

European Statistical System Sponsorship

Measuring progress, well-being and sustainable development
(Stiglitz report - GDP and beyond communication)

Statistics?

- Statistics are like bikinis. What they reveal is suggestive, but what they conceal is vital. **Aaron Levenstein**
- Oh, people can come up with statistics to prove anything. 14% of people know that. **Homer Simpson**
- Do not put your faith in what statistics say until you have carefully considered what they do not say. **W. W. Watt**
- Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes.
Charles Goodhart

Consistency with theory

The OECD
Triangle for
Quality of
Indicators

Political relevance

Measurability

European Statistical System under pressure

■ ESS

- 27 MS + CH + EEA/EFTA + Eurostat
- min 50 000 statisticians

■ Situation

- Need to reduce costs and increase efficiency
- Increasing demands for statistical products and reduction of respondent's burden
- Improvements in quality are needed
- Emerging user needs
- Progress in information technology

Costs

Products

Quality:

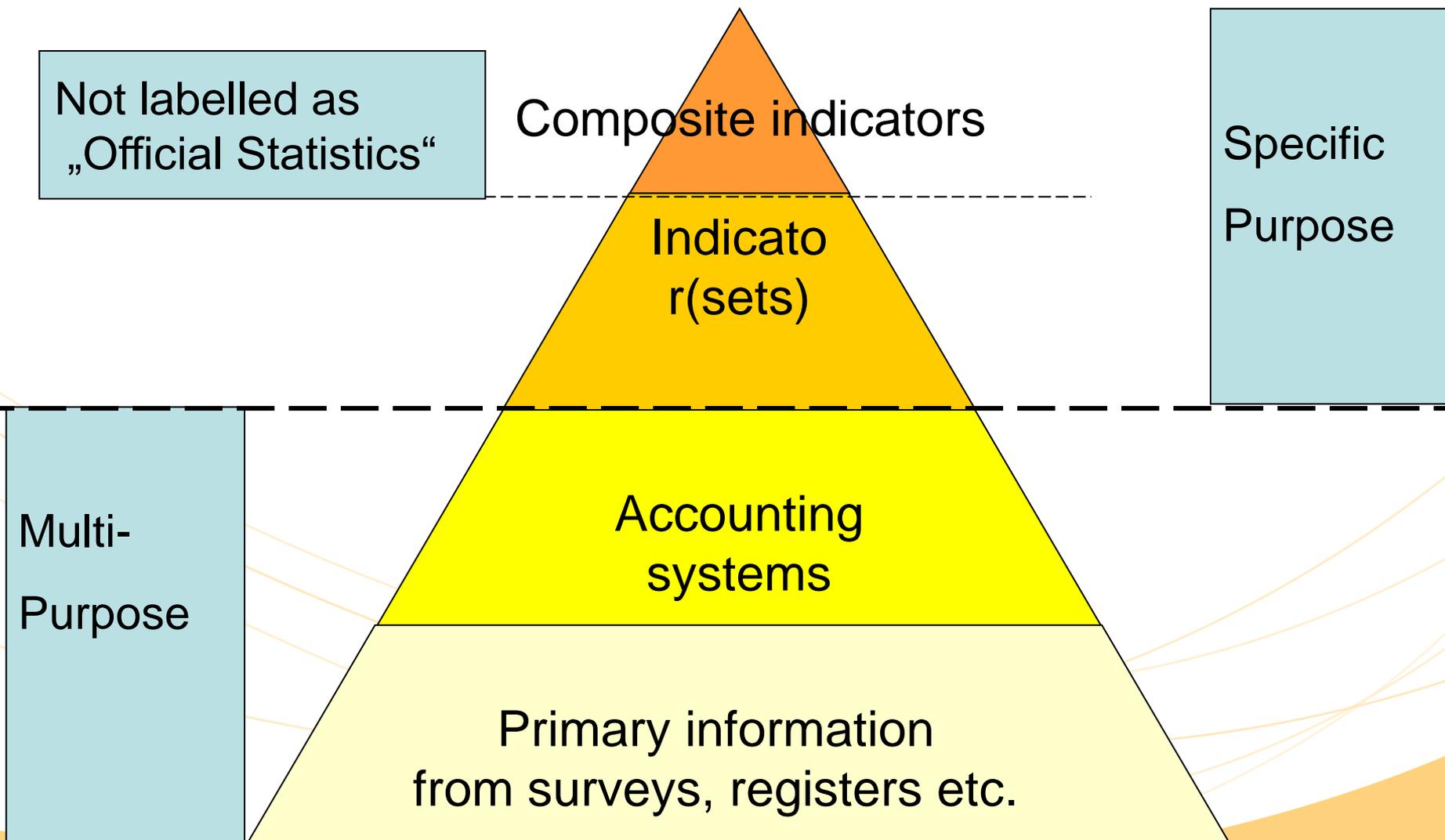
Fitness for purposes
Heterogeneity of user needs

**New information needs
vs. existing needs ??**

Burden

Processes

The Pyramid of Statistical Information



GDP

The best known measure of macro-economic activity



Developed
in the
1930s



Aggregates the
value added of
all money based
economic activities
(flows) in
1 nation + 1 period



Looks
simple



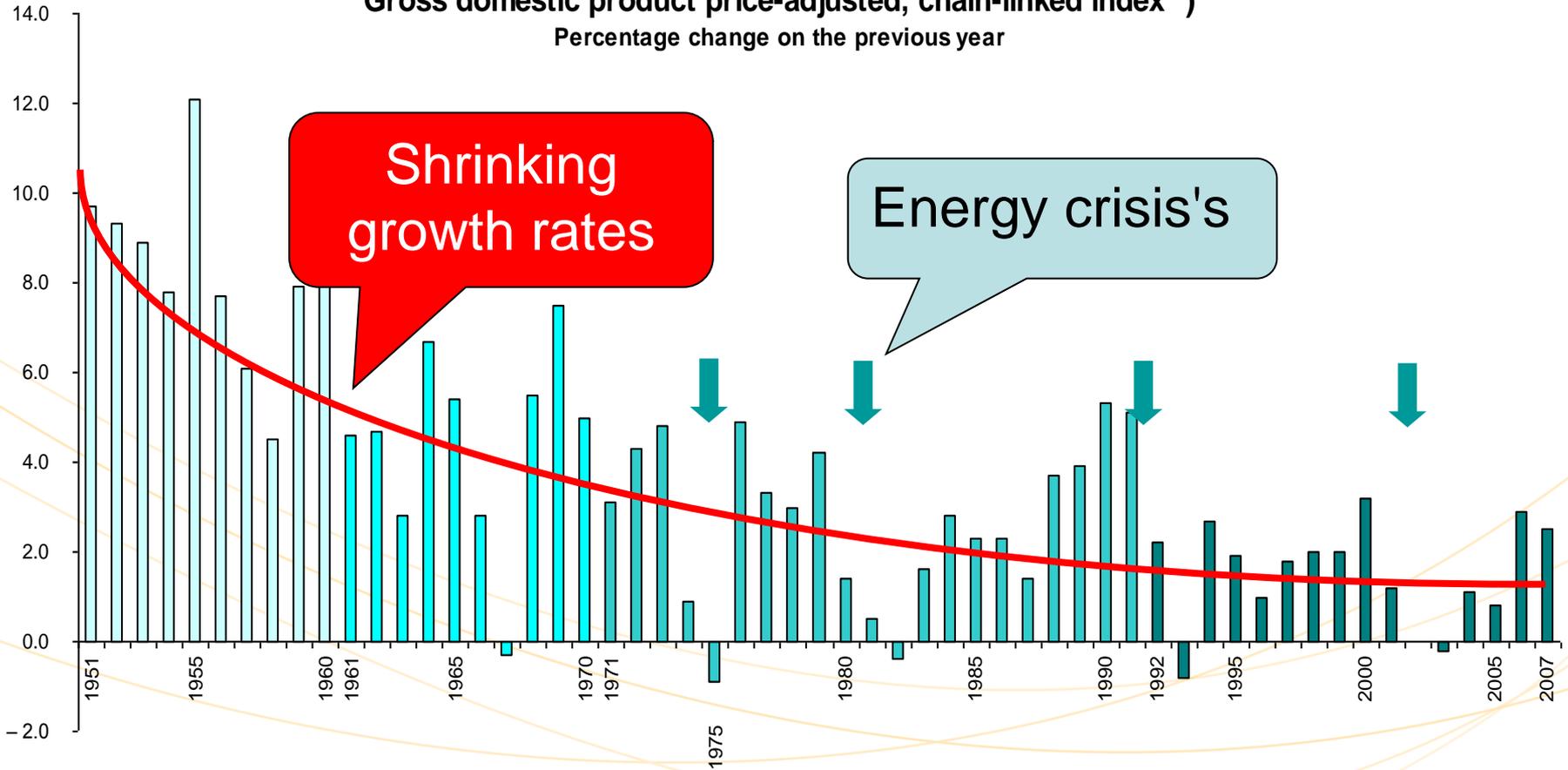
Regarded as a
proxy indicator for
overall societal
development
and progress in
general



Clear methodology
=> allows comparisons over time
and between countries

Economic growth: Example Germany

Gross domestic product price-adjusted, chain-linked index *)
Percentage change on the previous year



Well known initiatives of the 1980/90s

- Club of Rome (e.g. “Taking Nature into Account”)
- System of Environmental-Economic Accounting
UN SEEA
- Social Indicators (e.g. „Datenreport“ of Destatis, Zuma, WZB)
- Satellite Accounts (health, sports, ...)
- Indicator systems (SDI, Lisbon, ...)
- Composite Indicators (HDI, ...)
- „Household production“, time use surveys
- Scientifically rooted approaches (capital approaches, footprints, genuine savings, ecosystem...)

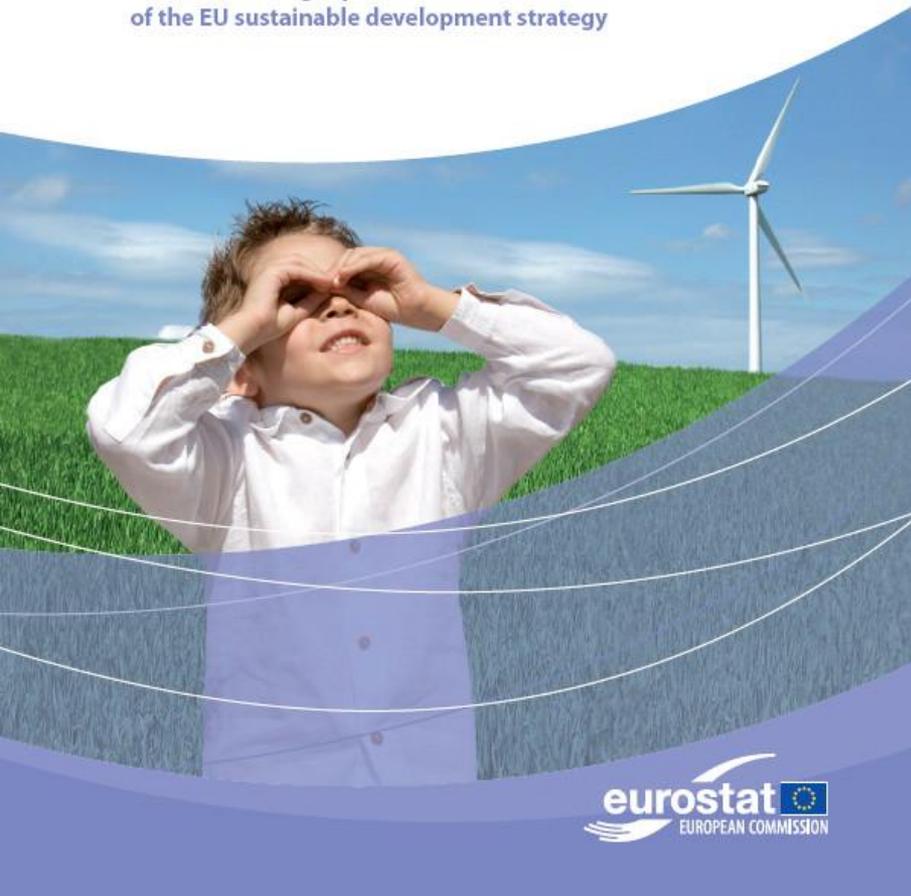
Recent international initiatives

- Renewed EU Sustainable Development strategy in 2006
- OECD global project on measuring societies (Istanbul declaration in June 2007)
- Beyond GDP conference in Nov 2007 (« GDP and Beyond » communication in Aug 2009)
- Commission on the measurement of economic performance and social progress (« Stiglitz-Sen-Fitoussi » report in Sept 2009)
- Europe 2020 strategy (First half 2010)

Eurostat monitoring report of the EU Sustainable Development Strategy

Sustainable development in the European Union

2009 monitoring report of the EU sustainable development strategy



Climate change and energy

Overall progress since 2000 in the 'climate change and energy' theme has been unfavourable, even if there are recent signs of improvement in several indicators.

Following a period of growth in EU-15 greenhouse gas emissions between 2000 and 2004, recent developments have been favourable, and emissions in 2007 stood 1.4 % lower than in 2000. Projections indicate that the Kyoto Protocol targets are within reach. The greenhouse gas intensity of energy consumption has decreased, but at a modest pace.

Of the energy indicators, only combined heat and power has shown a favourable development. The consumption of renewables and biofuels as well as the share of renewables in electricity generation have increased but each at a pace which appears insufficient to reach their respective targets. Energy dependency has grown considerably since 2000, reaching about 55 % in 2008. The implicit tax rate on energy has fallen, which is inconsistent with the objective of shifting the tax burden from labour to resource use.

Table 2: Evaluation of changes in the climate change and energy theme (EU-27, from 2000)

Level 1	Level 2	Level 3
	Climate change	
☁ Greenhouse gas emissions*	: Greenhouse gas emissions by sector	☀☁ Greenhouse gas intensity of energy consumption
		: Global surface average temperature
	Energy	
☁ Consumption of renewables	⚡ Energy dependency	☁ Gross inland energy consumption
		☁ Electricity generation from renewables
		☁ Consumption of biofuels in transport
		☀ Combined heat and power**
		☁ Implicit tax rate on energy

* EU-15

** From 2005

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GDP and beyond

From



to

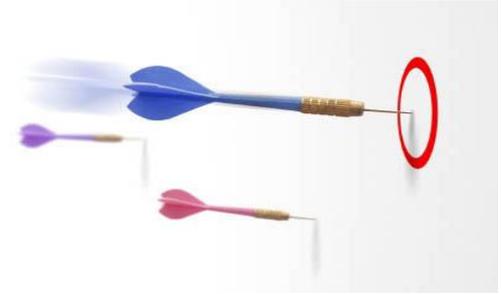


Five key actions

1. Complementing GDP with environmental and social indicators
2. Near real time information for decision-making
3. More accurate reporting on distribution and inequalities
4. Developing a European Sustainable Development Scoreboard
5. Extending National Accounts to environmental and social issues

GDP and Beyond

Some short term actions



- Prepare Well-being indicators and coordinate actions with European Quality of Life Survey and Eurobarometer
- Analysis of key distributional issues in social statistics
- Study on short-term estimates of Green House Gas emissions based on energy statistics
- Create legal basis on environmental accounts and provide Nowcast
- Support DG environment in the Comprehensive environmental index

Stiglitz Sen Fitoussi report

Report from the Commission on the measurement of economic performance and social progress

Three pillars:

1. Classical GDP issues
2. Quality of life
3. Sustainable development and environment



Europe 2020: 3 main objectives / 7 flagship initiatives

- Smart growth – developing an economy based on knowledge and innovation
 - Innovation union
 - Youth on the move
 - A digital agenda for Europe
- Sustainable growth – promoting a more resource efficient, greener and more competitive economy
 - Resource efficient Europe
 - An industrial policy for the globalisation era
- Inclusive growth – a high employment economy delivering economic, social and territorial cohesion
 - An agenda for new skills and jobs
 - European platform against poverty

Europe 2020 targets (EU Council 17. June 2010)

The strategy sets 5 measurable headline targets to be achieved by the EU by 2020. The EU targets have to be translated into national targets

- 75 % of the population aged 20-64 should be employed
- 3 % of the EU's GDP should be invested in R&D (further reflection on inclusion of "innovation intensity")
- The "20/20/20" climate/energy targets should be met
- The share of early school leavers should be under 10 % and at least 40 % of 30-34 years old should have completed a tertiary or equivalent education
- 20 million less people should be at risk of poverty and exclusion

Initiatives: similar concerns and issues

- Overall awareness of the need to complement GDP to measure the progress of societies
- Measure well - being of people (importance of objective and subjective well-being)
- Better assess inequalities and disparities (intra-generational)
- Take into account environmental issues and sustainability (inter-generational)



Consistency with theory

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Stiglitz

Europe 2020

GDP&Beyond

Political relevance

Measurability

ESS Sponsorship

- Work based on the Stiglitz report
- Takes into account the GDP and beyond communication, the Europe 2020 strategy and the OECD global project on measuring the progress of societies
- Aims to contribute to achieve consensus within the ESS on the most relevant recommendations to be implemented
- Mandate: to set up priorities for the short and long term:
 - Better analyse and disseminate relevant existing data
 - Proposes a strategy to develop relevant statistical information (with cost-effectiveness principle)

ESS Sponsorship

Organisation and Timetable

- Co-chaired by Eurostat and INSEE (FR)
- Large participation: AT, BG, DE, DK, ES, FR, IT, LU, NL, NO, PL, PT, SE, SI, SK, UK, CH, OECD, UNECE
- Work started in Spring 2010
- The DGINS conference on measuring progress (Sofia 29/09/2010)
- The Sofia Memorandum
- Report expected by summer 2011

Task Forces

1. **Households perspective and distributional aspects of income, consumption and wealth**
 - Better promoting the already existing information in the National Accounts that is relevant to the recommendations of the Stiglitz report (net adjusted disposable income and actual final consumption)
 - Using the household surveys in order to provide macro-economic information on the distribution of income, consumption (short term) and wealth
 - Fostering the compilation of the balance sheets accounts of households.
 - Broaden income measures to non market domestic activities as well as leisure time (medium term)
2. **Environmental sustainability**
 - Complementing national accounts with integrated environmental economic accounts
 - Revising sustainable development scoreboard
 - Linking National Accounts and energy accounts
3. **Multidimensional measures of quality of life**
 - Establishing objective indicators of quality of life on the basis of household surveys and relevant administrative sources
 - Assessing quality of life inequalities in a comprehensive way
 - aggregating the different inequality dimensions (medium term)
 - Measuring subjective well-being
4. **Conceptual framework and cross cutting issues**
 - Conceptual framework
 - Issues of common interest
 - Link with different policy initiatives (Europe 2020, EU Sustainable Development Strategy, ...)

Sofia Memorandum

- Adopted in October 2011 by the Directors General of the National Statistical Institutes in the ESS
- Considers the international initiatives and strategies
- Recognises the need to work further on:
 - Household perspective
 - Distributional aspects
 - Global impact of environment issues
 - Quality of life statistics (objective and subjective)
 - Better communicate on existing data and analysis
- Calls for inclusion of the recommendations of the Sponsorship in the 2013-2017 statistical programme
- Balances the new development and the resources needed with the budgetary constraints

Thank you for your attention!

walter.radermacher@ec.europa.eu

Contact point:

International statistical cooperation

Eurostat Unit D2

<http://epp.eurostat.ec.europa.eu/>