



**“COMMISSION ON THE  
MEASUREMENT OF ECONOMIC  
PERFORMANCE AND SOCIAL  
PROGRESS”: IS ITS PROPOSAL  
ALREADY APPLIED?**

**Filomena Maggino - Silvia Montecolle - Elena Ruviglioni**



## **INTRODUCTION**

**1. → Goal**

**2. → CMEPSP**

**3. → Comparison: methodology**

## **COMPARISONS WITH**

**4. → EUSI → 4.1 ISTAT**

**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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## 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**



## Classical GDP Issues

Existing measurement framework	Improving measurement of	National accounts aggregates
		Services
		government-provided services
	Revisit the concept of “defensive” expenditures	
Income, wealth and consumption have to be considered together		
Bringing out the household perspective	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

Education

Personal activities

Political voice and governance

Social connections

Environmental conditions

Personal insecurity

Economic insecurity

*Recommendations*





**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

*Recommendation*



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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)	<b>X</b>	<b>Xp</b>	<b>Xp</b>	
	EUSI (2000)	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
	OECD Factbook (2005)		<b>Xp</b>		<b>X</b>
	OECD – Global Project – taxonomy (2009)	<b>X</b>			
	UN MDG (2001)		<b>X</b>		<b>X</b>
	Italian Official Statistics				<b>X</b>



# 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		
A. Objective features shaping quality of life	1. Health	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)
	2. Education	Inputs (school enrolment, education expenditures, school resources)
		Outputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)
		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	Paid work
		Unpaid domestic work
		Commuting
		Leisure time
		Housing
	4. Political voice and governance	Citizens' voice
		Legislative guarantees
Rule of law		
5. Social connections	Social trust, social isolation, informal support, work place engagement, religious engagement, bridging social capital.	
6. Environmental conditions	Access to environmental services (water), environmental amenities and disamenities, climate variations, natural disasters.	
7. Personal insecurity	Crimes and incidents	
8. Economic insecurity	Unemployment, illness, old age	



# 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





# EUSI

## European System of Social Indicators



### The concepts considered by EUSI

#### Three pillars / areas

**(i)  
quality of life**

**(ii)  
economic and  
social cohesion**

**(iii)  
sustainability**



# EUSI

## European System of Social Indicators



**(i)  
quality of life**

**(ii)  
economic and  
social cohesion**

**(iii)  
sustainability**

<i>Level of</i> ↓	→	Subjective well-being	
		<b>high</b>	<b>low</b>
Objective living conditions	<b>high</b>	<i>well-being</i>	<i>dissonance</i>
	<b>low</b>	<i>adaptation</i>	<i>deprivation</i>

Zapf (1975, 1984)



# EUSI

## European System of Social Indicators



**(i)  
quality of life**

**(ii)  
economic and  
social cohesion**

**(iii)  
sustainability**

Two goal dimensions have been distinguished:

1. reduction of disparities and inequalities and **fighting social exclusion**
2. strengthening of connections and social ties including the **enhancement of social capital.**



# 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

CMEPSP		EUSI	
Classical GDP Issues			
A. Existing measurement framework	1. Improving measurement of	National accounts aggregates	X
		Services (general)	X
		Government-provided services	X
	2. Revisit the concept of “defensive” expenditures (investments - capital goods – maintenance)	Security (prisons, police, ...)	X
		Health (hospitals, ...)	X
		Environment (pollution, ...)	X
3. Income, wealth and consumption have to be considered together (→ sustainability)	[Gross investments (physical & human capital)] – [depreciation & depletion (physical, human, natural capital)]	Indicators are provided but not in the suggested combination	
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)	Income related to inequality concept and measured also through subjective indicators
	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)	X
	3. Prices indices	Spatial and temporal comparisons	X
	4. Risk and vulnerability	Presence of less guarantees (e.g., risk caused by pensions system and individual investments)	X
	5. Broader measures of household economic activity	Cleaning, cooking, child and old people care, driving to work, ... (in monetary terms)	X
	6. Time use	Any individual activities measured in terms of time (also paid work and study)	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		<b>X</b>	
B. Objective features shaping quality of life	1. Health	Mortality (life expectancy at birth, standardized mortality rate, median life expectancy)	<b>X</b>
		Morbidity	<b>X</b>
		Combined health measures (disability-adjusted life year, disability-free life expectancy, health adjusted life expectancy)	<b>X</b>
		Health inequalities (groups, life-styles, genetics)	<b>X</b>
	2. Education	Inputs (school enrolment, education expenditures, school resources)	<b>X</b>
		Outputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	<b>X</b>
		Throughputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	<b>X</b>
	3. Personal activities	Paid work	<b>X</b>
		Unpaid domestic work	
		Commuting	
		Leisure time	<b>X</b>
	4. Political voice and governance	Housing	<b>X</b>
		Citizens' voice	
		Legislative guarantees (*)	
	5. Social connections	Rule of law (*)	
	5. Social connections	Social trust, social isolation, informal support, work place engagement, religious engagement, bridging social capital.	<b>X</b>
6. Environmental conditions	Access to environmental services (water), environmental amenities and disamenities, climate variations, natural disasters.	<b>O</b>	
7. Personal insecurity	Crimes and incidents	<b>X</b> (only crime)	
8. Economic insecurity	Unemployment, illness, old age	<b>X</b>	



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## ISTAT vs. CMEPSP via EUSI



*focus on* **QUALITY OF LIFE**

Are the indicators provided by Italian Official Statistics  
adequate?



## ISTAT vs. CMEPSP via EUSI



Are data provided by Official Statistics available for each life domain?

### LIFE DOMAINS

Measurement Dimension	Subdimension	Indicator	Definition	Official Statistics Source



## ISTAT vs. CMEPSP via EUSI



<b>Life domains</b>	<b>N. indicators EUSI</b>	<b>% indicators provided by OS</b>
Health	30	93
Educations	11	18
Labour Market and Working Conditions	66	83
Income, Standard of Living, and Consumption Patterns	26	92
Crime and Public Safety	23	70
Housing	29	97
Environment	18	94
Total Life Situation	15	20





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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



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



# OECD Factbook vs. CMEPSP



What FACTBOOK has with reference to CMEPSP

CMEPSP		FACTBOOK	
Classical GDP Issues			
A. Existing measurement framework	1. Improving measurement of	National accounts aggregates	X
		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)]	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	
Quality of Life			
A. Subjective measures of quality of life		X	
B. Objective features shaping quality of life	1. Health	Mortality (life expectancy at birth, standardized mortality rate, median life expectancy)	X
		Morbidity	X
		Combined 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 enrolment, 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
		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	Paid work	
		Unpaid domestic work	
		Commuting	
		Leisure time	X
	4. Political voice and governance	Housing	
		Citizens' voice	
	5. Social connections	Legislative guarantees (*)	
		Rule of law (*)	
	6. Environmental conditions	Social trust, social isolation, informal support, work place engagement, religious engagement, bridging social capital.	X
	7. Personal insecurity	Access to environmental services (water), environmental amenities and disamenities, climate variations, natural disasters.	
	8. Economic insecurity	Crimes and incidents	X
		Unemployment, illness, old age	X



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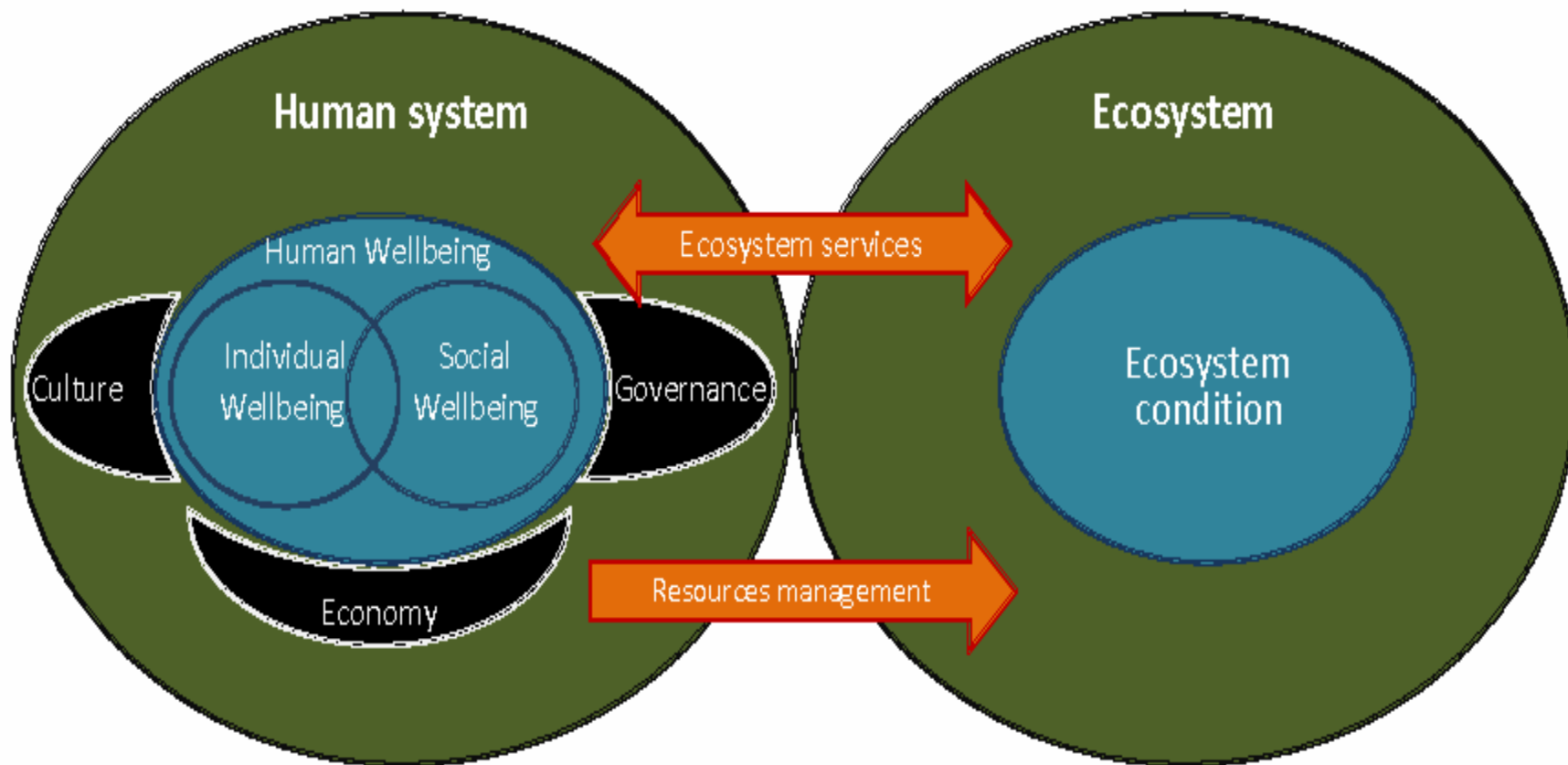
# OECD GP - Taxonomy



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





# 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
	Access to Services
Culture	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

CMEPSP			OECD – Global Project – Taxonomy
Classical GDP Issues			
A. Existing measurement framework	1. Improving measurement of	National accounts aggregates Services (general) Government-provided services	<b>X National income</b>  <b>National wealth</b>
	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)	<b>X material well-being</b>
	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		





# OECD GP vs. CMEPSP



What OECD – Global Project has with reference to CMEPSP

CMEPSP		OECD – Global Project - Taxonomy	
Quality of Life			
A. Subjective measures of quality of life			
B. Objective features shaping quality of life	1. Health	Mortality (life expectancy at birth, standardized mortality rate, median life expectancy)	<b>X Physical and mental health</b>
		Morbidity	
		Combined health measures (disability-adjusted life year, disability-free life expectancy, health adjusted life expectancy)	
		Health inequalities (groups, life-styles, genetics)	
	2. Education	Inputs (school enrolment, education expenditures, school resources)	<b>X knowledge and understanding</b>
		Outputs (graduation rates, expected numbers of completed years of schooling, standardized test measures of students and adult achievement in terms of literacy and numeracy)	
		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	Paid work	<b>X work and leisure</b>
		Unpaid domestic work	
		Commuting	
		Leisure time	
	4. Political voice and governance	Housing	<b>X freedom and self-determination</b> <b>Human rights</b> <b>Civic engagement</b> <b>Access to services</b>
		Citizens' voice	
		Legislative guarantees (*)	
5. Social connections	Rule of law (*)	<b>X interpersonal relationships</b>	
	Social trust, social isolation, informal support, work place engagement, religious engagement, bridging social capital.		
6. Environmental conditions	Access to environmental services (water), environmental amenities and disamenities, climate variations, natural disasters.		
7. Personal insecurity	Crimes and incidents	<b>X security and crime</b>	
8. Economic insecurity	Unemployment, illness, old age		

A large, faint watermark of a six-pointed star with a central emblem is visible in the background of the slide.

# 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*