



# SOCIAL MONITORING AND REPORTING ACTIVITIES AT THE OECD

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E-frame workshop on “Social Monitoring and reporting in Europe – State of the Art and Future Perspectives”

Villa Vigoni, 13-15 March 2013



# OECD work on measuring well-being: main tracks

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- Laying the **foundations for better statistical measures in the future** (under *aegis* of OECD Committee Statistics):
  - SWB Guidelines, March 2013
  - Guidelines on measurement of household wealth, June 2013
  - Integrated framework for micro data on household income consumption and wealth, June 2013
- Moving forward agenda of **policy uses** of these measures
  - Understanding the drivers of various well-being outcomes
  - Using a multi-dimensional framework when designing and implementing policies
- **Using of information that already exists** to monitor social conditions (i.e. what is ‘wrong’ from perspective of people)



# Social monitoring at the OECD: long history

- OECD *Social Indicators Programme* (1970s)

- “List of Social Concerns Common to Most OECD Countries” (1973)
- “OECD List of Social Indicators”(1982): 33 indicators selected to describe “common concerns”
- “Living conditions in OECD countries – A compendium of social indicators”(1986): description, based on OECD list, in 15 areas
- “Society at a Glance OECD Social Indicators” (ongoing: 2001, 2003, 2005, 2006, 2009, 2011): 45-25 indicators, variant of PSR (context/status/response) and four areas of social concerns (self-sufficiency, equity, health, soc. Cohesion)
- *How’s Life?* (and *Your Better Life Index*): part of SSF follow-up. Framework based on 11 dimensions (for the ‘here and now’), material conditions/QoL, average/ inequalities, objective/subjective indicators. Ongoing:
  - 2011: focus on **benchmarking** countries performance at a point in time
  - 2013: **monitoring changes**, impact of the crisis (October 2013)

Entry in A. C. Michalos (ed.), *Encyclopaedia in Quality of Life Research*



## Monitoring changes over time

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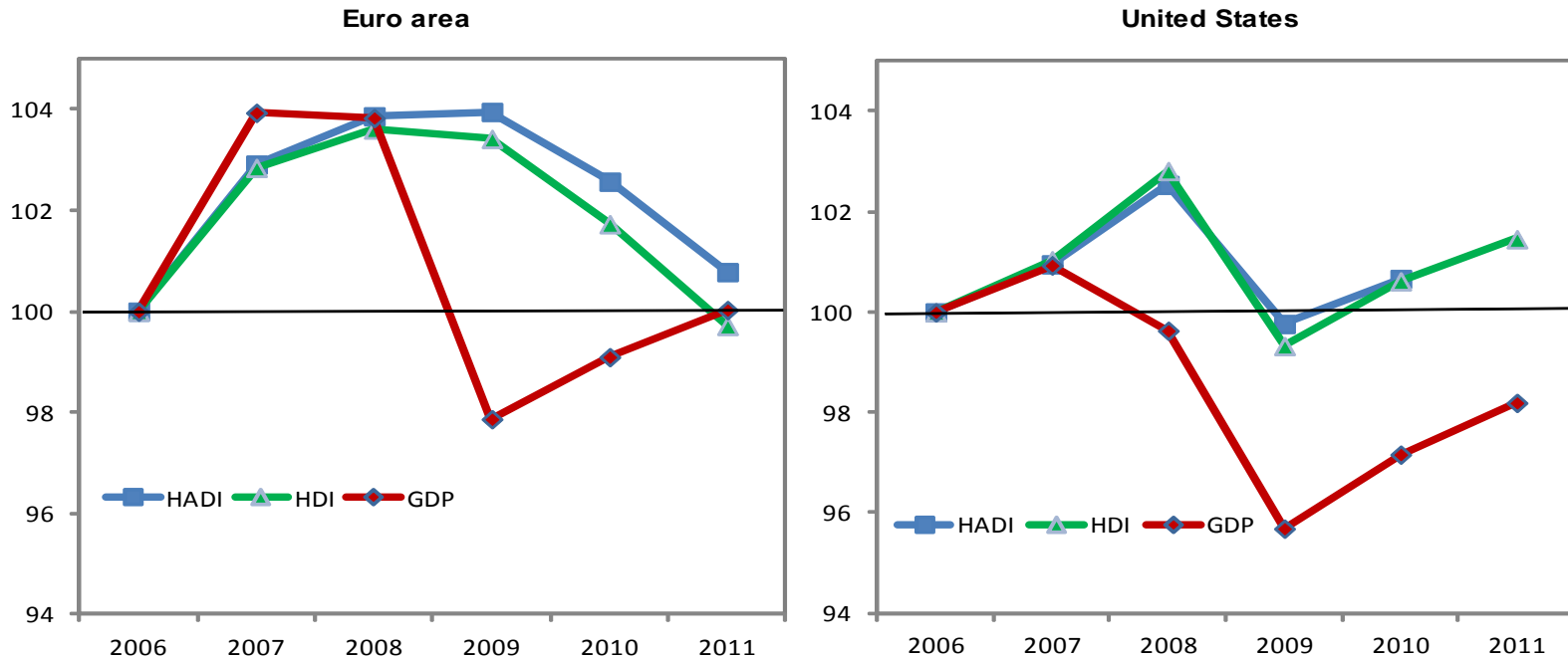
- Work on 2013 “How’s Life?” still ongoing, not much to report. **Two issues** affect all exercises in social reporting:
  - *Timeliness of the available measures for social reporting*: i) collection frequency; ii) reporting lags. Specific European problem (statistics on household living conditions) but ongoing EU initiatives. Role of non-official statistics in filling gaps
  - *Time-series properties of measures*: whether the indicators that we conventionally use for social reporting highlight the “devastation” brought by the crisis: empirical issue, that would exist even if very timely data were available

➤ *Examples*



# 1. Economic well-being: household income

## Household disposable income (SNA) and real GDP - 2006=100



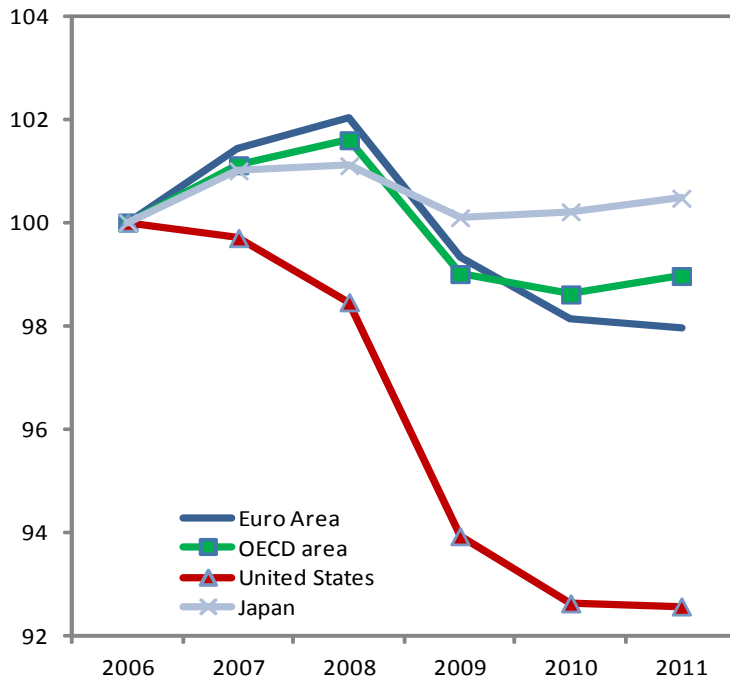
OECD Annual National Account data

- In EU area, changes in household income lag those in real GDP, no rebound as a weak recovery takes hold in 2009; greater coincidence of movements in the US
- STIK support household income in Euro area countries in 2010 and 2011; no significant role in US
- Household living standards down 4% since 2009, surely more since 2011

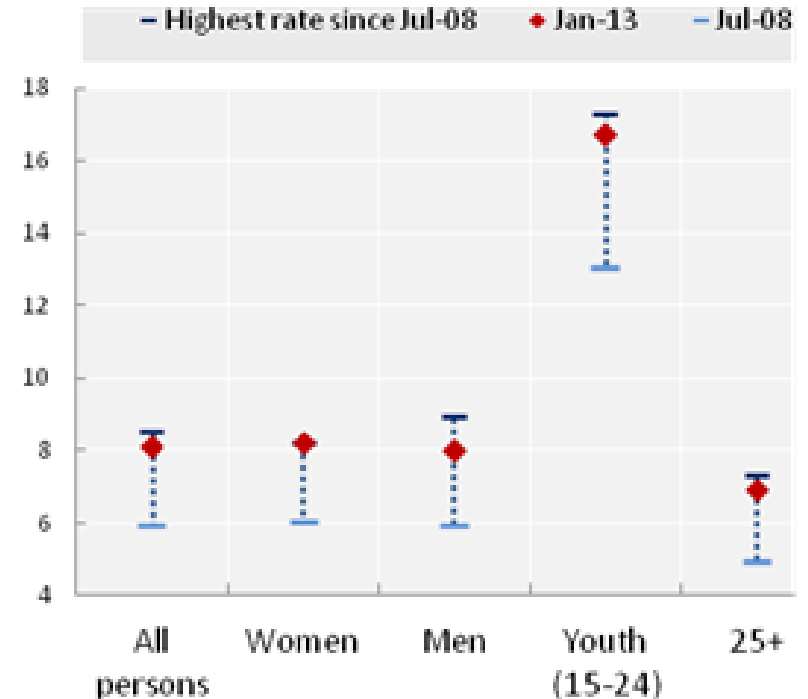


## 2. Employment and unemployment

Employment (2006=100)



Cumulative changes in UNR

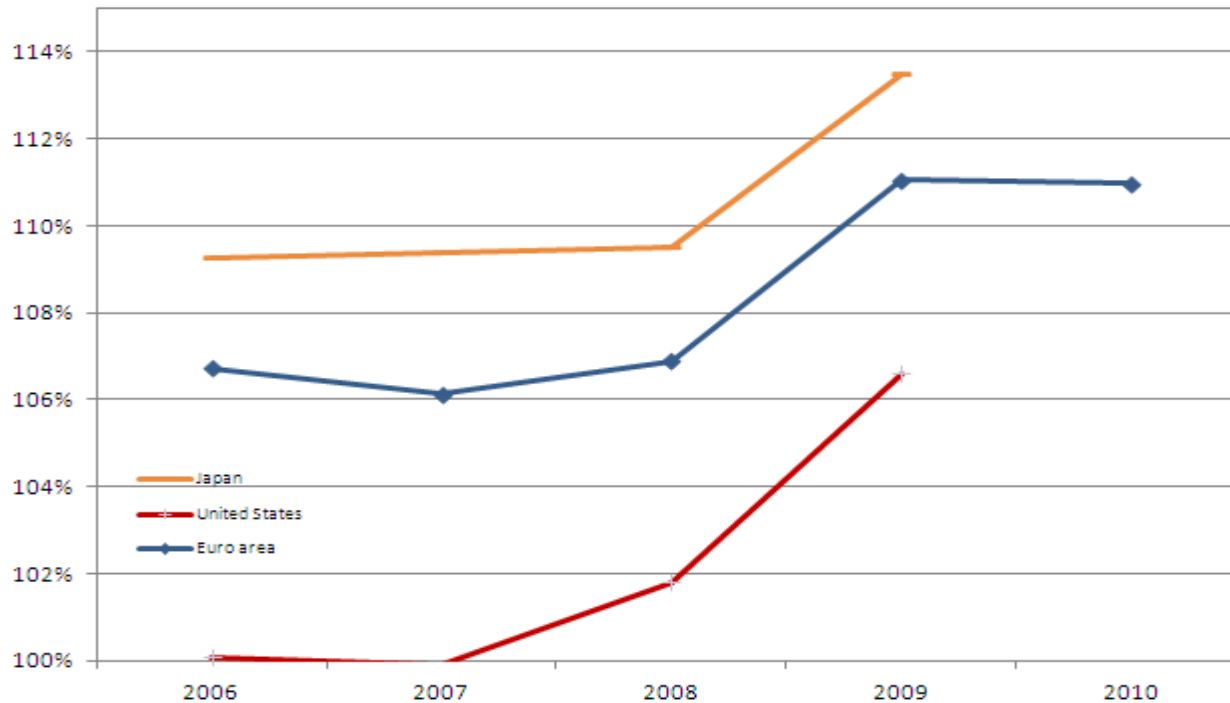


- substantial job losses recorded in a number of advanced countries during the recession, weak job creation since 2010 (employment growth remains positive during the downturn in other OECD countries and key partner countries)
- Most of the increase in UNR affects youth



# 3. Redistribution from governments

**Adjusted disposable income as a percentage of primary income**  
Households and NPISH



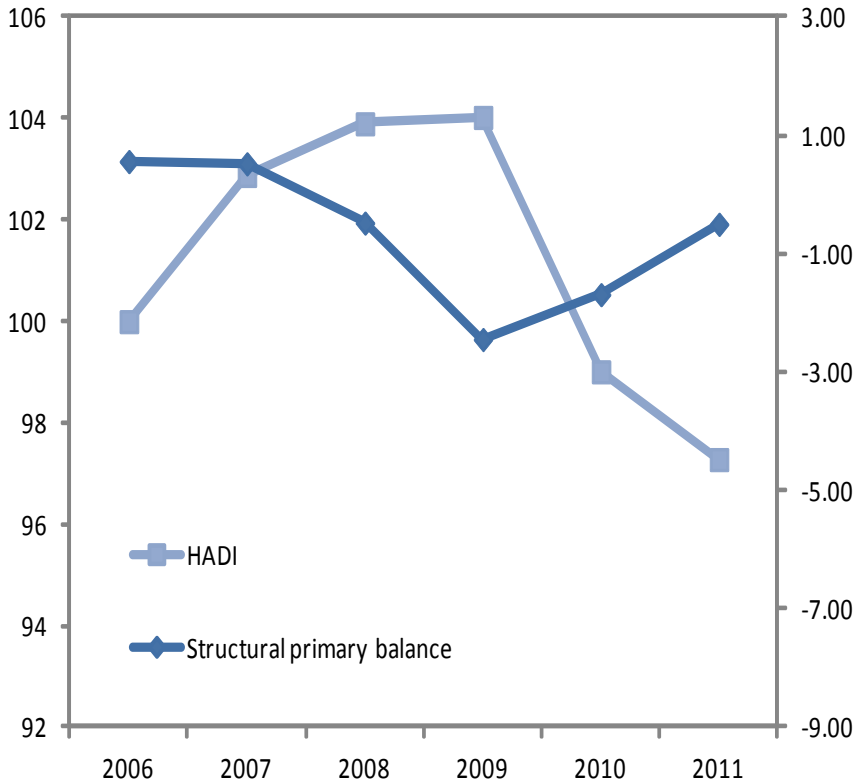
OECD Annual National Account data

- Most countries let “automatic stabilisers” to work after crisis, which dampens fall in primary/ market income until 2010
- But what happens when fiscal consolidation sets in?

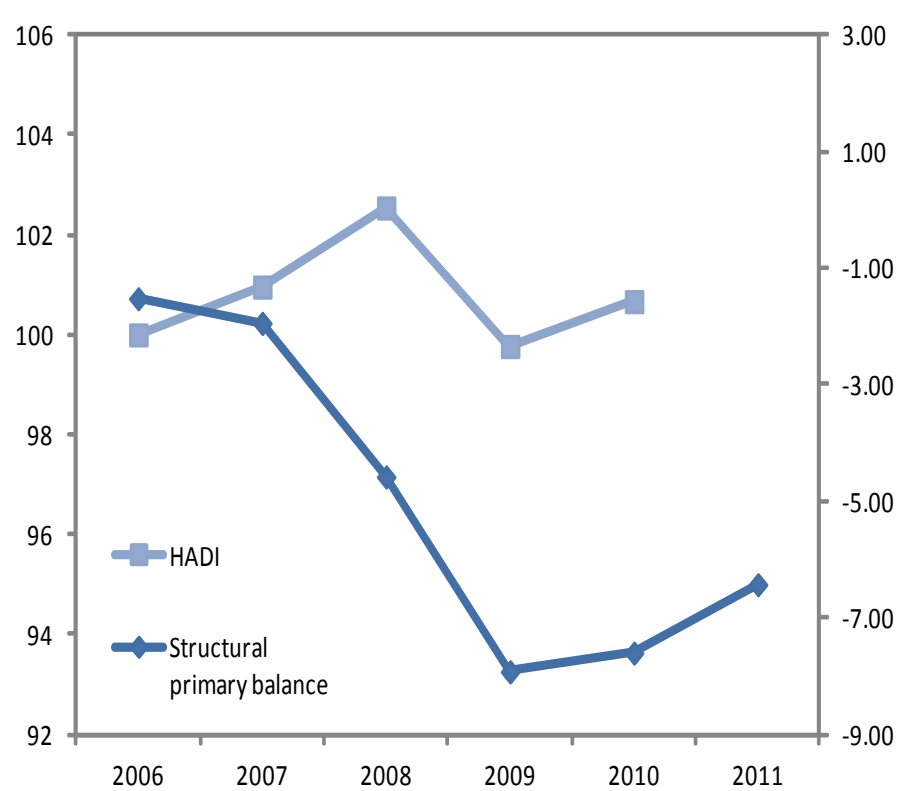


# .. and the effects of budget consolidation

Euro Area



United States

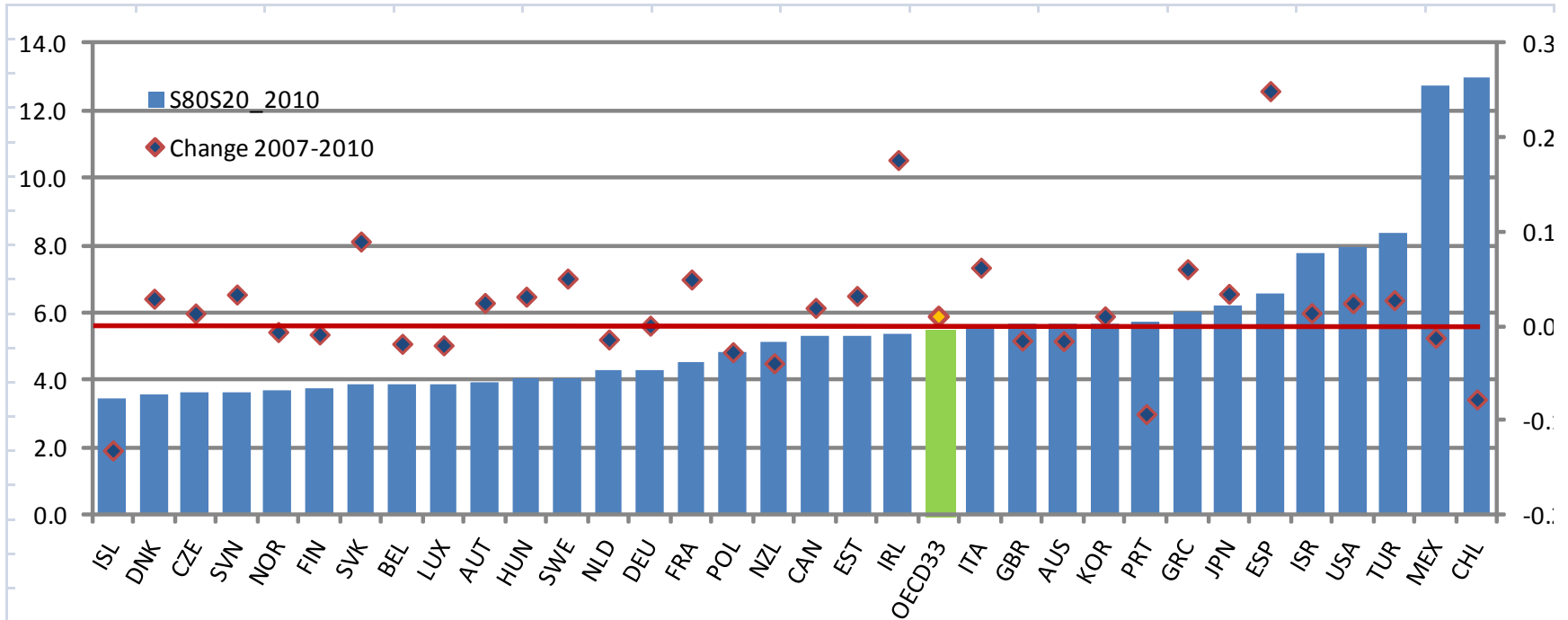


OECD Annual National Account data





# 4. Income inequality



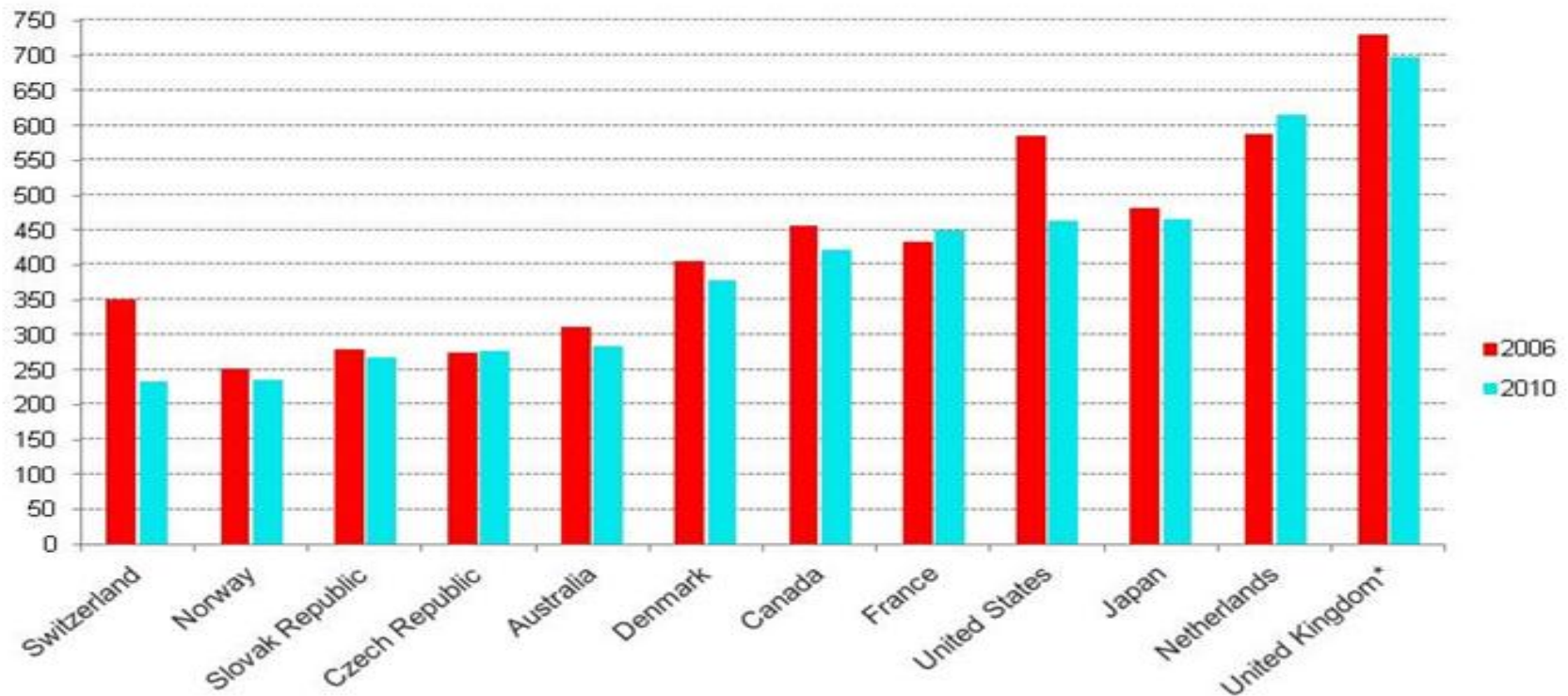
OECD Income distribution and poverty database, provisional data for 2010

- Income inequalities increase in most (19) OECD countries
- Increase is small on average (from 5.46 to 5.50 when excluding Ireland, whose data are undergoing revisions)



## 5. Household new worth: averages ...

**Households and NPISHs Net Worth (financial net worth + dwellings)**  
As a percentage of gross disposable income



OECD Annual National Account data

- Data available for 19 OECD countries: fall 30% in SZ, 20% in US, 10% in AUS and BEL.
- Smaller declines in NOR, SVR, DK, CAN, JPN, UK; increases only in CZR, FRA, NLD.
- but: only in SZ/UK, dwellings include value of land; BS land data only available for 9 OECD countries (understating the contraction in BS)

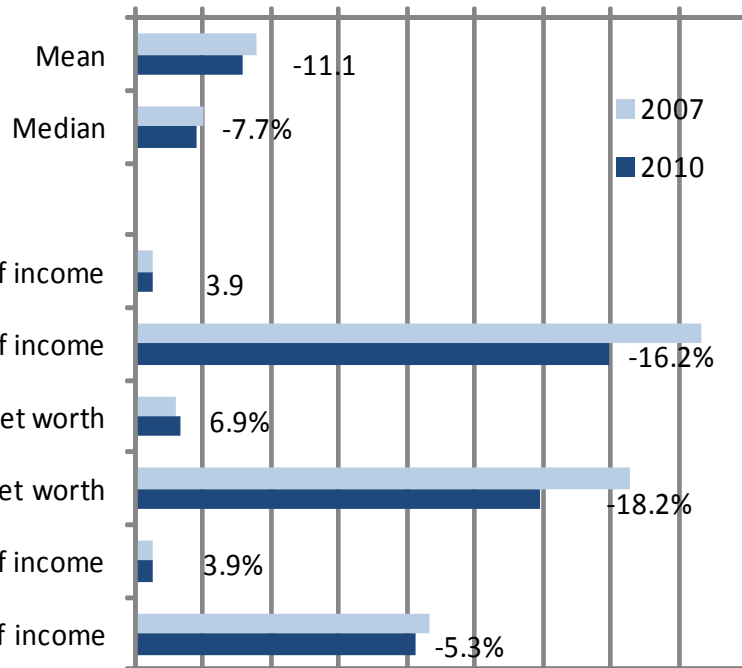


# ... and distribution

## United States, 2007-2010 (Survey of Consumer Finances)

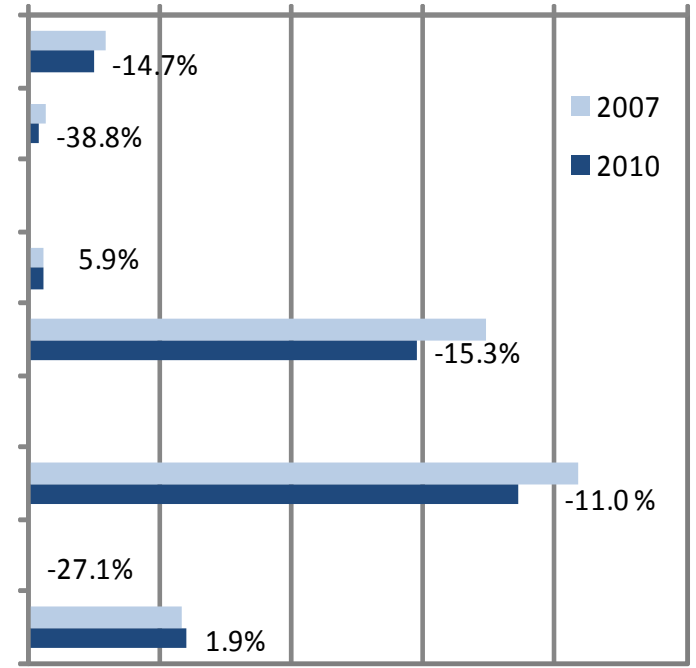
Before tax family income

0 50 100 150 200 250 300 350 400 450



Family net worth

0 1000 2000 3000 4000 5000



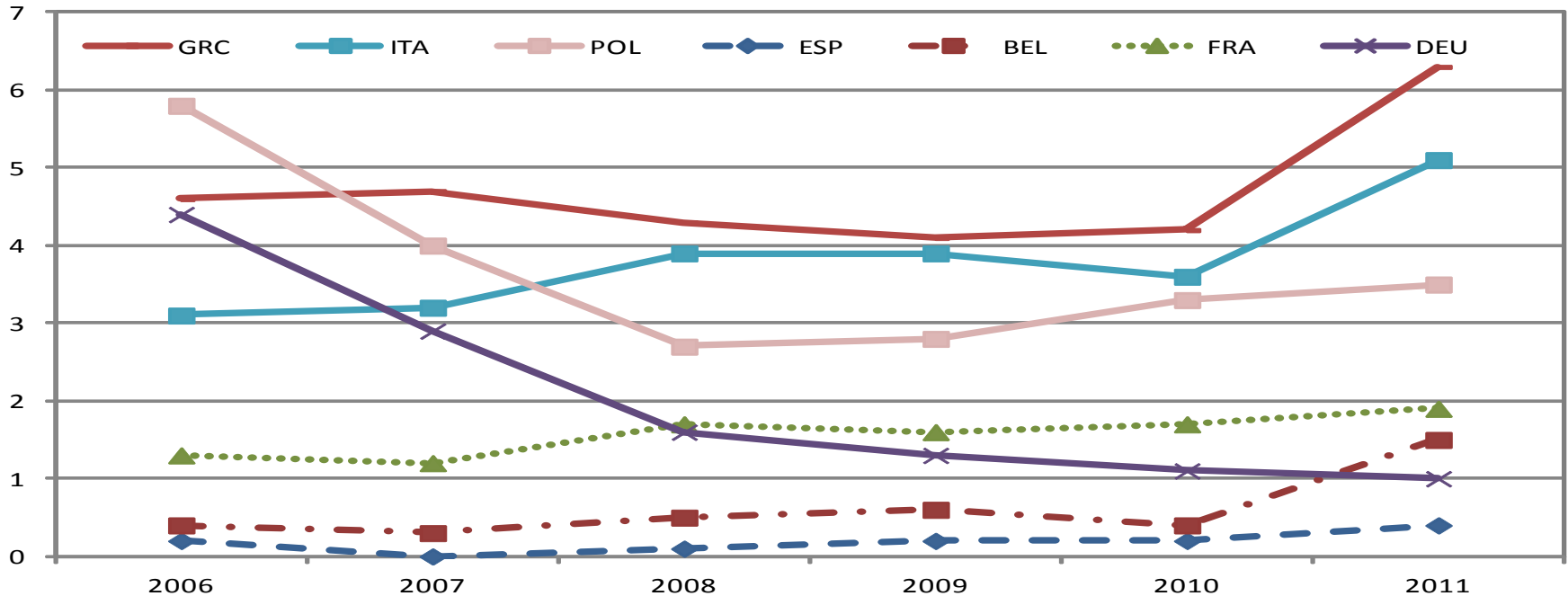
Bricker J. et al. (2012), **Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances**, *Federal Reserve Bulletin*, vol. 98, no 2,

- SCF mean income declines by more than the median but the opposite occurs for wealth (wealth distribution becomes more unequal than that of income)
- At the top of the income distribution, mean wealth falls but median wealth rises



## 6. Health conditions: lagged effects?

**Self-reported unmet needs for medical examination because too expensive**  
Percentage of the population



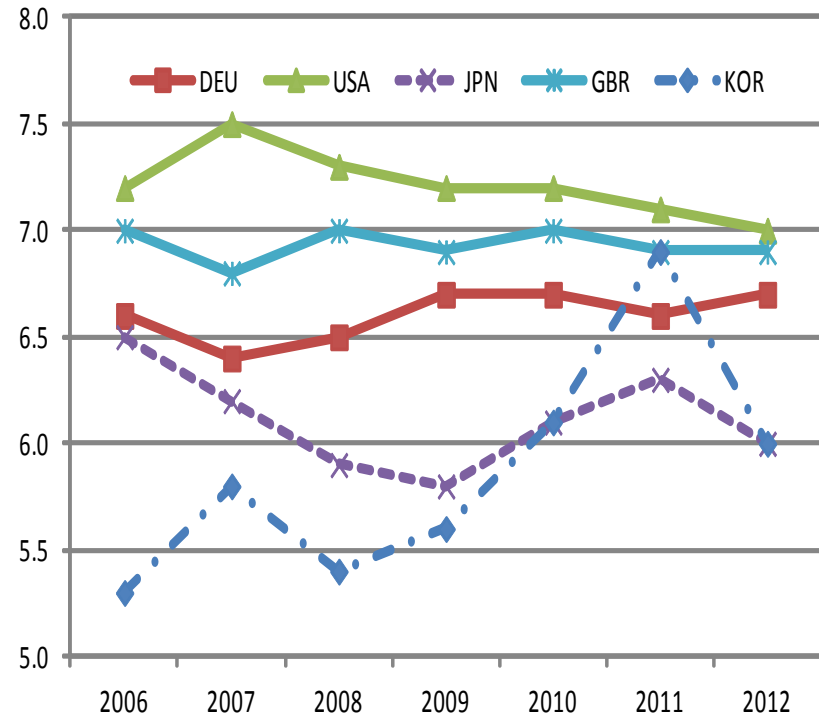
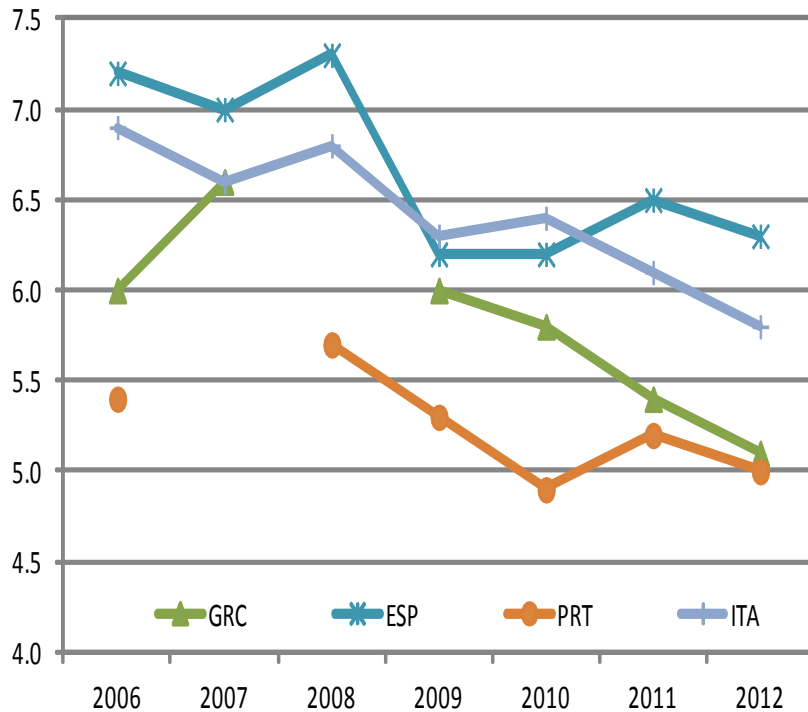
Source: Eurostat

- Health status measures did not change much in a recession (HLY in EU up 1 year since 2006, share of EU people reporting good/very good health up 4 points (69%))
- But lagged effect may follow as people postpone treatment for financial reasons (significant since 2011)



# 7. Subjective well-being

Life satisfaction  
Cantril Ladder



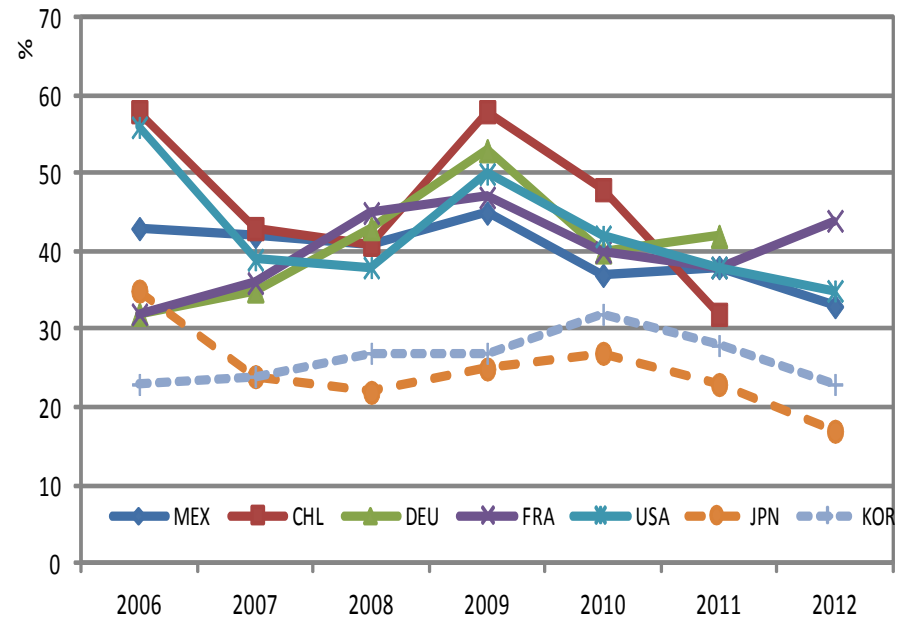
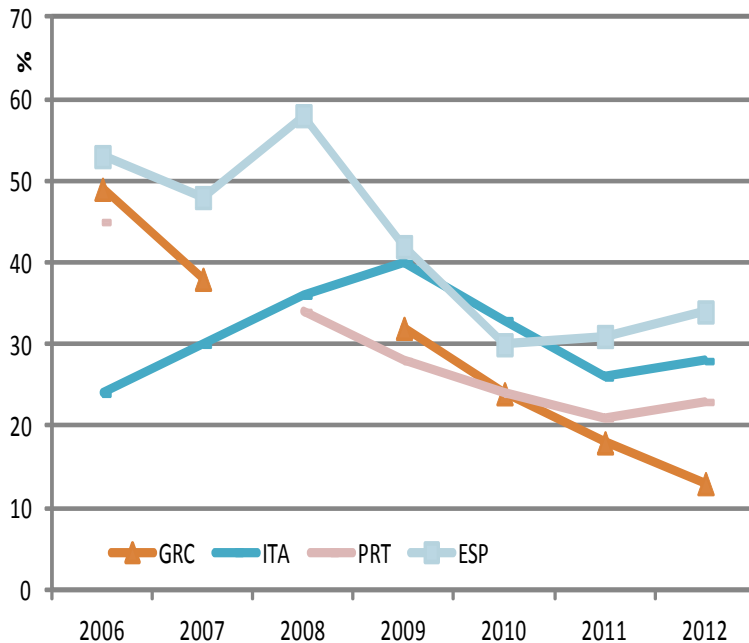
Source: Gallup World Poll

- A priori, relativities should lead to small changes in LE, but higher UNR works in opposite direction (financial strain and non-pecuniary effects)
- In practice, large declines in EU countries most affected by crisis, smaller declines in US, stable in GER, 2011-hike in JPN



# 8. Trust in government

**Confidence in National Government**  
*Percentage of people who have confidence*



Source: Gallup World Poll

- Large declines in South Europe, but also JPN, US, KOR, even GER
- Similar patterns in ESS (2004-2011): fall in both trust and satisfaction with democracy, the more so in countries most affected by ec. crisis
- Most lasting effect of the crisis may well be in people's confidence that collective action can address their concerns



## Conclusions

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- We are still **far away from** having in place a **well-established system for monitoring** social conditions
- Time series of **social phenomena** differ from those for economic ones: they **unfold over different periods**
- **Subjective measures** are as important as **objectives** ones to highlight changes and impact of the crisis
- Societies may be **more resilient** that we may think