



Task Force 6
**Social Cohesion and the Future
of Welfare Systems**

Policy brief

TOWARDS HUMANISTIC METRICS OF SUCCESS FOR G20 ECONOMIES

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ABSTRACT

The COVID-19 pandemic has changed the relationship between the market economy, state and society in almost every country worldwide. While the economy paused and literally shut down in many countries during the first wave of the pandemic, the state and civil society have gained new significance in protecting people from the ravages of the coronavirus. This shift has affected the public's perception of the role of markets, government and society in response to the worldwide shock. In particular there is an increased recognition that societal well-being goes well beyond material prosperity and that society, governments and markets should contribute to enhancing human well-being in a sustainable fashion.

The Italian G20 Presidency comes at a time when uncertainties concerning the evolution of the pandemic persist and its economic impact is expected to weigh heavily on economies and societies for many years. In addition, the global COVID-19 pandemic and climate crises have catapulted vulnerabilities that emerged from an equity chasm, leaving whole segments of the human population – people with disabilities, older people, displaced and refugee populations, women and children – particularly vulnerable to psychological, social and economic shocks. However, crises force re-evaluations, reconsiderations and reprioritizations to build forward better, on individual and collective levels, in institutions and among those that govern them, to promote equity, inclusion and well-being for all, leaving no one behind.

Against this background, the Italian Presidency is committed to contributing to the development of a shared vision to shape a brighter future for all, and promises that “All policy actions will be centered on people”. This makes it necessary to put fundamental human needs at the heart of policy making, in line with what the OECD (e.g. OECD 1994; 2013; 2020), Snower (e.g. Lindbeck and Snower 1989; Snower 1993; Bosworth, Singer, and Snower 2016; Lima de Miranda and Snower 2020) and the Social Progress Imperative (Porter, Stern, and Green 2016) have long advocated. The three pillars of the Italian G20 Presidency – “People, Planet and Prosperity” – call for measurement of economic and societal performance that goes beyond GDP. While significant progress has been made on the international and national statistical agendas on multidimensional well-being measurement beyond GDP, we maintain that the G20 should systematically monitor progress through these multidimensional metrics, thus making it possible to assess the progress of the three pillars of the Italian G20 and in future G20 agendas. Such measurement should encompass not only aggregate indicators of material prosperity and inequality, but also environmental performance and social performance, with a particular focus on social solidarity, empowerment and opportunity, including physical and mental health, education and security. These policy objectives are closely related to the Sustainable Development Goals.

We propose that the G20 monitor annually these key dimensions of success and progress for the G20 countries and beyond to inform development strategies and budget priorities.



Furthermore, we propose that the G20 investigate how these measures relate to public compliance with policies such as pandemic containment and climate action.

This brief discusses some possible measures of success and progress that encompass the dimensions of solidarity, agency, equitable economic well-being and environmental sustainability. These measures build on existing research and tools – notably by the Global Solutions Initiative, the Kiel Institute, the OECD and the Social Progress Imperative – developed over the last few years. The metrics discussed in this paper are not exhaustive and constitute a starting point for additional deliberations by the T20 that the G20 Italian Presidency may take forward and turn into a G20 dashboard. The brief also illustrates possible policy implications of such metrics, in lines with the priorities of the G20 Italian Presidency.

*The opinions and arguments expressed herein are those of the author and do not necessarily reflect the official views of the OECD or its member countries



CHALLENGE

METRICS OF SUCCESS BEYOND GDP AND THEIR RELATION TO THE “THREE PS” OF THE ITALIAN G20 PRESIDENCY

PEOPLE

The “People” category is about individual well-being within thriving societies. Agency and solidarity are key to the understanding of individual and societal well-being. Agency covers the fundamental human purpose of individual mastery and personal growth, and aims to measure how empowered people in a society are to influence their fate through their own efforts. Solidarity covers people’s social needs and purposes for social belonging and embeddedness in society. It may be directed “inwardly” to one’s national, religious, ethnic, racial or class groups, or “outwardly” to groups with regard to which one does not define one’s social identity. Other measures and dimensions could be mobilised within the “People” dimension, in line with the SDG measurement approach or other frameworks for measuring people’s well-being (see for instance the OECD’s Well-Being Framework) or social progress (see for instance the Social Progress Index). However, at this particular juncture, we place an emphasis on one aspect of people’s lives which has been critically affected by the pandemic - agency (the ability to shape one’s own destiny), as well as on one of the strongest factors of resilience to the crisis at societal level - “inward” solidarity (social connectedness within countries) and “outward solidarity” (the willingness to cooperate multilaterally across countries, for instance ensuring global access to vaccines in a fair manner across countries).

PLANET

The “Planet” category is about environmental sustainability. “Developing a safer and more sustainable world” is one of the visions that the Italian G20 presidency is advancing in its G20 agenda. This calls for action that contributes to “restoring the balance between people and nature”, in light of the severe environmental degradation and climate crisis, and the need to build forward better in a way that accelerates the transition to a net zero carbon economy. Incorporating environmental sustainability into measurement and decision-making needs to address the paradox that some environmental indicators tend to improve with economic growth (for example protection of the biome, and particulate air pollution), whereas other indicators tend to deteriorate (for example greenhouse gas emissions). It is also critical that this is done within a framework linked to people and prosperity, in order to address climate justice and ensure a “just transition” in tackling the climate crisis. Tools like the Recoupling Dashboard (Lima de Miranda and Snower 2020), the Social Progress Index (Stern, Krylova, and Harmacek 2020) and the Better Life Index (e.g. OECD 2020) integrate social and environmental indicators and therefore provide a roadmap to managing the climate crisis in an equitable and inclusive way.



PROSPERITY

The “Prosperity” category is about material standards of living and economic well-being. These can be measured in terms of the average wealth of a nation (aggregate GDP), as well as measures that map out the distribution of economic resources (e.g. Gini coefficients). Economic growth is not a goal per se, but a means to ensure prosperity for all and leave no one behind, as advocated by the 2030 agenda. While economic growth (in terms of GDP) does make a significant contribution to societal well-being, it is not the whole story - other factors also determine a country’s level of success. In particular, movements of GDP do not provide an adequate account of how solidarity (S), agency (A) and environmental sustainability (E) evolve (see for example Lima de Miranda and Snower 2021). Social Progress Index data, for example, show that proxies for inclusive growth such as income inequality, employment and even income poverty do not fully explain social progress outcomes. If GDP grows while S, A and E stagnate or decline, economic prosperity becomes “decoupled” from social and environmental prosperity. The aim of policy should be to “recouple” these separate domains, ensuring that all four fundamental needs and purposes are met.

Social Progress Index data also suggest that higher social progress is associated with higher resilience to shocks like the COVID-19 pandemic. This suggests that rather than there being a trade-off between economic and social progress, the two can be mutually reinforcing.



CONCLUSION

G20-informed policy agendas, legislative and regulatory mechanisms, tools and innovations are in a position to consider measurable economic, social and environmental processes that can propagate equitable, inclusive and spatially efficient forms of normativity. As such, the recovery policies and recommendations ought to be actioned in a way that is proportionately universal, while recognising that universal responses are needed to trigger social and environmental investment, legislative and policy interventions, increased awareness and appropriate behavioural changes.

A comprehensive measurement tool that can serve as the global authority on assessing progress on people, planet and prosperity, while measuring, evaluating and informing policies on economic and social performance is needed to develop capacity, data, indicators, global data-driven analysis and knowledge aimed at identifying governance gaps and making informed policy decisions, with exacted solutions driving more prosperous, inclusive and equitable societies.

An actionable approach with a small number of clearly laid out indicators can help visualise how prosperity in different dimensions of human well-being is in (un)balance. The groundwork for prosperous and fulfilling lives, as well as for resilient and sustainable societal well-being, is established when people have a secure sense of social belonging (S), are empowered to influence their fate through their own efforts (A), are materially well off (G) and live within planetary boundaries (E).

Building on these insights, we recommend that the G20 should:

- discuss broader measures of success at the G20 Italy leaders' summit;
- create a G20 working group to agree on a small set of clearly laid out indicators that encompass indicators of aggregate material prosperity, inequality, environmental performance (with particular reference to climate and biodiversity) and social performance (with a particular focus on social solidarity, empowerment and opportunity, including physical and mental health, education and security);
- monitor progress on the basis of these multidimensional metrics.



APPENDIX

The Social Progress Index uses an explicitly people-centred approach by excluding economic proxies for well-being and focusing instead on social and environmental outcome indicators across three dimensions aligned with the Sustainable Development Goals: basic human needs, foundations of well-being and opportunity. Its focus is on people's real lived experience.

Social Progress Index mapping to SDGs:



The Social Progress Index is not a measure of subjective well-being, but we do observe a strong relationship between the concepts of social progress and life satisfaction. Empirical analysis suggests that the third dimension of the Social Progress Index framework, Opportunity (which encompasses rights, freedoms and inclusiveness), has a particularly strong relationship with life satisfaction (Fehder, Porter and Stern 2018).

The Social Progress Index is used to measure national performance, but is also applied at a local level, for example by the European Commission to measure the performance of regions of the EU; by the Presidency of the Italian Council of Ministers for the regions of Italy; and in cities in the United States (see case study below). The Social Progress Index has also been used in emerging economies, such as India, Brazil and South Africa.

The Social Progress Index has been used to support the Smart City Vision of San Jose, California. By mapping social progress at a granular level to census tracts, the index is a practical tool for the Mayor and his team to: train city departments to incorporate equity screening in their decision-making; visualise communities of need to direct municipal resources—instead of responding to complaints; enhance understanding of neighbourhood challenges to participate in the dynamic local economy.

We note that countries that achieve the highest levels of social progress are those that see the most equal distribution of social progress across different regions of the country. Moreover, equalising social progress across the regions of a country is a goal that is more tractable to policy interventions than equalising GDP, hence works particularly well as a tool for regional development policy.



The Recoupling Dashboard is a country-specific research tool to measure societies' well-being beyond GDP, and illustrates the interdependence of economic prosperity, social prosperity and environmental sustainability. It harmonises social prosperity in two innovative new indexes (agency and solidarity), alongside environmental performance and the traditional index of economic prosperity (GDP), to capture these fundamental dimensions of human well-being. It is rooted in an empirical, interdisciplinary understanding of human needs and purposes, and follows a multi-level approach to societal well-being.

SAGE Framework

S - Solidarity covers social cohesion within countries (Inward Solidarity) and cohesion across national and cultural borders (Outward Solidarity)

A - Agency involves empowerment; it covers people's need to influence their fate through their own efforts.

G - Material gain: GDP per capita

E - Environmental sustainability: Environmental Performance Index



Agency means to influence one's own prosperity through one's own strength. Solidarity means being embedded in the relevant social groups. There are two types of solidarity: inward and outward. Inward solidarity is important for social cohesion in close social surroundings. Outward solidarity is important for the will to cooperate with other social groups (such as other nations and cultures). Thus, outward solidarity is necessary to create the political will for multilateralism.

The Recoupling Dashboard's innovative approach sheds light on the decoupling of societies and provides an empirical basis for mobilising action in government, business and civil society to promote a recoupling of economic and social progress. If the purpose of governments and businesses is to promote the public interest, the newly debuted Recoupling Dashboard suggests that government and business decisions include assessments of their impacts on solidarity and agency. This is the first step toward reinventing our governance systems.

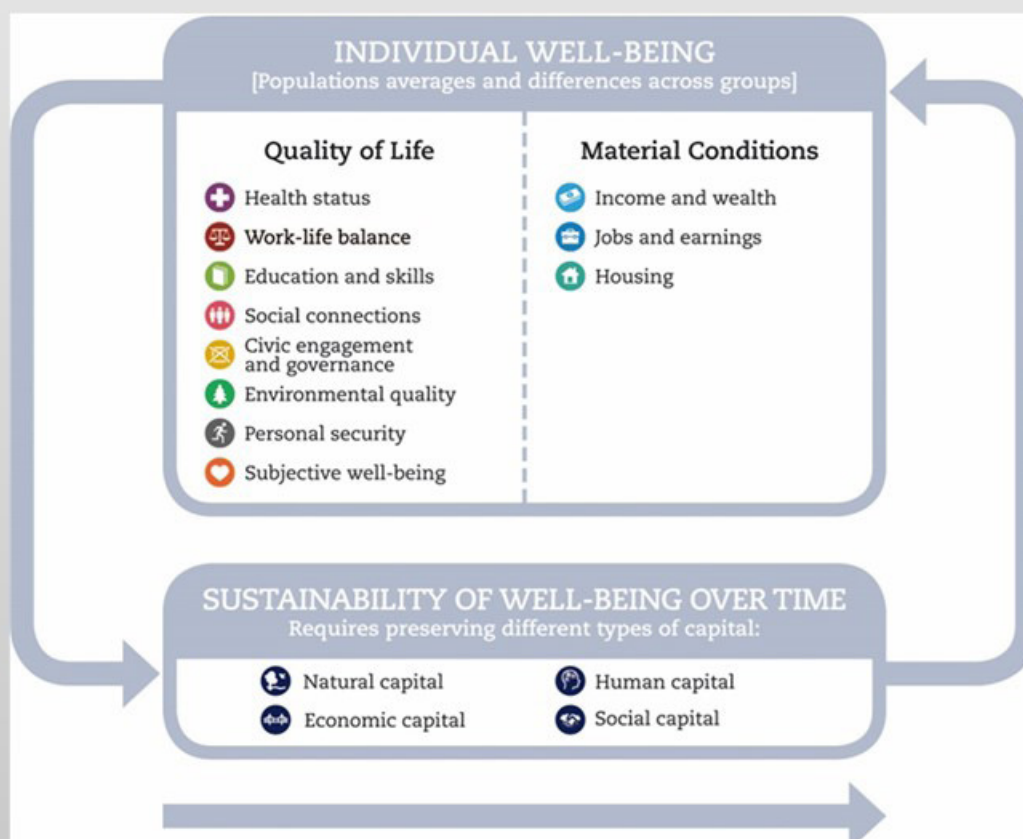
To date the Recoupling Dashboard includes data from 100 countries from between 2006 – 2020 and allows for cross-country comparisons. The data used is exclusively provided by external sources, such as the OECD, the World Bank and data projects like the Gallup World Poll.



OECD Well-being Framework

launched to go beyond GDP

Societal progress is about improvements in the well-being of people and households. Assessing such progress requires looking not only at the functioning of the economic system but also at the diverse experiences and living conditions of people. The OECD Framework for Measuring Well-Being and Progress shown below is based on the recommendations made in 2009 by the Commission on the Measurement of Economic Performance and Social Progress to which the OECD contributed significantly. It also reflects earlier OECD work and various national initiatives in the field. This Framework is built around three distinct components: current well-being, inequalities in well-being outcomes, and resources for future well-being.



- A focus on **people** rather than the economic system or GDP
- Measures **outcomes** rather than inputs and outputs
- Examines both **averages** and **inequalities**
- Considers both **objective** and **subjective** aspects
- Concerned with well-being both **today** and **tomorrow**
- **Introduced by the OECD in 2011**
- **Reference tool to monitor WB and societal progress in the large majority of OECD countries**



**TAB. 1 - RECOMMENDATIONS FOR A PUBLIC POLICY SOLUTION
WITH AN EMPHASIS ON VULNERABLE AND MARGINALISED POPULATIONS**

STRATEGIC DOMAINS OF CHANGE	RECOMMENDATIONS FOR A PUBLIC POLICY SOLUTION
Respecting the Rule of Law and Human Rights	A. Apply a whole-of-society approach for an equitable and inclusive coordinated response to promote, protect and care for mental health for all, with particular emphasis on vulnerable and marginalised populations
Budgetary and Executive Support	B. Ensure widespread availability of accessible and inclusive emergency mental health and psychosocial support, particularly in disaster preparedness and response that would leave no one behind
Institutional Capacity Attitudes and Beliefs Increasing Participation	<p>C. Build mental health and disability services for the future by:</p> <ul style="list-style-type: none"> – developing and funding the implementation of national legislations and services and the re-organisation of mental health and disability inclusion strategies that shift care away from institutions to accessible and inclusive community services – ensuring that disability and mental health laws, policies and services are rights-based and part of universal health coverage, in line with the SDGs – building human resource capacity to deliver mental health care – organising representative and participatory practices that raise awareness, fight stigma and discrimination to protect and promote people's human rights – involving people with lived experience in the design, implementation and monitoring of policies and programmes, in line with "nothing for us without us" <p>D. Research needs to be part of recovery efforts, directly consulting with the affected populations, to strengthen advocacy efforts for mental health and disability-inclusive policies and practices.</p>



NOTES

¹In the 2030 agenda from 2015 heads of states from all over the world have agreed that they “are determined [...] to ensure that all **human beings can fulfil their potential** in **dignity** and **equality** and in a **healthy environment**”.

²“We are determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.”



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