

# Going Beyond GDP and Measuring Poverty

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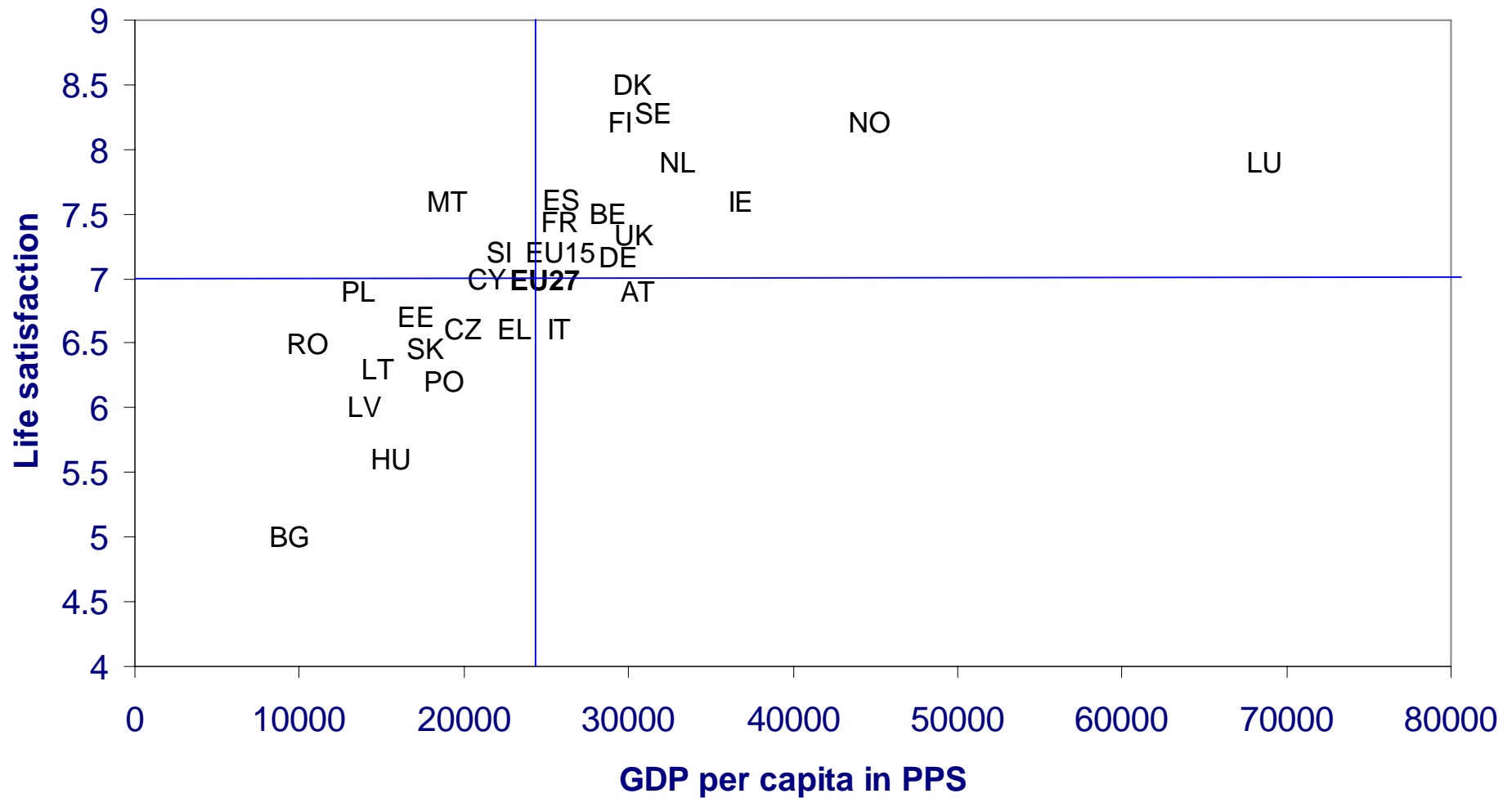
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# Outlines

- **Why going beyond GDP?**
- **Key international and European initiatives in measuring well-being and sustainable development**
- **European platform against poverty in the EU 2020 strategy**
- **Vulnerable groups of European population**
- **Measuring poverty and inequalities**
- **Multidimensional measuring of quality of life: statistical challenges**

## Life satisfaction and GDP per capita (PPS), 2007



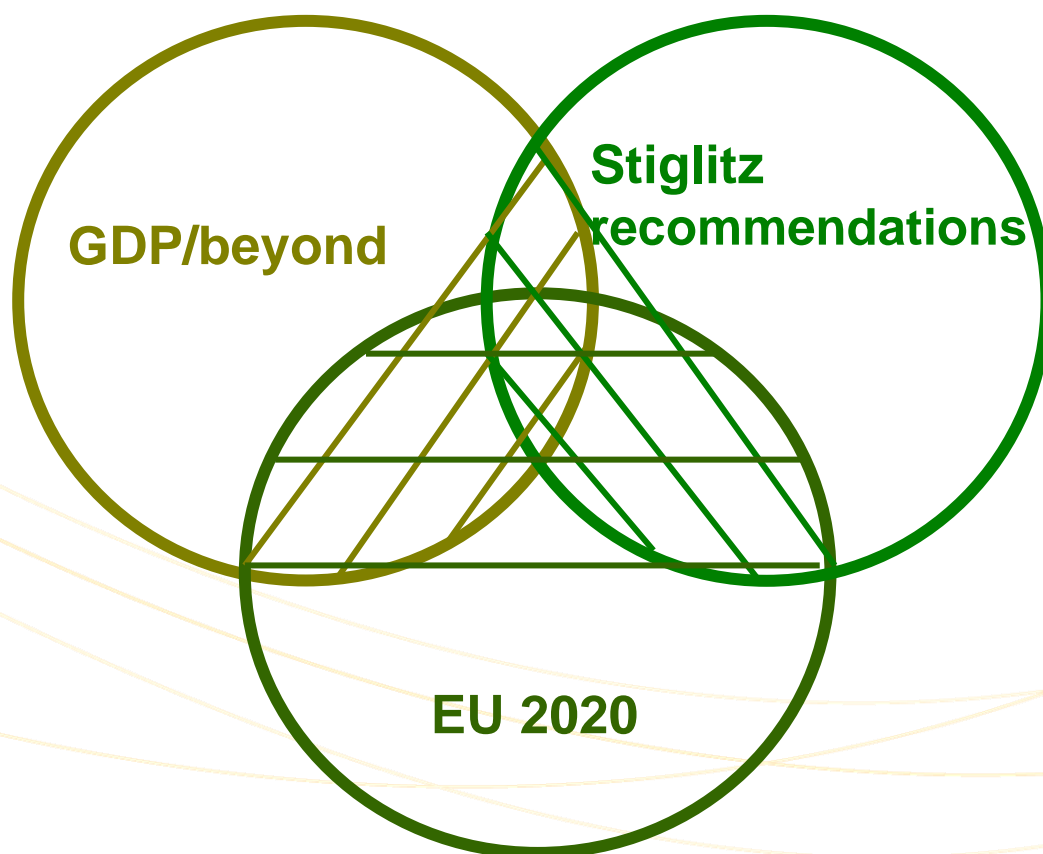
Source: Eurostat, EU-SILC and Eurofound, EQLS 2007

Note: For readability, some country's labels have been slightly repositioned

## Going Beyond GDP: Recent initiatives

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

# Sustainable Development is an Overarching Objective of the European Union



## The EU 2020 strategy - what is it about?

- Successor of the current Lisbon strategy
- ‘where the European Union should be in 2020’?
- An economy based on **smart, sustainable (green) and inclusive** growth

⇒ **smart** = economy based on **knowledge** and **innovation**

⇒ **sustainable** = promoting a **resource efficient, green** and **competitive** economy

⇒ **inclusive** = fostering **high employment & social cohesion**

## The EU 2020 strategy: key initiatives

- The Commission is proposing 7 **flagship initiatives**:

1. Innovation Union
2. Youth on the move
3. A digital agenda for Europe
4. Resource efficient Europe
5. An industrial policy for the globalisation era
6. An agenda for new skills and jobs
7. **European platform against poverty**

- EU strategy sets measurable **targets** to be achieved by the EU by 2020. The EU targets should be translated into national targets and trajectories

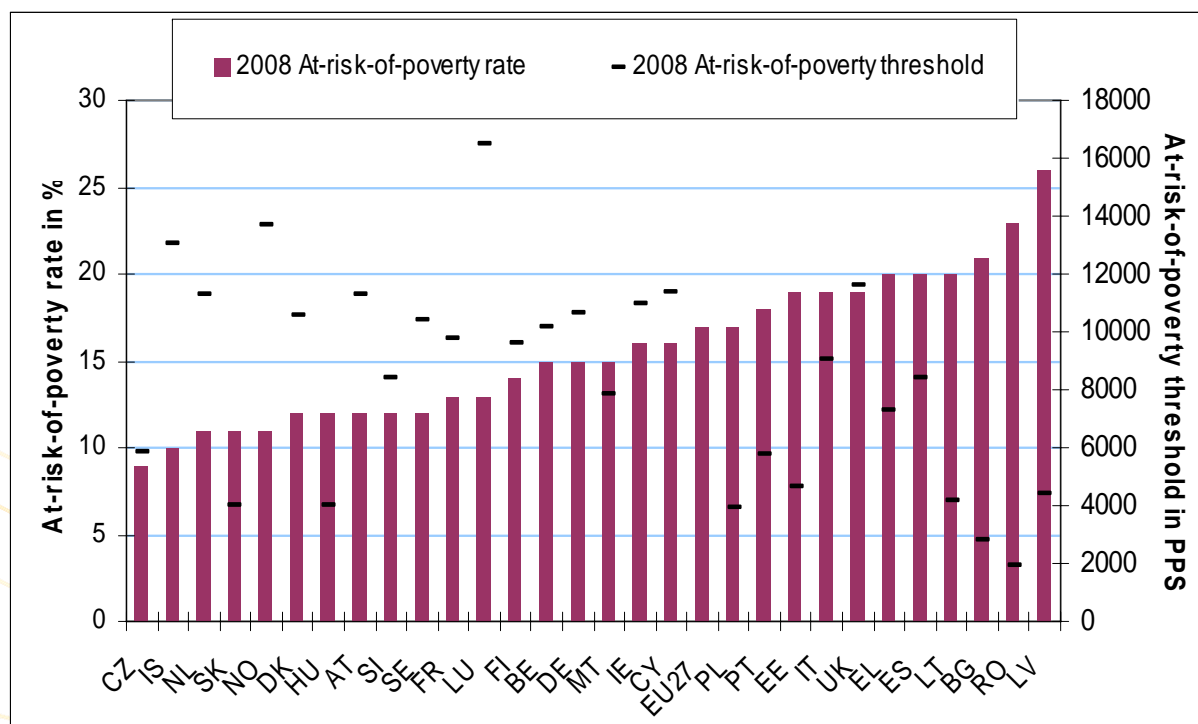
## The EU 2020 strategy - common targets for 2020

1. **75%** of the population aged 20-64 should be **employed**
2. **3%** of EU's GDP should be invested in R&D
3. The '**20/20/20**' climate / energy targets should be met
4. The share of **early school leavers** should be under **10%** and at least **40%** of the younger generation should have a **tertiary degree**
5. **20 million less people should be at risk of poverty**

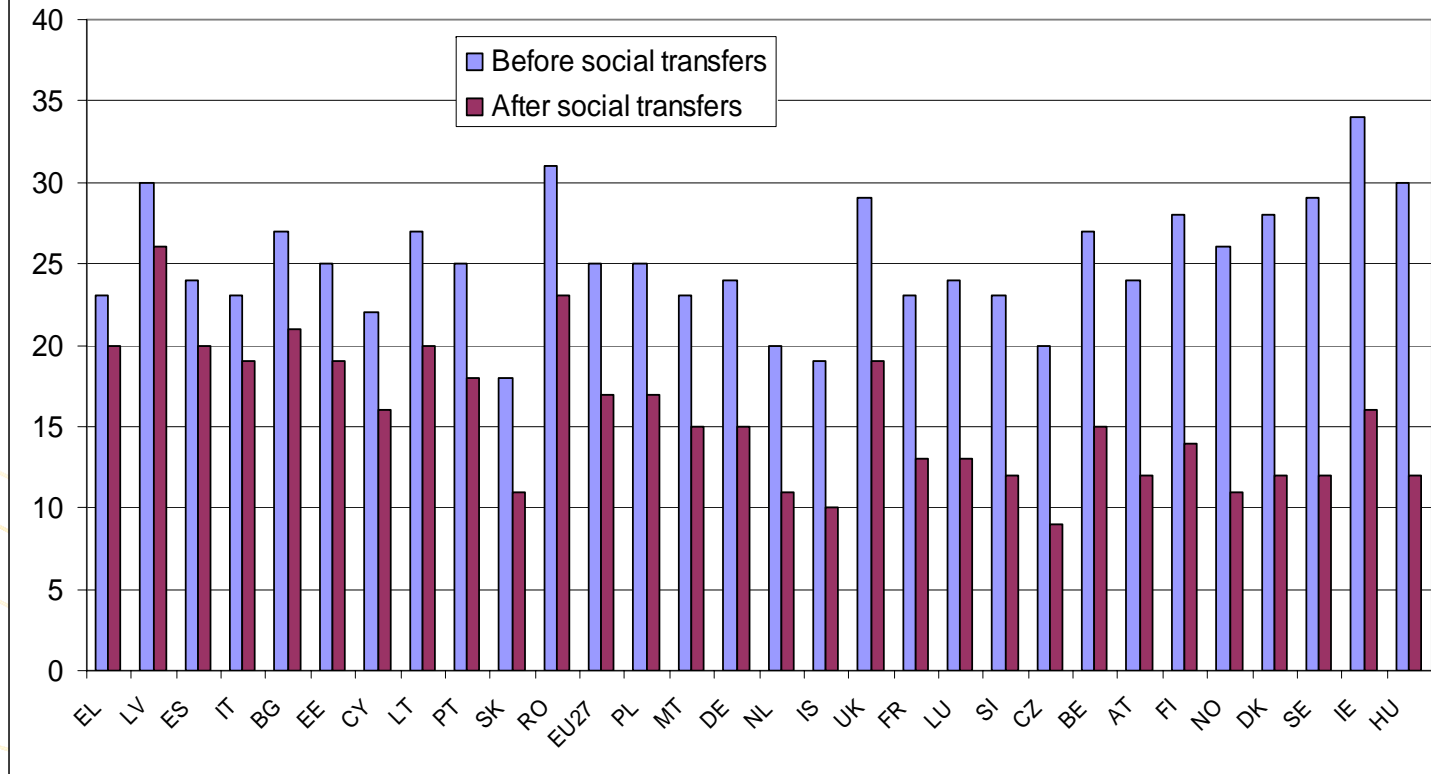
## Vulnerable groups of population

- Currently discussed at the Council to consider vulnerable groups composed of persons
  - At risk of poverty
    - 17 % of the EU population
  - Materially deprived
    - 17 % of the EU population
  - Being in a household with low work intensity:
    - 9 % of the EU population
  - NB: there are large overlaps between the three dimensions
- Overall, it concerns 120 millions Europeans

# At risk of poverty, in % of the population

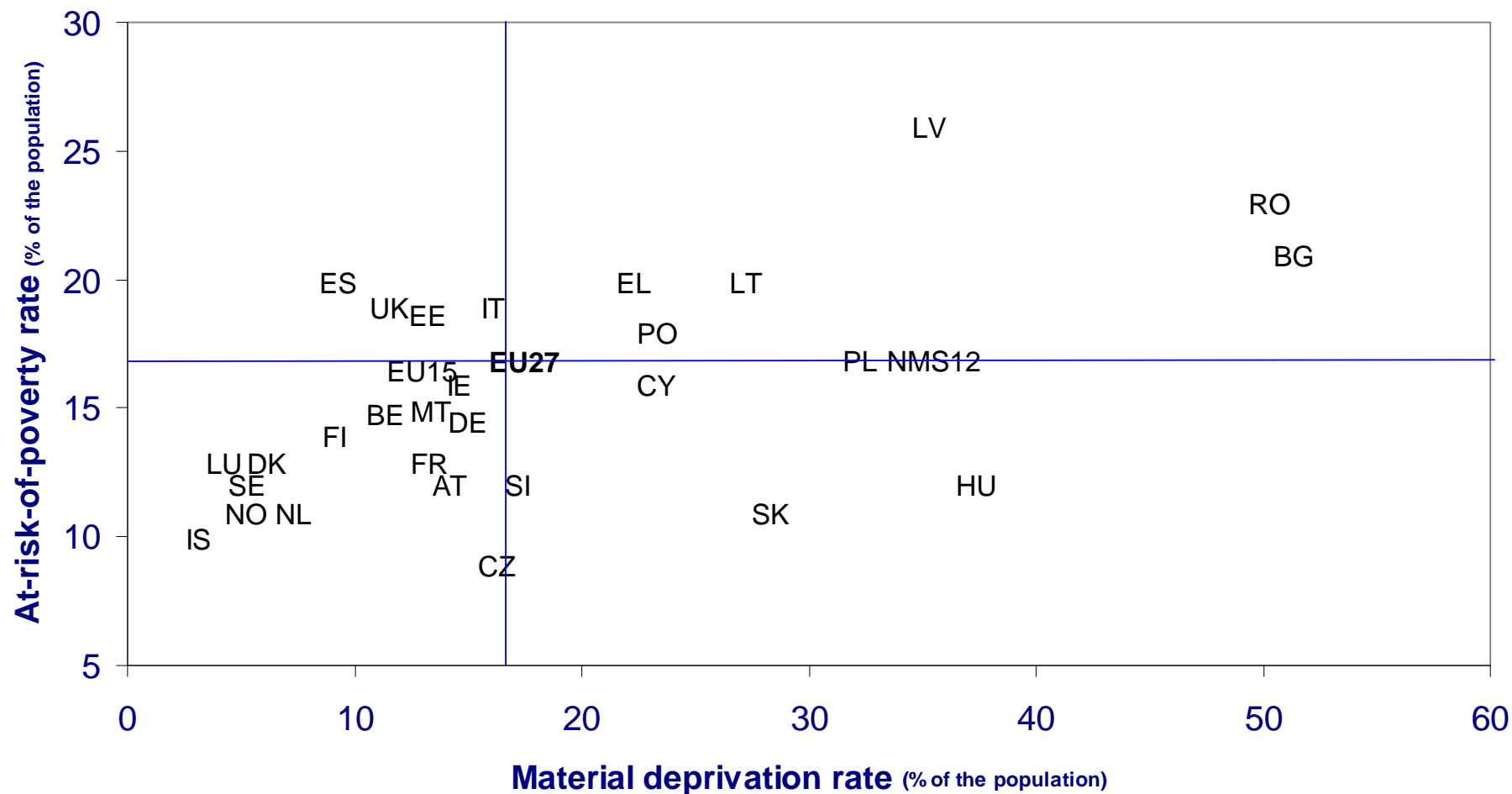


### At risk of poverty rates before and after social transfers



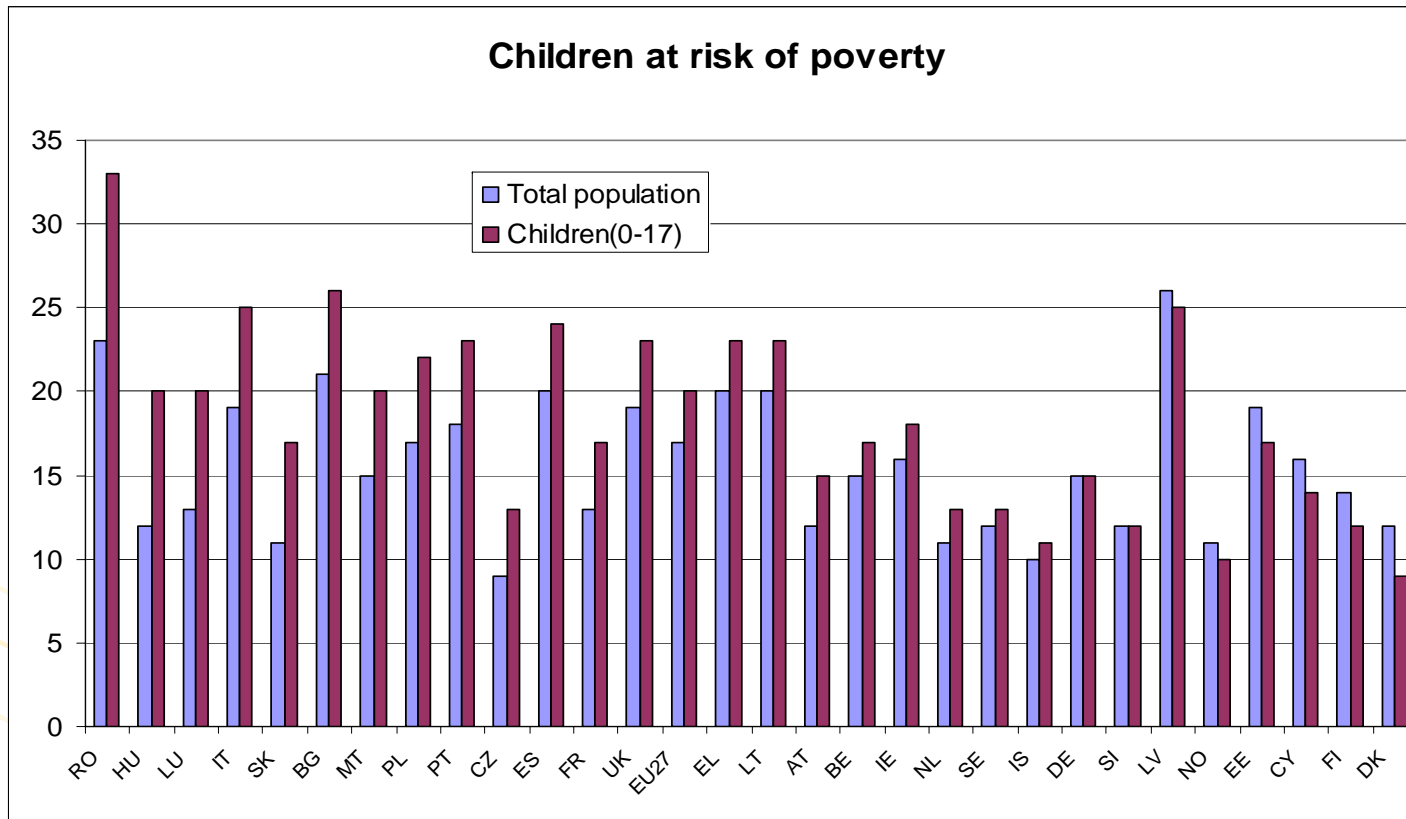
Increasing effect

## At-risk of poverty rates and material deprivation rates, 2008



Source: Eurostat, EU-SILC

Note: For readability, some country's labels have been slightly repositioned



More risk

Less risk

# Eurostat-INSEE Project on Measuring Progress, Wellbeing and Sustainable Development

**Focus: building strategic consensus on measuring sustainability among producers of statistics**

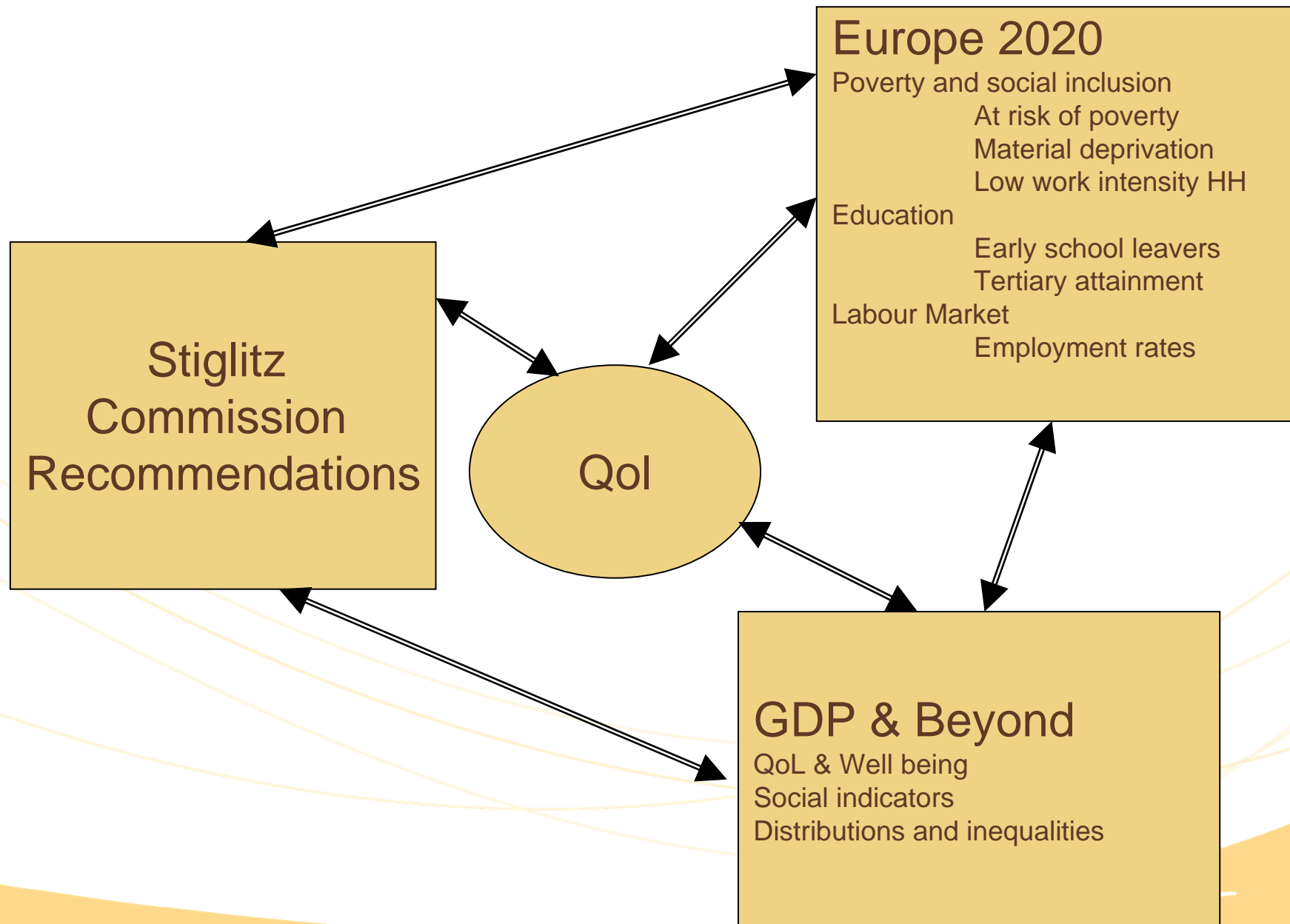
Scope:

1. Households perspective and distributional aspects of income, consumption and wealth. Measuring inequalities
2. Environmental sustainability
3. Multidimensional measures of quality of life

## Quality of Life – What Should be Measured?

Multidimensional definition of quality of life

- Material living standards (income, consumption and wealth)
- health,
- education,
- personal activities (paid work, unpaid domestic work, commuting, leisure, housing),
- political voice and governance,
- social connections,
- environmental conditions,
- personal insecurity,
- economic insecurity.



# Quality of Life: Statistical Challenges

- Establishing objective indicators of quality of life on the basis on household surveys and relevant administrative sources
- Assessing the life inequalities
- Aggregating the different inequality dimensions (composite indicators)
- Measuring subjective well-being

# Thank you for attention