The issue

• Disconnect between what’s happening in the economy and people’s perceptions of their own conditions

• Goes beyond income and income distribution

• Also concerns other key aspects of quality of life

GDP growth is not a good metric of people’s well being and should be recognized as a means to an end not as the ultimate policy objective
Thus, OECD focus on well-being

The OECD well-being framework

- Multidimensional
- People rather than economic system or GDP
- Outcomes rather than inputs and outputs
- Both averages AND inequalities
- Both objective subjective aspects
- Both short AND longer term

Source: OECD (2013)
Monitoring countries’ performance across 11 dimensions

The OECD Indicators:

- A **dashboard** with **25 headline indicators**, around 2 per dimension; **averages, distributions and trends**

- About **30 secondary indicators** to complement the analysis on **specific topics**

- Supported and informed by **OECD Committee on Statistics and Statistical Policy**

- Covering **OECD and key partner countries**
Assessment of countries’ relative strengths and weaknesses ...

- Income and wealth
- Jobs and earnings
- Housing
- Work and life balance
- Health status
- Education and skills
- Social connections
- Civic engagement and governance
- Environmental quality
- Personal security
- Subjective well-being

Canada

OECD

United States
... and of inequalities across ALL well-being dimensions

OECD

- Income and wealth
- Subjective well-being
- Jobs and earnings
- Health status
- Environmental quality
- Education and skills
- Civic engagement and governance
- Social connections

High socio-economic background
Low socio-economic background
From measurement to policy: Well-being at the heart of the Inclusive Growth Initiative

- **Avoiding a Well-being Kuznets Curve**: ‘Grow first, think about well-being later’
- **Well-being not as a collateral**, secondary consideration after growth policies have been formulated, but growth policies as one means to pursue well-being and sustainability
- Obliges to address **policy trade-offs and** permits to identify **synergies** (e.g. *health and environment; environment and income, jobs and their distribution; environment and security, etc*)

**Goal of Inclusive Growth Initiative**

- **Use of a Measure of Multidimensional Living Standards as a policy tool**
Direct links to green growth (1): through environmental quality of life and health outcomes

INDIVIDUAL WELL-BEING
[Populations averages and differences across groups]

Quality of Life
- Health status
- Work-life balance
- Education and skills
- Social connections
- Civic engagement and governance
- Environmental quality
- Personal security
- Subjective well-being

Material Conditions
- Income and wealth
- Jobs and earnings
- Housing

SUSTAINABILITY OF WELL-BEING OVER TIME
Requires preserving different types of capital:
- Natural capital
- Economic capital
- Human capital
- Social capital

Source: OECD, 2013
Environmental quality weighs heavily on health conditions

Global premature deaths from selected environmental risks

*Baseline, 2010 to 2050*

Note: "Unsafe water supply and sanitation" refers to child mortality only

Source: OECD (2012a), Environmental Outlook to 2050: The Consequences of Inaction
Links to green growth (2): sustainability of well-being through preservation of the asset base

In principle, measures only capture current well-being but in fact close link to the asset base:

- Financial wealth and housing → economic capital
- Education, health → human capital
- Social connections → social capital
- Environmental quality → natural capital

Source: OECD, 2013
What’s next ?...

• **Measurement agenda:**
  – Timeliness and completedness of well-being and inclusive growth data
  – Natural capital (SEEA implementation) and other stocks

• **Quantifying policy links:** work has started (ECO, ELS, Other Directorates)

• Introducing multi-dimensionality into **policy design and analysis**: OECD Country Surveys, Multidimensional Country Reviews, Going for Growth, Inclusive Growth National Case Studies (e.g. China), Sectoral Policies towards Inclusive Growth
More information at

Websites:
www.oecd.org/measuringprogress
www.oecd.org/howslife
www.oecdbetterlifeindex.org

http://www.oecd.org/inclusive-growth/