data is the World Values Survey which

includes long-term data on wellbeing for over 50 countries. Among wellbeing measures initiated in the commercial sector is the Sainsbury's Living Well Index. This seeks to address what it calls 'unanswered' questions – what does it mean to live well and how are we really living as a nation? There are many other potential data sources. David Hand and I included over 130 'indicator projects' relating to the wellbeing of various nations or communities in our 2014 book.

Wellbeing can be measured and it is being measured in many of its dimensions. There is depth, breadth and longevity in wellbeing data sets. Which leads to the third, and most vital, aspect of the Commission's report: the challenge of using better data for better lives. Here there is more to do.

Nicolas Sarkozy, who commissioned the report, wrote of his firm belief that *'We will not change our behaviour unless we change the ways we measure our economic performance'*. It is turning out to be more difficult than that. It is still GDP that grabs the headlines, rather than the wider measures. More needs to be done to change the culture among politicians, policy makers, business and civic leaders. Decision should be based

on wider, wellbeing metrics and not just on the bottom line of economic profitability. All of us, as consumers, investors, voters and members of civil society, must play our part. We must recognise, and act in light of, the broader – and yes, more complex – picture of the world that appears from wellbeing measures that go way beyond GDP.

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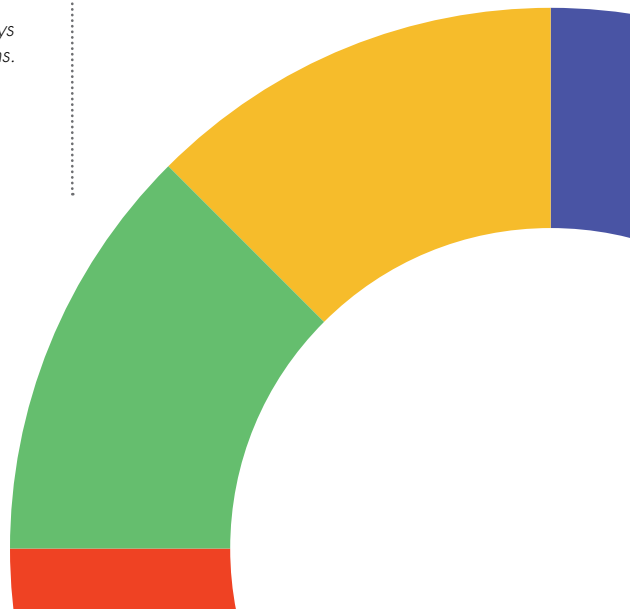
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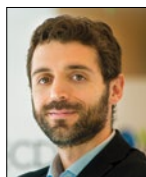
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Measuring wellbeing: the importance of the right geographic scale



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The way we measure the progress of society is crucial to achieve a real improvement in the lives of people. The importance of going beyond GDP as the single measure of such progress has gained a prominent role in the public policy debate for more than a decade, thanks in part to the work initiated in 2007 by the so called Stiglitz-Sen-Fitoussi Commission. The Commission emphasised that policy makers in all contexts should design and inform their actions by ‘measuring the right thing’.

This implies looking at a set of sound wellbeing indicators, accounting for

the different dimensions of people’s lives, from those related to material conditions, such as income, jobs and housing, to those related to ‘quality of life’.

However, ‘measuring the right thing’ is most effective if done at the right scale. We live in a world where differences in economic performance and living conditions within the same country have grown significantly and become more visible. For example, living standards in several life domains are often remarkably different between large cities and other smaller or more remote places and can be at the origin of growing spatial divides. These disparities are likely to be linked to the electoral outcomes observed recently in several developed countries, where the anti-establishment vote followed clear geographical patterns.

Measuring wellbeing at the right scale requires a geographically

granular approach, which is crucial to inform effective policy action to promote social progress. There are at least three main reasons for the importance of zooming in on wellbeing indicators.

The first, and perhaps most obvious, is the magnitude of differences in living conditions observed in different areas of the same country. Differences experienced by people in terms, for example, of their health, of the probability of finding a job, or of the safety conditions in residents' neighbourhood can be much starker within countries than between them.

For example, youth unemployment in Italian regions vary between 10-50%, as documented in the *OECD Regions and Cities at a Glance 2018* report. Such large within-country discrepancies exist in many wellbeing domains and they often apply also within the same region. For example, life expectancy – a key indicator on health – differs by more than five years between two neighbouring municipalities within the metropolitan area of Copenhagen.

The second main reason is that local living conditions and local characteristics can affect the current and future wellbeing of residents. A lack of access to quality services, from transport to education and

healthcare, or poor environmental conditions can reduce the opportunities to prosper for people who were born or live in more disadvantaged areas, especially in the early stages of their lives.

Third, sub-national governments are vital for shaping wellbeing. In OECD countries, they account for 40% of total public spending, playing a crucial role in the provision of many public policies that directly affect people's lives, including education, health, or housing. Notwithstanding the importance of local government for people's welfare, the quality of local governments and the level of people's trust in local government is far from equal between places.

Identifying the domains where improvement is most needed requires measuring wellbeing where it truly matters. In this sense, the OECD regional wellbeing web tool provides a comparative picture of wellbeing profiles of all OECD regions. A set of sound wellbeing indicators for regions and cities helps policy makers initiate an informed dialogue with citizens and businesses, to set priorities for action and to monitor the results of those actions. In the region of South Denmark, for example, a comprehensive wellbeing measurement initiative has been able to inform local policy makers on the

different actions to be taken locally. While some municipalities provide high employment opportunities without attracting population, others enjoy good environmental quality but are losing jobs and schools.

As new, informative and unconventional data sources become available thanks to rapid technological change, the capacity to produce robust, timely and geographically disaggregated wellbeing indicators is increasing considerably.

Several statistical agencies have recently embarked on a process of modernisation driven by the opportunities emerging from new data sources and technologies, and by the need to respond to new

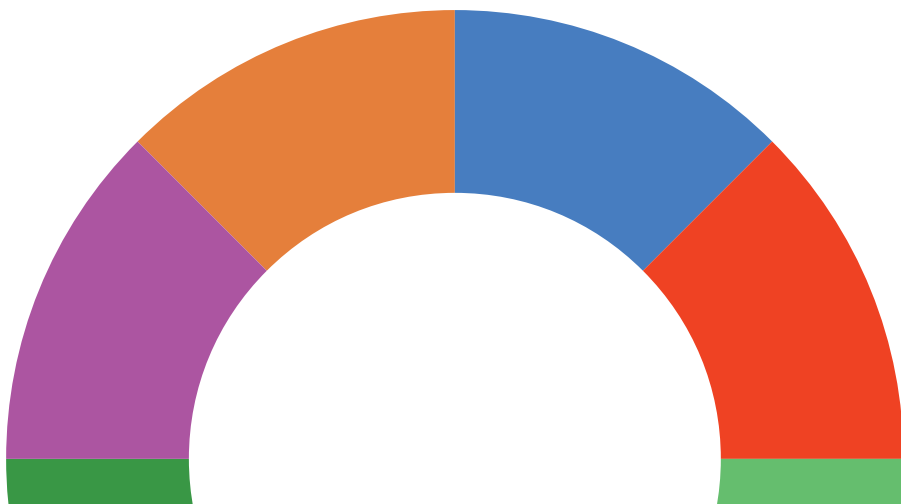
policy demands in an increasingly data-rich environment. The OECD will continue working with its member countries to seize such opportunities and to progress towards usable data for our cities and regions, with the ambition to help them achieve stronger economic and social progress in all places.

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Bringing Human Development to the United States



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Let's go back in time, back to long-ago 2007. Rihanna was singing 'Umbrella' on the radio. In June, an intoxicating new gadget called the iPhone hit the market. And outside of academia and other expert circles, there was little talk of rising inequality. The one percent was already peeling off from the rest of us, but Occupy Wall Street was still four years away, and we were blissfully unaware that the bottom was about to fall out of the economy in December. This was the context in which a former colleague from the United Nations, Sarah Burd-Sharps, approached me with an exciting prospect: to work with her to introduce to the United States an idea – human development –

that had broadened the way we understand, measure, and track people's wellbeing around the world – from strictly economic metrics like GDP to a measure that captures some of the other things, besides money, that expand our choices, opportunities, and freedoms.

With this project, we hoped to explore inequality in the US in a new way, one that included but went beyond money to bring in inequalities in health outcomes, access to quality education, voice and agency, life chances, and more. We were eager to bring good practices and new perspectives from other countries to bear on US problems. We also wanted to contribute to a more reasoned, well-informed debate about fundamental issues by making objective data and social science research more accessible and digestible; at that point, the idea that facts mattered was utterly uncontroversial.

We established a non-profit organisation and were fortunate enough to receive a founding grant from the Conrad N. Hilton Foundation. We modified the global Human Development Index to meet the needs of an affluent democracy like the US, crunched the numbers to present this new American Human Development Index by state and congressional district as well as by race and ethnicity and by gender, and produced a first-ever American Human Development Report in 2008. Since that first report, we have released national reports every other year, developed a series of state and county reports, and created a host of online tools for exploring inequality – some thirty projects in all.

In the dozen years since Measure of America first decided to adapt the UN's Human Development Index to an American context, other indices and data dashboards have sprouted up everywhere like mushrooms after a rainstorm, and many of them are great. But if the goal is to establish an alternative to GDP as the measure of social and economic progress for the American people, we believe the American Human Development Index is the best contender.

What sets the American HDI apart? First, it directly measures wellbeing in a way that is non-controversial and easy to understand, and it does so

using indicators that most people can agree are central to a good life and which are easy to measure – health, education, and earnings. In America, an Asian baby girl born today can expect to live nearly 18 years longer than a black baby boy born today. In Los Angeles County, 72% of adults in the Westwood neighbourhood have a bachelor's degree, some twenty-three times the rate in East Rancho Dominguez. In the New York metro area, median earnings for Indian men are three and a half times those of Bangladeshi women. These objective, hard numbers are not only easy to grasp; what they mean for people's lives is also easy to understand.

Second, the Index is comparable over time and from place to place. Because the data used to build the Index is regularly and reliably collected year after year across the entire country, we are able to calculate scores across places and racial and ethnic groups in the same way every year. This allows us to track change over time using consistent metrics in a single place (for example, Minnesota in 2005 compared to Minnesota in 2016), to compare wellbeing levels in different locales (for example, Missouri versus Montana), and to gauge the wellbeing of specific groups living in different places (Latinos in Los Angeles compared to Latinos in Chicago, for instance).

Third, it focuses on outcomes. While many data points help us understand specific problems related to people's lives (like unemployment rates) or quantify efforts to address these problems (for example, funding for job training or minimum-wage policies), we often stop short of measuring the impact of these efforts: Are programs and investments making a difference? Are people's living standards rising? The Index focuses on the end result of efforts to bring about change.

Fourth, it counts everyone. The Index moves away from the binary us-them view of advantage and disadvantage of today's poverty measure to one in which everyone can see him- or herself along the same continuum. This more inclusive analysis can stimulate a less polarised, partisan conversation and build common cause among groups that share the same struggles.

And last but not least, it is a road-tested methodology that rests on a rigorous conceptual framework. The American HD Index builds on the United Nations' Human Development Index, the global gold standard for assessing progress and gauging wellbeing for nearly thirty years. It was a measure designed specifically to be alternative to GDP. The American Index, like the global index, rests on a robust conceptual framework, the capabilities approach of Nobel laureate in

economics Amartya Sen, and was the brainchild of some of the world's most gifted economists. The American HDI is a proven product; Measure of America has been calculating it for over a decade, using it to produce scores of tools, created in partnership with dozens of organisations that are used by tens of thousands of people across the country.

Though many interesting alternatives have appeared on the scene in recent years, none offers the conceptual clarity, theoretical rigor, advocacy power, or wide applicability necessary to change how Americans view development like the American Human Development Index does. It shines a spotlight on who in our society has the chance to live a freely chosen, rewarding life – and who doesn't.

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REFLECTIONS

The use of government frameworks designed to improve citizens' wellbeing must be used beyond the public sector in order to contribute to the government's goal of social progress.

The private and voluntary sectors must understand and engage with government frameworks and their sector's role in contributing to progressing towards the outcomes it seeks to achieve, to improve wellbeing for all.

Breaking from tradition — why we must embrace the National Performance Framework



ANNA FOWLIE
Chief Executive, Scottish
Council for Voluntary
Organisations

Since devolution in 1999, we have had much debate in Scotland about describing and building the Scotland we want to be. That's taken various forms and has spawned many policy papers and pieces of legislation, such as the Community Empowerment (Scotland) Act 2015 and the Scottish Approach to Service Design. The most recent beacon of hope is the refreshed National Performance Framework, which embeds the UN's Sustainable Development Goals and has cross-party support in the Scottish Parliament.

We are measuring ourselves as a country against wellbeing indicators, tackling poverty and inequality. We even have an outcome that includes the word 'love'. So far so good. But what has changed? Have we moved away from outputs and targets? Are we putting the safety of the planet above economic benefit? Is the gap between the rich and the poor narrowing? In short, no.

Politicians are still wedded to output commitments like numbers of police officers, hospital waiting times, and numbers of people in jobs (regardless of what sort of job). We are still building big infrastructure projects. While the debate in the Scottish Parliament involves less braying and bellowing than Westminster, the challenge and response for all sides is almost always about numbers and short-term issues. Why is that? While

it would be easy to label it lazy or opportunistic politicking, it's actually about the public discourse. Until we have people deciding who to vote for on the basis of long-term **values** and **value**, nothing will change. While people are still more concerned about keeping under-occupied buildings they never use open, while we still buy into the myth that having more police officers reduces crime, that is what our elected representatives will campaign on.

We still focus on unit costs of separate parts of the system – the micro version of GDP being based purely on financial productivity. If we expect hospitals, schools and prisons to produce meals for a pittance, we won't address individual wellbeing and we won't address local economic sustainability. Similarly, we need to maximise the opportunities for connection brought by digital technology, developed in an organic, inclusive way. If we try to manage digital transformation like building a bridge – where it's all about how strong the physical parts are and not how easy is it to engage with – we won't achieve the citizen-centred, holistic approach the National Outcomes portray or the Scottish Approach advocates.

When you talk to people, they care about poverty, they care about climate change, they care about children growing up loved. Perhaps it just feels too big to get your head round, or perhaps it's easier to let people keep worrying about short-term, specific matters so we don't have to collectively come up with the more radical systemic solutions we need.

We must embrace the National Performance Framework and measure all of our services, whatever sector they are in, against its outcomes. It must inform budgets at national, local and community level. It must be more than an aspirational rallying call and become a genuine Performance Framework, leaving the traditional models behind.

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From Stick to Carrot



**ALAN
THORNBURROW**
Scotland Director, Business
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The pressing need for change is growing as we run out of time and earth's resources. As Kate Raworth and many others argue, current economics (and economies) are not delivering the change we need to solve our overwhelming population and climate challenges. Global co-operation is stalling even as we move towards the 26th session of the Conference of the Parties (COP26), which will take place in Glasgow in just over a year's time. The international capital markets are financing activities which Mark Carney warns will lift global temperatures far beyond the 1.5C agreed in the Paris Agreement.

The concept of wellbeing economies is steadily gaining traction within economic and political circles. Scotland has embedded wellbeing as a core purpose of government, and our National Performance Framework (NPF) measures how as a nation we are performing against specific wellbeing outcomes. You can

follow a golden thread from these outcomes all the way to the UN's Sustainable Development Goals, 'the world's to-do list'. And fully adopting a wellbeing economy would achieve the just transition to a zero-carbon future that we need, in which humans have purpose, needs are met, nature is restored and society prospers.

Businesses have a vital role to play in our future, as the changes we seek cannot possibly be accomplished without their participation and transformation. Members of Business in the Community (BITC) already understand that their success is inextricably linked with that of society and a force for good. We have three aims: developing a skilled and inclusive workforce for today and tomorrow; building thriving communities where people want to live and work; and innovating to sustain and repair our planet. *'Employers and workers are not passive bystanders, but agents of change able to find and shape new pathways to sustainability'*, says Maria Helena Andre, ILO's Bureau for Workers' Activities (ACTRAV).

So why is the current demonstrable threat of global catastrophe not resulting in immediate and sweeping

changes to behaviour by business, by government, by each and every one of us? As a colleague recently said in relation to climate emergency, *'where are the blue lights?'* The problem lies perhaps in an approach to the future rooted in opposition – on what we *shouldn't* be doing anymore, in what's *wrong* with how we currently behave. Kate Raworth quotes Buckminster Fuller: *'You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.'*

I would argue that what we have at global and national level are a series of measurements, of objectives. But what are they in pursuit of? Where is our North Star, the unifying vision we can all work together to achieve? Katherine Trebeck, in a blog in this series, supports this view: *'We designed the current economy, so we all can design a new one: the only limits are our imagination'*. If we use our collective imagination, what does that a better future look like?

The United Nations has just launched a global conversation which aims to build a global vision of 2045, its centenary, increase understanding of the threats to that future, and support enhanced international co-operation to realise that vision. Meanwhile, let's get to work here in Scotland and build a positive vision for our future. For me, that looks like a society in which

humans have purpose, where needs are met, where nature is restored and all in society prosper. Where does your imagination take you? Let's build a vision of what a good life for each of us in 2045 would look like and make it our North Star.

Then we can use the infrastructure of organisations like BITC, Scottish Enterprise, the OECD, Zero Waste Scotland, Scottish Natural Heritage and the many more besides who provide practical tools to help us get there. *Then* we can use frameworks like the Global Goals and, closer to home, Scotland's NPF to help set a course. *Then* we can measure what matters and see how our efforts are creating the future you want for ourselves and those who come after us.

But let's start now.

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A wellbeing economy as an antidote to an economic system that is unsustainable, unfair, unstable, and unhappy



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The economic model that has become so dominant is called all sorts of things: ‘neoliberal’; ‘market fundamentalist’; ‘overly financialised’; ‘extractive’; and ‘toxic’.

What it is called doesn’t matter so much as how it has strangled our imaginations and our sense of possibility: the current economy is seen as the only kind of economy that we can have, and the mainstream thinking is that to resist it would be to bring society to its knees.

Yet society is already on its knees – seen in widening economic inequalities; in levels of insecurity, despair and loneliness; and in desperate searches for ways to cope, whether at the pill box or the ballot box. Many people fear the loss of their jobs, insecurity in old age and the destruction of their dreams and cultural norms. And, as Martine Durand writing in this series observes, *‘bitter divisions within society...[are] so vividly demonstrated in a number of recent elections’*.

The planet is also on her knees – on the brink of the 6th mass extinction with the prospect of catastrophic climate breakdown getting closer and closer.

The root cause of so much of this is how the economy is currently

designed – in a way that does not account for nature, in a way that is blind to distribution of resources, and in a way that puts measures of progress such as short-term profit and GDP to the fore.

These are structures that are deliberate – and hence can be dismantled and designed differently.

In the depth of the Great Depression, in 1933, John Maynard Keynes wrote:

‘The decadent international but individualistic capitalism, in the hands of which we found ourselves after the War, is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous – and it doesn’t deliver the goods. In short, we dislike it and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed.’

Today is a time of similar economic inequality to when Keynes was writing and just as then, more and more people are beginning to despise the current arrangements.

Fortunately, today we are not short of ideas as to what to put in its place.

Concepts of societal wellbeing are familiar the world over, even though different terms might be used to describe the central idea of flourishing for all people and sustainability for the planet.

This shared vision for a better way of doing things can be found in the scripts of many religions. It is contained in worldviews of First Nations communities. It can be read in the scholarship of development experts and in research findings about what makes people content. This vision echoes in evidence from psychology about human needs and from neuroscience about what makes our brains react, and, perhaps most importantly, can be heard loud and clear in conversations with people all over the world about what really matters to them.

A growing movement is forming around the idea of a wellbeing economy. Academics are laying out the evidence base, businesses are harnessing commercial activities to deliver social and environmental goals, and communities are working together not for monetary reward, but following innate human instincts to be together, to cooperate and collaborate. These efforts will be made easier the more pioneering policy makers embrace a new

agenda for the 21st century. We can look to how Costa Rica delivers longer life expectancy and higher wellbeing than the US with just a third of the ecological footprint per person. New Zealand is showing how to design government budgets for a wellbeing economy. Alternative business models like cooperatives show us how success beyond profit can be embraced.

So we're not starting from scratch. By learning from the many examples and reorienting goals and expectations for business, politics and society, we can build a wellbeing economy that delivers

good lives for people first time around, rather than requiring so much effort to patch things up. We designed the current economy, so we all can design a new one: the only limits are our imagination.

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